

FRANCHISE DISCLOSURE DOCUMENT

Beignets & Brew Franchise Company LLC
A Florida Limited Liability Company
12598 U.S. Highway 98 West, Suite 103
Destin, Florida 32550
Phone: (985) 788-1450
Email: adam@beignetsandbrew.com
www.beignetsandbrew.com

The franchise offering is for the operation of a Beignets & Brew Cafe which is a New Orleans themed beignet and coffee cafe which offers to the public high-quality food and beverages of a distinctive character and quality under the name Beignets & Brew.

The total investment necessary to begin operation of a Beignets & Brew Cafe ranges from $223,000 to $682,500. This includes $30,000 that must be paid to franchisor or its affiliates. If you purchase multiple cafes, you will pay a discounted initial franchise fee of $18,000 that must be paid to franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Adam Alfonso, 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550; (985) 788-1450; adam@beignetsandbrew.com.

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

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

Call your state agency or visit your public library for other sources of information on franchising. There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 25, 2026

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if your franchise is 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 Florida. 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 Florida than in your own state.

2. **Short Operating History**. The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **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.

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.

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

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

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
P.O. Box 30755
Lansing, Michigan 48909
Telephone Number: (517) 335-7632

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

ITEM 1. THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES...1
ITEM 2. BUSINESS EXPERIENCE 4
ITEM 3. LITIGATION 5
ITEM 4. BANKRUPTCY 5
ITEM 5. INITIAL FEES 5
ITEM 6. OTHER FEES 6
ITEM 7. ESTIMATED INITIAL INVESTMENT 12
ITEM 8. RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS 15
ITEM 9. FRANCHISEE'S OBLIGATIONS 20
ITEM 10. FINANCING 22
ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING 22
ITEM 12. TERRITORY 31
ITEM 13. TRADEMARKS 33
ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION 35
ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS 37
ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 37
ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION 38
ITEM 18. PUBLIC FIGURES 45
ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS 45
ITEM 20. OUTLETS AND FRANCHISEE INFORMATION 46
ITEM 21. FINANCIAL STATEMENTS 50
ITEM 22. CONTRACTS 50
ITEM 23. RECEIPTS 50
EXHIBITS:

A. LIST OF STATE ADMINISTRATORS/STATE AGENTS FOR SERVICE OF PROCESS
B. FRANCHISE AGREEMENT
   Schedule 1-General Release

Schedule 2-Nondisclosure and Non-Competition Agreement
Schedule 3-Unlimited Guaranty and Assumption of Obligations
Schedule 4- Collateral Assignment of Lease
Schedule 5- ACH Payment Agreement
Schedule 6- Holders of Legal or Beneficial Interest in Franchisee; Operating Principal
Schedule 7- State Addenda to the Franchise Agreement
Schedule 8- Accepted Location and Territory

C. OPERATIONS MANUAL TABLE OF CONTENTS
D. FINANCIAL STATEMENTS
E. LIST OF CURRENT AND FORMER FRANCHISEES
F. FRANCHISEE DISCLOSURE QUESTIONNAIRE
G. STATE ADDENDA TO THE DISCLOSURE DOCUMENT
H. STATE EFFECTIVE DATES
I. RECEIPTS

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

The Franchisor

The franchisor is Beignets & Brew Franchise Company, LLC. For ease of reference in this franchise disclosure document ("**Disclosure Document**"), Beignets & Brew Franchise Company LLC is referred to as "**Franchisor**," "**we**," "**us**," or "**our**" and the person who is considering the franchise is referred to as "**Franchisee**," "**you**," or "**your**." If you are a corporation, limited liability company, partnership or other legal entity, certain provisions of the franchise agreement and any related agreements will apply to your shareholders, members, partners, officers, managers and directors.

We are a Florida limited liability company formed on June 1, 2023. We do business under the name "Beignets & Brew" and such other trademarks, service marks, logos and commercial symbols we designate (the "**Marks**"). Our principal business address is 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550. We have not engaged in any other line of business, have not offered franchises in any other line of business and began offering franchises as of August 1, 2023. We do not conduct a business of the like offered in this Disclosure Document.

Exhibit A contains our agents for service of process.

Parents, Predecessors, and Affiliates

We have no parent or predecessors.

Our affiliate, Beignets & Brew LLC is a Florida limited liability company that was formed November 28, 2022, with its principal place of business at 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550 owns a Beignets & Brew café located in Destin, Florida. Beignets & Brew LLC has never offered franchises in this line or any other line of business.

Our affiliate, B&B Peachtree LLC is a Florida limited liability company that was formed on January 3, 2024, with its principal place of business at 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550, owns a Beignets & Brew café located in Peachtree City, Georgia that opened in April 2024. B&B Peachtree LLC has never offered franchises in this line or any other line of business.

Our affiliate, B&B Market Square LLC is a Florida limited liability company that was formed on May 22, 2024, with its principal place of business at 12598 U.S. Highway 98 West Suite 103, Destin, Florida 32550, owns a Beignets & Brew café located in Tallahassee, Florida that opened in October 2024. B&B Market Square LLC has never offered franchises in this line or any other line of business.

Our affiliate, B&B Beal Pkwy LLC is a Florida limited liability company that was formed on December 9, 2023, with its principal place of business at 12598 U.S. Highway 98 West Suite 103, Destin, Florida 32550, owns a Beignets & Brew café located in Fort Walton Beach, Florida that opened in December 2024. B&B Beal Pkwy LLC has never offered franchises in this line or any other line of business.

Our affiliate, Nora Cravings LLC is a Florida limited liability company that was formed on July 22, 2024, with its principal place of business at 12598 U.S. Highway 98 West Suite 103, Destin, Florida

32550, owns a Beignets & Brew café located in Orlando, Florida that opened in June 2025. Nora Cravings LLC has never offered franchises in this line or any other line of business.

Our affiliate, Varsity Cravings LLC is a Florida limited liability company that was formed on September 11, 2024, with its principal place of business at 12598 U.S. Highway 98 West Suite 103, Destin, Florida 32550, owns a Beignets & Brew café located in Tallahassee, Florida that opened in March 2025. Nora Cravings LLC has never offered franchises in this line or any other line of business.

Our affiliate, Maxwell Cravings LLC is a Florida limited liability company that was formed on September 11, 2024, with its principal place of business at 12598 U.S. Highway 98 West Suite 103, Destin, Florida 32550, owns a Beignets & Brew café located in Alpharetta, Georgia that opened in March 2025. Nora Cravings LLC has never offered franchises in this line or any other line of business.

Other than the above, we have no affiliates, parents or predecessors.

Description of the Franchise Offered

We grant franchises to qualified individuals to open and operate a New Orleans themed beignets and coffee cafe that offers to the public high-quality food and beverages of a distinctive character and quality in a location utilizing our distinct design, décor, color scheme and furnishings (each franchised Beignets & Brew café shall be referred to as the "**Café**"). Your Café will operate using certain business processes, technologies, trade secrets, contracts, customer lists, knowledge, know-how, trade names, service marks, trademarks, logos, emblems, trade dress and other intellectual property; distinctive signage; standards and specifications for services, products, supplies, appearance, operations and management control; training and assistance; purchasing programs; recipes and ingredients; and advertising, marketing, promotional and sales programs; which may be developed or changed, discontinued, improved, modified and further developed by us from time to time (the "**System**").

The Franchise Agreement

You must operate your Café according to our standards, specifications, techniques, and procedures that we designate for developing, operating, and managing a Beignets & Brew café, all of which we may change, improve, and further develop (collectively, our "**Standards**"). We offer the right to own and operate your Café under our standard form franchise agreement attached as Exhibit B (the "**Franchise Agreement**") You must operate your Café according to (a) our Standards, and (b) our standards and procedures set out in our confidential operation manuals (collectively, the "**Manual**").

The Market and Competition

Your Cafe will serve the general public prepared baked goods and specialty coffee drinks and other items in a quick serve setting. While we consider our menu and products to be unique, the baked goods and cafe business is well developed and highly competitive. You will compete with other businesses offering products and services similar, which may be well-established regional, national or international businesses some which may operate more locations and have greater financial resources than you. Your competitors may have a more experienced marketing organization and greater name recognition than Beignets & Brew. You may also compete with other businesses, including national

and regional business as well as independent bakeries and café. You may also compete with other Beignets & Brew cafes owned and operated by our other franchisees, us or our affiliates. The market for the menu items offered by your Cafe is year-round, although sales volumes may vary due to weather and seasonality, which may be even more pronounced in certain geographical areas.

Industry Regulations

You must obtain and maintain any permits, licenses, and certifications necessary for the operation of your Café. Because you serve food and beverages to the public, certain aspects of your business are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, and sanitary conditions. State and local agencies inspect food establishments for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. You should investigate the application of these laws further.

You must operate your Café in full compliance with all applicable laws, ordinances and regulations, including, without limitation, data privacy laws and regulations, government regulations relating to occupational hazards, health, EEOC, OSHA, discrimination, employment, sexual harassment, workers' compensation and unemployment insurance. We also require your compliance with all provisions of the USA Patriot Act and Executive Order 13224.

Your Café may sell beer and wine and you may be required to obtain and maintain a license to sell alcohol. The requirements for obtaining such a license, the availability and cost of, and the state and local regulations on obtaining and maintaining a license to sell beer and wine vary substantially from state to state and from municipality to municipality. Similarly, there is substantial variation among states and municipalities on Dram Shop Acts and the conditions under which alcoholic beverages may be sold. Restaurants and other businesses serving alcoholic beverages are subject to claims of discrimination, personal injury and other claims, including claims based on state or local regulation of the liability of establishes that sell alcohol for injuries or damages arising out of the sale of alcoholic beverages, especially the sale or service of alcoholic beverages to an intoxicated person or to a minor.

You may be responsible for complying with the Payment Card Industry Data Security Standard ("**PCI**") and federal and state laws and regulations concerning data security, data privacy and security breaches. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accepts, transmits or stores any cardholder data. We may provide you with communications, education, training materials or software updates to assist you in maintaining PCI compliance, but you remain solely responsible for remaining compliant.

As a franchisee, you will be subject to general business, employment and other laws and regulations, including various employment regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers' compensation, disabled employees and discrimination in employment practices. You should consult with your attorney and local, state and federal government agencies before buying your Café, to determine all legal requirements and consider their effects on you and the cost of compliance. It is your sole responsibility to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time.

ITEM 2
BUSINESS EXPERIENCE

CHIEF EXECUTIVE OFFICER – ERIC JENRICH

Eric Jenrich has been our Chief Executive Officer in Destin, Florida since our inception in June 2023. He is also the Managing Member of Destin, Florida-based Bold Restaurant Brands LLC, since its inception in November 2019. Mr. Jenrich has also been Chief Executive Officer of Island Wing Franchise Company LLC in Destin, Florida since its inception in August 2012 to present.

CHIEF FINANCIAL OFFICER – DELORA JENRICH

Delora Jenrich has been our Chief Financial Officer in Destin, Florida since our inception in June 2023. She has also been President of Island Wing Franchise Co, LLC in Destin, Florida since its inception in August 2012 to present. Mrs. Jenrich has also been President of Bold Restaurant Brands LLC, since its inception in November 2019 through present day. Mrs. Jenrich has also served as Chief Financial Officer of RockNRoll Sushi Holdings LLC in Destin, Florida since its inception in October 2020 through the present day.

CHIEF OPERATING OFFICER – ADAM ALFONSO

Adam Alfonso has been our Chief Operating Officer in Destin, Florida since our inception in June 2023. Mr. Alfonso has also been Chief Operating Officer of Island Wing Franchise Co, LLC in Destin, Florida since August 2021 through present day. Mr. Alfonso is also the co-owner of Baja Promotions in Destin, Florida since May 2017 through present day.

EXECUTIVE VICE PRESIDENT – BAILEY JENRICH

Bailey Jenrich has been our Executive Vice President in Destin, Florida since our inception in June 2023. Ms. Jenrich also owns Bailey Lauren Photography in Destin, Florida since July 2014 through present day. She is also the co-owner of Baja Promotions in Destin, Florida since May 2017 through present day.

DIRECTOR OF OPERATIONS – KELLEE CUMPTON

Kellee Cumpton has been our Director of Operations since May 2025 in Destin, Florida. Prior to her position with us, Ms. Cumpton was Operations Support and played a key role in the first Beignets & Brew location in Destin, Florida from May 2023 to April 2025. From March 2015 to May 2023, Ms. Cumpton was an Operating Partner and District Manager for a Tropical Smoothie Café franchisee in Destin, Florida.

DIGITAL MARKETING MANAGER – ALYSSA BELLE VERZO

Alyssa Verzo has been our Digital Marketing Manager since May 2025 in Destin, Florida. Prior to this position with us, Ms. Verzo was a barista at the Beignets & Brew location in Destin, Florida from

September 2023 to April 2025. From July 2021 to January 2024, Ms. Verzo was a server at The Crab Trap in Destin, Florida.

BARISTA SPECIALIST – MADISON DAUM

Madison Daum has been our Barista Specialist since May 2025 in Destin, Florida. Prior to this position, Ms. Daum was a Café Barista at Buddy Brew Coffee in Tampa, Florida from October 2024 to April 2025. From January 2024 to August 2024, Ms. Daum was the Sustainability and Social Purpose Manager for Legacy Vacation Rentals in Orlando, Florida. From December 2022 to April 2022, Ms. Daum was a Program Coordinator for Pop Alchemy in Seaside, Florida. From May 2018 to June 2021, Ms. Daum was a Business Development Intern for Amavida Coffee and Trading Company in Santa Rose Beach, Florida. Ms. Daum was also attending the University of Florida in the Master's Degree program from August 2021 to December 2022 in Gainesville, Florida.

ITEM 3
LITIGATION

There is no litigation required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

There is no bankruptcy information required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us a lump sum $30,000 initial franchise fee (the "**Initial Franchise Fee**") to own and operate a single Café upon signing the Franchise Agreement. Franchisee candidates that qualify for owning multiple units shall be granted the right to develop locations and pay a reduced Initial Franchise Fee of $18,000 for each additional Café. The Initial Franchise Fee is considered fully earned and nonrefundable upon payment.

Reduction of Initial Franchise Fee for Veterans of the U.S. Armed Forces

If you are a veteran of the U.S. Armed Forces qualified under the International Franchise Association's VetFran Program, we will reduce the Initial Franchise Fee for your first Beignets & Brew Café by $7,500 from the then-current Initial Franchise Fee.

ITEM 6
OTHER FEES

Fee	Amount	Due Date	Notes
Royalty Fee (Note 1)	6% of Gross Revenues	Due weekly via ACH transfer.	"Gross Revenues" means sales made and all of the revenue from operating your Café, excluding taxes collected from customers and paid to taxing authority, rebates received from a supplier, and reduced by the amount of any documented refunds, credits, allowances, and chargebacks the Café in good faith gives to customers.
Advertising Fund Contribution (Note 2)	1.5% of Gross Revenues	Due weekly via ACH transfer.	You must pay this fee (the "**Advertising Fund Contribution**") directly to us. You will pay your Advertising Fund Contribution at the same time as you pay your Royalty Fee. We reserve the right to change payment terms and increase the Advertising Fund Contribution to up to 3% of Gross Revenues at our discretion.
Local Advertising (Note 3)	1.5% of Gross Revenues	As incurred	It is recommended that you spend this amount monthly on local advertising. You will pay this local advertising fee to third parties subject to our approval and oversight. We may require you to pay this amount to us for us to spend on your behalf in your local market. We may require your expenditures to be used in cooperative advertising, if established.
Relocation Fees	$5,000	Before we approve relocation of your Cafe location.	This fee is only payable if you relocate your Beignets & Brew Cafe location.

Fee	Amount	Due Date	Notes
Interest (Note 4)	The lesser of 1.5% per month or the highest commercial contract interest rate allowed by law	Amounts not received by us within five (5) days after the due date shall incur interest charges	Due on all overdue amounts.
Maintenance and Repair of your Café (Note 5)	Actual costs and expenses	As incurred	If, after we notify you, you do not undertake efforts to correct deficiencies in your Café location appearance, then we can undertake the repairs and you must reimburse us.
Insufficient Funds (Note 6)	$75	As incurred	Due if you have insufficient funds in your EDTA to cover a payment, or if any other payment instrument you use is rejected for insufficient funds.
Management Fee (Note 7)	$250 per person per day (plus our other costs and expenses)	As incurred	Due when we (or a third party) manage your Café after your managing owner's death or disability, or after your default or abandonment.
POS System Fees (Note 8)	$250 to $400	Monthly	Paid directly to POS provider, currently Toast.
Renewal Fee	$15,000	At the time of renewal	Payable to us if you wish to renew the term of your Franchise Agreement.
Additional Training/Assistance Fee	Currently, we charge $100 per person per day if ongoing training is at our location (plus hotel, air fare, and other expenses you incur for you and your staff) Or $250 per person per day (plus hotel, air	When training or assistance begins	We may charge you for training newly-hired personnel; for refresher training courses; and for additional or special assistance or training you need or request. For all training sessions, you must pay for your trainees' and representatives' salaries and benefits, and for their travel, lodging, and meal expenses.

Fee	Amount	Due Date	Notes
	fare, and other expenses incurred by our trainer) if ongoing training is at your Café location		
Convention Fee	Varies	Upon demand	We may hold an annual Beignets & Brew franchisee conference. We reserve the right to change the convention fee at our discretion. Additionally, you will be obligated to pay for your representatives' salaries and benefits, and for their travel, lodging, and meal expenses.
Refurbishment of the Equipment	At least $15,000	Every fifth (5th) year after execution of your Franchise Agreement or upon our request	For purposes of updating your equipment.
Audit Fee (Note 9)	Cost of the audit plus the amount of underpayment and any interest from the date such amount was due until it is received by us, paid at the rate of the lesser of 1.5% per month or the highest commercial contract interest rate allowed by law	Cost of the audit – when billed; Underpayment and interest – immediately.	Due if the audit or any other inspection should reveal that any payment to us has been underpaid. Further, you shall reimburse us for any and all costs and expenses connected with the audit (including, without limitation, travel expenses and reasonable accounting and attorneys' fees).
Testing of Products or Approval of New Suppliers (Note 10)	Not to exceed $1,000	When billed	This fee covers the costs of testing new products or inspecting new suppliers you propose to us.

Fee	Amount	Due Date	Notes
Insurance	You must reimburse our costs and our expenses	When billed	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance and our expenses.
Transfer Fee (Note 11)	50% of the then current Initial Franchise Fee	At the time of transfer	You may not transfer your Café without our prior written consent. This fee is due at the time of transfer and is not refundable.
Indemnification (Note 12)	Actual costs and expenses	As incurred	You must reimburse us if we are held liable for claims from your operation of your Café, lease of the Café premises or a sale or transfer of the franchisee or Café.
Liquidated Damages	Amount equal to the average Royalty Fees for the last 12 months (or shorter period, if your Café has been in operation less than 12 months), multiplied by: (i) 18 or (ii) the number of months remaining in the term, whichever is less.	On demand	We may require you to pay us this amount in the event you terminate the Franchise Agreement without cause, or we terminate the Franchise Agreement for cause.
Cost of Enforcement (Note 13)	All of our costs and expenses, including reasonable attorneys' fees	Upon demand	You must reimburse us for all costs and expenses including attorneys' fees if we are the prevailing party in litigation with you.

We may require that all fees payable to us be paid through an Electronic Depository Transfer Account ("**EDTA**"). Unless otherwise stated, all fees are imposed by, payable to, and collected by us. All fees payable to us are non-refundable and uniformly imposed. Whether fees paid to third parties are refundable would depend on their policies.

NOTES

Note 1. **Royalty Fee**: As a Franchisee, you are obligated to pay us a percentage of your Gross Revenues as compensation for your rights as a Franchisee (the "**Royalty Fee**"). The Royalty Fee rate

is currently set at 6% of your Gross Revenues as calculated weekly for the entire term of the Franchise Agreement. The Royalty Fee obligation begins immediately on the first week your Café is open for operation. The Royalty Fee is due and payable weekly at the end of each week, to be paid according to our specifications. Royalty Fees shall be payable to us by direct deposit from your EDTA. The Direct Deposit Agreement you are required to complete is attached as Attachment 5 of the Franchise Agreement. We reserve the right to change the time and manner of payment at any time upon written notice to you. Royalty Fees and all fees paid to us are non-refundable.

Note 2. **Advertising Fund Contribution**: You must contribute 1.5% of your Gross Revenues each week during the term of the Franchise Agreement and all subsequent terms to our Advertising Fund. The payment of the Advertising Fund Contribution begins on the first week you have Gross Revenue at your Café and is due each week for the duration of your franchise term. We may raise, discontinue, or reduce your required contribution at our sole discretion by providing advanced written notice to you. You shall pay the Advertising Fund Contribution at the same time, and on the same terms, as the Royalty Fee described above. The "Advertising Fund" is defined and discussed in Item 11.

Note 3. **Local Marketing**: We recommend that you spend a minimum of 1.5% of Gross Revenues each month on local marketing during the term of the Franchise Agreement and all subsequent terms. You may be required to submit an accounting of this expense to us upon request or, at minimum, on a monthly basis on the third of each month.

Note 4. **Interest**: Interest and late charges begin to accrue on amounts not received within five days after the due date without notice to you. In addition to any interest and late charges, you must also pay any damages, expenses, collection costs, and/or reasonable attorneys' fees we may incur when you do not make the required payments, provided no interest charged shall exceed the maximum legal rate of any local, national, or international authority having jurisdiction over your Cafe activities.

Note 5. **Maintenance and Refurbishment of your Café**: We may charge you certain maintenance and refurbishment fees for any work we perform on your behalf to repair or otherwise improve your Café location, including any such repairs or improvements made on our own initiative if you refuse to complete any requested maintenance or refurbishment. The total amount of the maintenance and refurbishment fees that you pay us will vary depending on the labor and material costs of any such maintenance and refurbishing, as well as any associated costs or losses we may incur due to your failure to maintain or refurbish the location in accordance with our requests.

Note 6. **Insufficient Funds**: We may require that all fees payable to us be paid through an EDTA. We may charge you an insufficient funds fee if any payment you owe to us is rejected due to insufficient funds in your EDTA, or if any other payment instrument you are authorized to use is rejected for insufficient funds. If you have three or more insufficient funds occurrences within a 12-month period it will be grounds for default under the Franchise Agreement.

Note 7. **Management Fees**: Management fees will only be charged when one of our employees, or a third party appointed by us, actively controls the day-to-day management of your Café. The total amount of Management Fees that you owe will be determined by the number of days that it is necessary for us to manage your Café.

Note 8. **POS System Fee**. You will be required to pay the POS System Fee directly to a third-party vendor, currently Toast. We may require you to pay this fee to us. In addition to the initial fee paid

for the license to use the Toast POS system, there is a monthly maintenance fee that ranges from $250 to $400 depending how many POS System units you have and is payable to the vendor.

Note 9. **Audit Fee**: We will assess audit fees against you if you fail to provide us reports, supporting records, or any other information we require under the Franchise Agreement; or if you understate (or if we have reason to believe you understated) Gross Revenues or underpay Royalty Fee payments, or Advertising Fund Contributions. The total amount of the audit fees that you pay us will vary depending on the cost of the audit itself (for which you will be entirely liable), and whether you have any unpaid Royalties or Advertising Fund Contributions for which you may be penalized in accordance with the Franchise Agreement.

Note 10. **Testing of Products or Approval of New Suppliers**: You will be required to obtain our written approval for any product, vendor, supplier, or piece of equipment that you wish to use in the operation of your Café (as described in Item 8) and you will be charged an assessment fee for the examination of any product, vendor, supplier, or piece of equipment submitted to us for approval. This fee is up to, but not in excess of, $1,000 for any single product, vendor, supplier, or piece of equipment you wish to offer, use, and/or substitute in the operation of your Café. We may waive these fees at our sole and absolute discretion if the equipment, products, vendors and/or suppliers you select meet our requirements and are added to our approved list of equipment, products, vendors and/or suppliers for all franchise locations. We will make every effort to process our evaluation within three months of your request.

Note 11. **Transfer Fee**: The term "transfer" means any of the following: the sale of the assets of your Franchised Business; the sale, assignment, or conveyance of your stock, membership interest, membership units, or partnership units to any third party; or the placement of your assets, stock, membership interest, partnership units, or membership units of your business into a business trust. This includes the transfer to any immediate family members. You will pay a Transfer Fee equal to 50% of the then-current Initial Franchise Fee.

Note 12. **Indemnification**: You must protect, defend, indemnify, and hold us harmless against any claims, lawsuits, or losses arising out of your operation of your Café, lease of the premises or a sale or transfer of your Café brought by third parties, or any default under the Franchise Agreement. You must pay for any and all damages, legal fees, enforcement or collection costs, and/or any other costs assessed against us in any proceeding related to your Café to the extent permitted by law, provided that no indemnification fee shall exceed the actual total costs assessed against us.

Note 13. **Cost of Enforcement**: Cost of enforcing the Franchise Agreement will be levied against you if we prevail against you in any dispute arising out of the Franchise Agreement or if we terminate your Franchise Agreement. However, the total amount of any such fees will vary depending on the value of legal fees, expert witness fees, accountant fees, costs to us or our employees in complying or addressing the dispute, and any travel expenses that we deem necessary to resolve the dispute.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Low-High Range)	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee (Note 1)	$30,000	Lump sum	Upon signing your Franchise Agreement	Us
Real Estate Rent Deposits and Pre-Paid Expenses (Note 2)	$2,500 to $10,000 per month for a total of $5,000 to $20,000 for the first months' rent and security deposit	As arranged	As incurred	Landlord
Architectural and Engineering Fees, Blueprints, Plans, and Permits (Note 3)	$4,000 to $15,000	As arranged	As incurred	Architects, Engineers, Governmental Authorities
Furniture, Fixtures, Equipment, and Décor (Note 4)	$100,000 to $150,000	As arranged	As incurred	Vendors
Leasehold Improvements (Note 5)	$50,000 to $375,000	As arranged	As incurred	Vendors
Grand Opening and Initial Marketing (Note 6)	$2,500 to $5,000	As arranged	As incurred	Vendors
Inventory and Supplies (Note 7)	$5,000 to $15,000	As arranged	As incurred	Vendors
Branded Merchandise (Note 8)	$1,000 to $2,500	As arranged	As incurred	Designated Vendor
Office Equipment, TV, Cameras, and other Supplies (Note 9)	$1,000 to $2,500	As arranged	As incurred	Vendors
Utility Deposits, Business Licenses, Liquor License and Permits (Note 10)	$1,500 to $5,000	As arranged	Before lease signing	Utility Companies and Governmental Agencies
Insurance Premiums (Note 11)	$2,500 to $5,000	As arranged	As incurred	Insurance Providers
Computer System (Note 12)	$2,000 to $5,000	As arranged	As incurred	Vendors

Type of Expenditure	Amount (Low-High Range)	Method of Payment	When Due	To Whom Payment is to Be Made
Signage (Note 13)	$5,000 to $20,000	As arranged	As incurred	Vendors
Travel and In Store Training Expenses (Note 14)	$2,500 to $5,000	As arranged	As incurred	Hotels, Airlines, etc.
Accountant and Attorney Fees (Note 15)	$1,000 to 2,500	As arranged	As incurred	Attorneys or Accountants
Additional Funds (3 months) (Note 16)	$10,000 to $25,000	As arranged	As incurred	Employees, Vendors
Total Estimated Initial Investment (Note 17)	**$223,000 to $682,500**			

NOTES

Note 1. **Initial Franchise Fee**: You must pay us the Initial Franchise Fee in the amount of $30,000 when you sign the Franchise Agreement. The Initial Franchise Fee is non-refundable and fully earned when paid.

Note 2. **Real Estate Rent Deposit and Prepaid Expenses**: We anticipate that you will rent the premises for your Café; however, it is possible that you might choose to buy rather than rent real estate on which a building suitable for your Café is already constructed or could be constructed. This estimate does not reflect the potential cost of purchasing real estate. Your location should contain approximately 500 to 2,500 square feet. Our estimate assumes you must pay only the first month's rent and a security deposit equal to the first month's rent. These costs depend on location, size, visibility, economic conditions, accessibility, and competitive market conditions. Cafes can be located in strip shopping centers, shopping malls, free-standing units, and other venues in commercial areas and in residential areas.

Note 3. **Architectural and Engineering Fees, Blueprints, Plans, and Permits**: You must purchase architectural and engineering services to assist in your build out of your Café. You may purchase these services from any qualified vendor that meets our qualification and according to our specifications.

Note 4. **Furniture, Fixtures, Equipment and Décor**: The furniture, fixtures, equipment and décor necessary for the operation of a Beignets & Brew cafe includes dinnerware equipment and kitchen equipment. Your dinnerware equipment will include various plates, bowls, and utensils. Your kitchen equipment will include the equipment detailed within the Manual you will receive from us and which you must purchase prior to the opening of your Cafe. This equipment includes refrigeration, fryers, shelving, sinks, cutting boards, knives, and other kitchen equipment. This estimate does not include freight, shipping or installation cost. Your cost may vary based on where the location is geographically, and the square footage and capacity of your Café.

Note 5. **Leasehold Improvements**: You must improve the premises of your Café to our Standards before you open for operations. These amounts are estimates of build-out costs only. Labor and

material costs may vary significantly in accordance with local variations in wage rates, labor efficiency, union restrictions and availability, and price of materials. Finish-out costs are based on leasing unfinished space that consists of walls, plumbing, concrete slab, lighting, HVAC, and electricity. We are unable to calculate the exact real estate investment required of each franchisee for a Beignets & Brew cafe due to the many factors which influence the total project costs, such as location, amount of space leased (500 to 2,500 square feet), amount of remodeling needed, a landlord build-out allowance, and other factors. You may be able to negotiate certain incentives from your landlord in the form of tenant improvement allowance and initial free rent periods, which, if available, will reduce the effective cost of your build-out. The lower range of the estimates anticipates that landlord improvement incentives will be available to construct most of the improvements at your Café. The amount of landlord incentives can vary widely depending on many factors including, without limitation: financial capacity of the landlord, competitive retail leasing locations, market conditions for rental rates, occupancy of the site, and status of other leases. The use of landlord improvement money may also result in higher rent or occupancy costs. Also, a second generation location would potentially lessen your cost to convert your Café to conform to our specifications. This includes the possibility that existing walls, plumbing, concrete slab, lighting, HVAC, and electricity can be utilized. The availability of such sites may be limited or absent in your market. There is no assurance that you will be able to find sites that have these options available to you.

Note 6. **Grand Opening Marketing and Initial Marketing**: You must spend this amount of Grand Opening advertising prior to opening your Cafe. See Item 11 for more information about our grand opening advertising requirements.

Note 7. **Inventory and Supplies**: Opening inventory of products and supplies can differ based on the expected volume of business.

Note 8. **Branded Merchandise**: You will purchase an initial supply of branded merchandise from our Approved Supplier, Baja Promotions.

Note 9. **Office Equipment, TV, Cameras and Other Supplies**: You will be required to equipment your back office with minor electronic including televisions, cameras and other supplies needed for your Café.

Note 10. **Utility Deposits, Business Licenses, Liquor License and Permits**: You must obtain a general business license, if applicable in your state. The costs of obtaining the required licenses and permits to operate your Café are estimates only. Some costs may vary depending on the location of the Café. Some states may require multiple licenses. You will need to obtain a liquor license for your Café. The requirements to obtain a liquor license vary from state to state. Consult your attorney regarding requirements in your state. Utility deposits may include gas, electricity, water, telephone, cable, and Internet. Utility deposits and the method of payment thereof will depend upon the location of the Franchised Business and your creditworthiness. Deposits are often refundable if you are current on all payments at the time of request for refund.

Note 11. **Insurance**: You must obtain certain insurance included in Item 8. Factors that may affect your cost of insurance include the size and location of your Café, the number of employees you have, the required amount of downpayment required by your insurance carrier and other factors. If you are required to pay additional upfront costs, your initial investment cost for insurance may increase. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation

and refund policy of the insurance carrier or agent at or before the time you sign the Franchise Agreement.

Note 12. **Computer System**: You must purchase certain types of computer equipment for your Café including a computer with the ability to run the required software as well as other various hardware and software needed for your Café. You will have to purchase or enter into agreements with various vendors for software and other systems needed at your Café including security systems, POS system and other required systems.

Note 13. **Signage**: The cost of signs may vary depending on the type, size, and location of the signs. The estimate includes interior and exterior signage for the Café.

Note 14. **Travel and Instore Training Expenses**: You will not be required to pay any fees to attend our initial training program for up to three people at our headquarters, but you will be responsible for all travel and living expenses for you and anyone else required to attend training and, if applicable, for your employees' wages while they are training. The costs will vary depending on the distance (if any) traveled, choice of accommodations and travel arrangements, and other similar factors.

Note 15. **Attorney and Accountant Fees**: You may be required to hire an attorney or accountant to assist with Café setup as well as to review your lease or this franchise offering.

Note 16. **Additional Funds**: You will need additional capital to support on-going expenses, such as utilities, insurance, licenses, inventory, labor, security, repairs and maintenance, and miscellaneous expenses. This estimate includes your start-up expenses during your first three months of operation. These expenses include out-of-pocket expenses, like payroll taxes and expenses, royalty and other fees collected by us, rent, repairs and maintenance, advertising and marketing expenses, bank charges, state taxes, depreciation/amortization and other miscellaneous items. This range does not include an estimate of your salary. If you intend to draw a salary (or if you wish to employ a manager who is not you) during the initial phase of business, you should modify these estimates accordingly. In formulating these estimates, we relied on the experience of building out affiliate owned locations and our management team in operating Beignets & Brew Cafe businesses in Destin and Tallahassee, Florida as well as Peachtree City, Georgia.

Note 17. **General**: All expenses paid to us or our affiliates are non-refundable. We will not finance any part of the initial investment. These figures are estimates only, and we cannot and do not guarantee that you will not have additional expenses in starting this business.

ITEM 8
RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

Approved Service and Products

To ensure that you maintain the highest degree of consistency, quality and service, you must use in the operation of your Café, and in the offer and sale of both the food, beverage, and other services and products we approve, only those techniques, procedures and supplies we specify. You must offer all, and only such, products and services as we approve from time to time. We may require that you, at your expense, enter into agreements with suppliers approved by us specifically for the offer, sale and performance of the services and related products at your Café. We may change any of our

requirements periodically. All products and items must conform to our standards and specifications. You must obtain our written approval before making any changes to your Café and before modifications to or replacements of furniture, fixtures, equipment, computer hardware, proprietary software, generic software, products, signs or other items. Subject to restrictions under applicable law, all equipment, products and services to be offered at your Café must be purchased from us, our affiliate(s) or Approved Suppliers.

Brand Products

You must purchase all Beignets & Brew branded products as designated by us, if any, solely from our designated supplier, currently Baja Promotions. Such brand products may include, but are not limited to, pre-packaged sauces and other food items, clothing, souvenirs, and novelty items as indicated by us or within the Manual. Our COO, Adam Alfonso and our EVP, Bailey Jenrich own an interest in Baja Promotions LLC.

Proprietary Products.

You must purchase from us all proprietary products from one of our Approved Suppliers. Such proprietary products may include, but are not limited to, sauces and other ingredients and raw materials that are manufactured in accordance with our proprietary recipes, specifications, and/or formulas. We will provide you with a list of our Approved Suppliers from which proprietary products may be purchased. We have an Approved Supplier, Performance Food Group ("**PFG**"), for most of your proprietary and non-proprietary products including dairy, dough, frozen items, produce, beverages, canned and dry items, paper goods, chemicals, supplies and equipment.

Non-Proprietary Products

You must purchase all non-proprietary products, as we designate, from us or an approved supplier. We will provide you with a list of non-proprietary products and Approved Suppliers from time to time.

Approved Suppliers

We may require that you, at your expense, enter into agreements with suppliers of services and products to your Café approved by us (each an "**Approved Supplier**"). We may designate an Approved Supplier from whom you will be required to purchase certain fixtures, furnishings, equipment, menu items, ingredients, uniforms, supplies, marketing materials, computer hardware and software, or any other component of your Café which you may or must use or sell at or through your Café. We may designate certain Approved Supplier or license certain products that you must use or implement in your Café. We may change Approved Suppliers from time to time. We will provide you with a current list of Approved Suppliers through updates to the Manual or other forms of communication. We may designate ourselves or our affiliates as Approved Suppliers for certain or all of the products and services offered at your Café. As of the issue date of this Disclosure Document, we do not own an interest in any of our Approved Suppliers.

Architectural and Engineering

You must purchase architectural and engineering services to assist in your build out. You may purchase these services from an Approved Supplier that meets our qualification and according to our specifications.

Computer System

You must license or purchase a point of sale ("**POS**") system as well as any software or licenses required for such system from our Approved Supplier. We will provide you with a list of Approved Suppliers from which you may purchase the POS System. You must purchase computer hardware and license or purchase other software designated by us. The required list of hardware and software is more specifically described in Item 11. You will set up, maintain and utilize email capability with an email service designated by us for the purposes of receiving electronic correspondence from us, other franchisees and your customers.

Payment Processing Services

We require you to enter into a merchant services agreement with our Approved Supplier for payment processing and fund transfer services (i.e. ACH, EFT).

Furniture, Fixtures, and Décor

We may designate Approved Suppliers from whom you will be required to purchase certain fixtures, furnishings, equipment, uniforms, supplies, marketing materials, forms, computer hardware, software, routers, and peripheral equipment and other products, supplies, services, and equipment, other than proprietary products, which you may or must use or sell at or through your Café.

Insurance

You are required to obtain the requisite insurance as set forth below:

General Liability Insurance	$1,000,000	Per Occurrence
	$2,000,000	In the Aggregate
Products Liability Insurance	$1,000,000	Per Occurrence
	$2,000,000	In the Aggregate
Personal and Advertising Injury Insurance	$1,000,000	
Business Property Insurance	$300,000	Per Occurrence
Medical Payments	$10,000	Per Occurrence
Cyber Liability, Electronic Media and Records	$250,000	Per Occurrence
Liquor Liability Insurance	$1,000,000	Per Occurrence
Employment Practices Liability Insurance	$500,000	Per Occurrence
Workmen's Compensation	As required by law	Per Employee

Comprehensive Crime and Employee Dishonesty Insurance	$10,000	Per Occurrence
Optional: Business Interruption Insurance	$50,000	Minimum Six Months Coverage

We have the right to establish and modify the minimum coverages required, and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. All such insurance policies must name us as additional insured, include any endorsements we may require (including an alternate employer endorsement under Employer's Liability policy) and include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees. Please note that if you lease a premises for your Café, your landlord may require higher amounts of coverage than listed above.

We do not derive revenue as a result of your purchase of insurance. If you fail to purchase and maintain any required insurance coverage or furnish satisfactory evidence of coverage to us, in addition to our other remedies (including without limitation declaring you in default of the Franchise Agreement), we may, but are not obligated to, purchase the insurance coverage for you. If we do purchase insurance on your behalf, you must pay us on our demand the amount of any premiums and reasonable expenses we incur in obtaining the insurance. The failure to maintain insurance coverage at any time is a material default under the Franchise Agreement.

Within ninety (90) days after signing the Franchise Agreement or upon signing a lease agreement, you are required to provide us with a certificate of insurance as evidence of you satisfying the minimum insurance requirements provided for within the Franchise Agreement, your lease agreement, and this Disclosure Document. You are also required to provide us with a certificate of insurance fifteen (15) days prior to any renewal of insurance coverage. If you fail to provide us with the certificate of insurance indicating your compliance with the insurance requirements required by the Franchise Agreement, your lease agreement, or this Disclosure Document, we reserve the right, but not the obligation, to force place coverage on your behalf for which you are required to immediately reimburse us for, including any administration charge that might be due to us once we have provided you with written notice indicating such administration charges.

Alternative Suppliers

If you would like to use any goods or services in establishing and operating your Café that we have not approved (for goods and services that must meet our standards, specifications or that require supplier approval), you must first send us sufficient information, specifications and samples for us to determine whether the goods or services comply with our standards and specifications or the supplier meets our Approved Supplier criteria. We charge our costs incurred, up to $1,000, to test a supplier that you propose. If you wish to propose to us a supplier, you may submit the proposed supplier that you wish for us to consider in writing. Your request must include sufficient specifications, photographs, drawings and other information and samples to enable us to determine whether the supplier meets our specifications. Your request must also provide confirmation that the supplier is financially sound and carries adequate liability insurance. We will examine the quality of the items and the supplier's ability to supply a sufficient quantity in a timely way with good customer service to determine whether to consider adding the supplier to our list of approved vendors. We will notify you within three (3) months if we approve or disapprove of an alternative supplier. Our criteria for

approving or revoking approval of suppliers includes: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production and delivery capability; our existing relationships with competitive vendors; and experience, dependability and general reputation. If we revoke approval for a supplier, we will provide written notice to you.

We will notify you if and when we no longer approve a previously Approved Supplier, product, or equipment. A supplier must continually adhere to our standards and specifications to maintain its approval. We reserve the right to condition our approval of any proposed product or equipment on such terms we decide at our discretion, including your execution of a general release in our favor, your agreement to obtain additional related insurance and to attend additional training, and your agreement to a test period.

Purchases According to Standards and Specifications

You must equip and operate your Café according to our standards and specifications in order to preserve the goodwill embodied in the Marks. You must use the System and the Marks in strict compliance with the standards, procedures, specifications and requirements as set forth in the Franchise Agreement, in the Manual, and as otherwise designated in writing by us.

Advertising and Promotional Materials

All of your advertising and promotions must conform to our standards and requirements and come from an Approved Supplier including all business cards, stationery, brochures, flyers, postcards, posters, advertisement templates, and any other promotional or business marketing tools we use, or might use in your Café. Any items, including all merchandise and any promotional items, which bear or include our Marks, must be purchased from us or our designated suppliers to ensure brand consistency within the System. It is solely your responsibility to ensure that any marketing is compliant with the applicable laws in your jurisdiction.

Issuance and Modification of Specifications

We issue specifications and standards to franchisees or approved suppliers through our Manual or through informational bulletins we issue from time to time. We may modify these standards and specifications periodically in our sole discretion. Specifications may include minimum standards for safety, quality, quantity, delivery, performance, design, appearance, durability, style, warranties, price range, and other related restrictions. We consider these specifications to be of critical importance to the success of the System.

Revenue from Required Purchases

We may derive revenue or other material consideration from required purchases or leases by you. In the fiscal year ending December 31, 2025, neither we nor our affiliates earned revenue or other material consideration from required purchases or leases made by franchisees from us or our affiliates.

Required Purchases as a Proportion of Costs

We estimate that approximately 90% of your expenditures for leases and purchases in establishing your Café will be for goods and services that must be purchased from us, an affiliate, or an Approved

Supplier. We estimate that approximately 80% of your expenditures on an ongoing basis will be for goods and services that must be purchased either from us, an affiliate, or an Approved Supplier.

Supplier Payments to Us

We have the right to negotiate agreements with our Approved Suppliers which may provide for us to receive revenue from products or supplies purchased by our franchisees; however, we have no current revenue from the planned revenue-sharing or incentive programs with Approved Suppliers. For the fiscal year ending December 31, 2025, we derived $84,955 in revenue as a result of franchisee purchases from Approved Suppliers which is 9.18% of our total revenue of $925,596 in 2025. The revenue we derive is determined based on negotiated contract prices for our franchisees as established with our suppliers, including rebates when a franchisee orders certain goods on a per case or per product basis. We anticipate receiving additional supplier rebates or revenue in the future. We may retain such rebates for our own benefit.

Purchasing or Distribution Cooperatives

At this time, we do not have any purchasing or distribution cooperatives. We anticipate that we will negotiate purchase arrangements with suppliers for the benefit of our franchisees.

Purchase Arrangements

We may in the future negotiate purchase arrangements with Approved Suppliers, including price terms, for the benefit of our franchisees. As of the date of this Disclosure Document, we have purchase agreements with PFG and other Approved Suppliers to benefit our franchisees.

Material Benefits

We do not provide material benefits to you based on your use of a particular supplier. Except as described above, neither we nor our affiliates have derived any revenue or other material consideration as a result of your required purchases or leases.

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.

Franchisee Obligations	Section In Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	2 and 5	11 and 12
b. Pre-opening purchases/leases	5, 13, and 15	7, 8, and 11

Franchisee Obligations	Section In Franchise Agreement	Disclosure Document Item
c. Site development and other pre-opening requirements	2, 3, 5, 8, and 10	11
d. Initial and ongoing training	8	11
e. Opening	4, 5, 11, and 13	11
f. Fees	3, 4, 8, 10, 11, 12, 13, 15, 18, 21, 22, and 23	5, 6, 7, 8, and 11
g. Compliance with standards and policies/Manual	6, 7, 9, 10, and 13	8, 11, 14, and 16
h. Trademarks and proprietary information	6, 7, and 9	13 and 14
i. Restrictions on products/ services offered	6 and 13	8 and 16
j. Warranty and customer service requirements	13	16
k. Territorial development and sales quotas	2	12
l. Ongoing product/service purchases	13	8 and 11
m. Maintenance, appearance & remodeling requirements	3, 10, and 13	6
n. Insurance	15	6, 7, and 8
o. Advertising	11	6, 7, 8, and 11
p. Indemnification	21	6
q. Owner's participation/ management/staffing	8 and 13	15
r. Records and reports	12	11
s. Inspections and Audits	6 and 12	6, 11, and 13
t. Transfer	18, 19 and Attachment 1	6 and 17
u. Renewal	4 and Attachment 1	17
v. Post-termination obligations	17 and Attachment 2	17
w. Non-competition covenants	7, 9,17, and Attachment 2	17

Franchisee Obligations	Section In Franchise Agreement	Disclosure Document Item
x. Dispute resolution	23, Attachment 2, and Attachment 3	17

ITEM 10
FINANCING

We do not offer 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 Assistance

Before you open your Café, we will:

1. Provide an initial training program. This training does not include any professional licenses, certification, or other training you must possess and/or complete before you can operate the Café . (Section 8.1 of the Franchise Agreement).

2. Designate the territory and territorial rights for your Café. (Section 2.4 of the Franchise Agreement).

3. We will review the proposed site for your Café location and inform you in writing of whether the proposed site is accepted or rejected. (Section 8.2 of the Franchise Agreement).

4. Provide you with copies of our specifications for the design and layout of your Cafe and required fixtures equipment, furnishings, décor, and signs. Upon your request, provide additional site visits, project management, design work, and equipment purchasing services at your cost. (Section 8.2 of the Franchise Agreement).

5. Review and approve or disapprove of the architectural, engineering, and construction drawings site plans prepared by the architects and general contractors for construction, remodeling, and/or renovation of your Cafe premises. (Section 8.2 of the Franchise Agreement).

6. Provide you with one (1) inspection of your Cafe during construction and one (1) final inspection of your Cafe upon completion of construction to ensure that the Cafe has been built in accordance with the drawings and specifications approved by us. (Section 8.2 of the Franchise Agreement).

7. Provide to you opening assistance and guidance that we think advisable, in our sole discretion, to assist you with any questions you may have in operating and establishing your Café, and as may be

described in the Manual. (Section 8.2 of the Franchise Agreement).

8. Provide you, on loan, with one copy of the Manual or provide you with access to an electronic copy of the Manual. (Section 9.1 of the Franchise Agreement).

9. Provide you with a list of branded products, proprietary products, non-proprietary products, and Approved Supplier. (Section 9.1 of the Franchise Agreement).

10. Provide assistance and guidance in establishing prices for products and services. We do not set a minimum or maximum price, but we provide you with a recommended price range. (Section 6.7 and 9 of the Franchise Agreement).

Continuing Obligations

During the operation of your Café, we or our designee will:

1. Provide post-opening assistance by providing you with one person experienced in the Beignets & Brew System for up to seven (7) operating days after opening your Beignets & Brew Cafe. (Section 8.2 of the Franchise Agreement).

2. Provide you periodic assistance in the marketing, management, and operation of your Café at the times and in the manner that we determine. We may periodically offer you the services of certain of our representatives, such as a representative from agent support, and these representatives may periodically visit your Café and offer advice regarding your operations. (Section 14.1 of the Franchise Agreement).

3. Make periodic visits to your Café to provide you with consultation, assistance, and guidance in various aspects of the operation and management of your Café. We may prepare written reports suggesting changes or improvements in the operations of your Café and detailing insufficiencies that become evident as a result of a visit. If we prepare a report, we may provide you with a copy. (Section 14.2 of the Franchise Agreement).

4. Make available to you our operations assistance and ongoing training as we deem necessary in our sole discretion. (Sections 8.4 of the Franchise Agreement).

5. Provide you updates to the lists of the brand products, proprietary products, non-proprietary products, vendors from which proprietary products may be purchased, and authorized suppliers from which non-proprietary products may be purchased. (Sections 8.2 of the Franchise Agreement).

6. Review and approve or disapprove all marketing and promotional materials that you propose to use. (Sections 11.1.2 of the Franchise Agreement).

7. Provide you with modifications to the Manual as they are made available to franchisees. (Section 9.2 of the Franchise Agreement).

8. Administer the Advertising Fund in the manner described in the Franchise Agreement. (Section 11.2 of the Franchise Agreement).

9. Notify you in writing of your non-compliance with the Manuals, Systems or Franchise Agreement, as provided within the Franchise Agreement should such non-compliance occur. Our failure to do so will not excuse your non-compliance. (Section 14.2 of the Franchise Agreement).

Leased Location

You must locate, obtain and occupy the retail site for your Café. We will furnish you with site selection guidelines. We require you to send to us any proposed lease and information as required by us to evaluate the site for our approval before you sign the lease. We do not typically own premises that are then leased to franchisees. The factors considered by us in reviewing a site include general location and neighborhood, competition, surrounding area and traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. We will use our good faith efforts to notify you in writing of our decision regarding approval or disapproval of your proposed site within thirty (30) days after receiving notice from you identifying the proposed site. Should we not deliver a written decision regarding the approval or disapproval of the proposed site within thirty (30) days after you have notified us of the proposed site, the proposed site will be considered not approved. We do not provide assistance conforming your Café to local ordinances and building codes, obtaining any required permits, constructing, remodeling, decorating and/or hiring and training your employees.

Typical Length of Time Before Operation

We expect you to find an acceptable location for your Café within 180 days of the signing of the Franchise Agreement. We estimate the length of time between signing your Franchise Agreement and opening your Cafe to be approximately six months. You must sign a lease or otherwise secure the legal right to operate the Franchised Business from the location within 60 days of finding an acceptable location. Factors that may affect your beginning operations include ability to secure permits, zoning and local ordinances, weather conditions, and attending training. You must open your Franchised Business and be operational within nine months from executing the Franchise Agreement. The foregoing notwithstanding, we reserve the right to grant extensions to this time frame in our sole and absolute discretion. We are in no way obligated to consider such extensions in any case. Failure to meet these timelines is a material default of the Franchise Agreement.

Design, Remodeling and Opening

Our mandatory and suggested specifications and layouts for your Café, including requirements for design, color scheme, image, interior layout, signs and equipment are included in our Manual. We have the right to review and approve all plans and specifications to ensure that they meet our design specifications and requirements. We may inspect the premises of your Cafe prior to opening. We estimate that the typical time between signing the Franchise Agreement and opening your Café is nine (9) months. You must begin operations of your Café within nine months from the date that you sign the Franchise Agreement. If you fail to meet this requirement, we shall have the right to terminate the Franchise Agreement and retain all fees paid to us by you. Time is of the essence. You may not open the Franchised Business to the public until you have received our prior written approval.

We will also provide or indicate to you its approval or disapproval of such drawings and site plans. In the event we disapprove the drawings and/or site plans, we will provide to you, in writing, an

indication of our disapproval of the drawings and/or site plans and the corrections which need to be made to the drawings and/or site plan. Upon your request, provide you with additional information concerning the design and construction of your Cafe if such information is in our possession.

Advertising and Promotion

We must approve all advertising and promotional materials before you use them. You must submit to us samples of all promotional and marketing materials in whatever form you propose to use them at least 15 days before their intended use, and we will make reasonable efforts to approve or disapprove them within 15 days after we receive them. but if we do not give our approval within 15 days, we will have been deemed to disapprove the materials. All copyrights in and to marketing, advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must not use the advertising or marketing materials until we have approved them and must promptly discontinue using any advertising or promotional materials if we notify you to do so.

Local Advertising

Each month, it is recommended that you spend 1.5% of your Gross Revenues on local advertising, promotions, and public relations in the local area in your Territory. We may, subject to our sole discretion, allow you to directly control elements of the local advertising program, including designing your own materials, using your own materials, or designing an advertising program. Local advertising expenditures are not included in your Advertising Fund Contribution and will be your sole cost and expense. It is solely your responsibility to ensure that any marketing of the services and products offered at your Café are compliant with the applicable laws in your jurisdiction.

You must participate in all advertising, promotional and marketing initiatives we may require. Without limitation, initiatives may include prize contests, special product and service offers and coupons. Advertising, promotional and marketing initiatives may be conducted internationally, nationally, regionally and locally and may vary from region to region or locality to locality; all other franchisees using the System shall not necessarily be required to participate in the initiatives in which you must participate. You must also participate in the launch of any new products we may require, and you must honor all coupons, gift certificates and other promotional offers authorized by us including without limitation, you must honor all coupons, certificates and promotional offers presented to you.

Advertising Fund

You are required to contribute 1.5% of your weekly Gross Revenues to a System-wide marketing, advertising, and promotion fund ("**Advertising Fund**"). Advertising Fund Contributions are made at the time and in the manner provided for Royalty Fees in Section 3.2 of the Franchise Agreement. We have the right to increase the amount of the advertising contribution up to 3.0% of your Gross Revenues. We shall notify you at least 30 days before any increase in the contribution to the Advertising Fund or changing the Advertising Fund Contribution requirements.

We maintain and administer the Advertising Fund as follows:

1. We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet, or other media for advertisements and promotions. We do not guarantee that any

particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Advertising Fund. We are not obligated to spend any amount of Advertising Fund Contributions in your Territory or in any particular franchisee's territory.

2. We will use contributions to the Advertising Fund for producing, maintaining, administering and directing consumer advertising (including but not limited to the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures; conducting market research; and providing other marketing materials to franchisees) on a national and/or regional level as we deem necessary or appropriate, in our sole discretion. We may use multiple sources for advertising including in-house and regional or national agencies. We will not use the Advertising Fund Contributions for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the Advertising Fund. No more than 25% of the Advertising Fund in any year will be used for the solicitation of new franchisees.

3. We shall attempt to use all contributions in the fiscal year they are made; however, if less than all monies of the Advertising Fund are spent in the fiscal year in which they accrue, the money will remain in the Advertising Fund to be spent in subsequent years. We will use any interest or other earnings of the Advertising Fund before we use current contributions. We intend for the fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share. In the fiscal year ending December 31, 2025, we collected $141,863.77 in Advertising Fund Contributions and spent $129,678.27 of which 50% was spent on production, 0% on media placement, 20% on administrative expenses and 30% was spent on creative design.

4. The Advertising Fund is not audited. Franchisees will not have any rights to access the Advertising Fund. The Advertising Fund is not a trust and we assume no fiduciary duty in administering the fund. After the end of any calendar year, at your written request, we will provide you with a report for such concluded year, of the amounts actually expended by us on the marketing and promotion programs. Locations owned by us or our affiliates contribute equally to the Advertising Fund.

5. Except for salaries of marketing personnel employed by the Franchisor, we do not receive compensation for providing goods or services to the Advertising Fund.

6. The Advertising Fund is not and will not be our asset. Although the Advertising Fund is intended to be of perpetual duration, we maintain the right to terminate the Advertising Fund. The Advertising Fund will not be terminated, however, until all monies in the Advertising Fund have been expended for marketing purposes. If amounts are unspent in the Advertising Fund at fiscal year-end, those amounts are carried over by the Advertising Fund for expenditure in the following year.

Grand Opening Advertising

You must spend $2,500 to $5,000 to promote the opening of your Cafe pursuant to our guidelines and specifications during the period encompassing 30 days before and 30 days after the opening of your Cafe. You must submit to us proof of these expenditures within 120 days after your Franchised Business first opens for business.

Internet Marketing

You are restricted from establishing a presence on, or marketing on the Internet without our written consent. We have an Internet website at the uniform resource locator www.beignetsandbrew.com that provides information about the System and about our franchises. We may provide you with a page on our home page, where we will have contact information on your location. All information posted on the Beignets & Brew website or any linked webpages must be approved by us before they are posted. We retain the sole right to market on the Internet, including the use of websites, domain names, social media accounts, 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, social media pages 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 Beignets & Brew website. You are not permitted to use a domain name containing Beignets & Brew in the URL.

We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social networking sites (e.g., Facebook, X, LinkedIn, TikTok, YouTube, Pinterest, Instagram, etc.), blogs, vlogs, applications to be installed on mobile devices (for example, iOS or Android apps), and other applications, etc. However, if we approve a separate Online Site for you (which we are not obligated to do), then each of the following provisions will apply: (1) you may neither establish nor use any Online Site without our prior written approval; (2) before establishing any Online Site, you must submit to us, for our prior written approval, a sample of the proposed Online Site, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta tags), in the form and manner we may require; (3) you must not use or modify an Online Site without our prior written approval; (4) you must comply with the standards and specifications for Online Sites that we may periodically prescribe in the Manual or otherwise in writing; (5) if we require, you must establish hyperlinks to our Online Site and other Online Sites; and (6) we may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf.

Advertising Cooperative

We reserve the right to issue binding policies to coordinate marketing councils and/or advertising cooperative programs. For example, we may require that all franchisees within close proximity participate in local advertising programs or cooperatives. If we require you to join a local or regional

marketing cooperative (the "**Co-op**"), then you must: join the Co-op; participate with other franchisees in the Co-op's marketing programs; and pay your share of the Co-op's marketing expense which will not be more than your local advertising requirement. Any payments you make for the Co-op's marketing will be applied towards your local advertising requirement but will not affect your obligation to make Advertising Fund Contributions under the Franchise Agreement.

The Co-op's marketing expenses will be allocated among its members based on the number of participating franchisees or on some other reasonable basis as may be determined by the franchise advisory council, if established, or us. We or our designee will be responsible for administering the Co-op; however, we may delegate this authority to the franchise advisory council or some other committee of franchisees. We do not currently have an advertising council composed of franchisees that advises us on advertising materials, but we may in the future. The Co-op will operate under written governing documents prepared by us or our designee, which will be made available to you upon reasonable written request. An accounting of the operation of the Co-op will be prepared annually by the Co-op, at the Co-op's expense, and made available to Co-op members upon written request. Franchisor or our affiliate owned units may but will not be required to contribute to the Co-op. We have the right, in our sole discretion, to modify, merge or dissolve any Co-op upon written notice to its members; however, a Co-op will not be dissolved until all of the money in the Co-op has been spent for marketing purposes.

Computer System

You must purchase and use any hardware and software programs we designate. You must meet our current requirements concerning the Computer System, including: (a) POS system, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at your Cafe, between or among other franchised businesses, and between and among your Cafe, and you, and us; (b) physical, electronic, and other security systems and measures; (c) printers and other peripheral devices; (d) archival back-up systems; (e) Internet access mode (such as the telecommunications connection) and speed; and (f) technology used to enhance and evaluate the client experience (collectively, all of the above are referred to as the "**Computer System**").

We require that you provide us continuous, ongoing remote access to your QuickBooks application and POS system and all data associated with both systems. You are also required to have Internet access. Beignets & Brew does not specify specific computer hardware or an Internet supplier. However, the laptop or desktop computer selected to act as the back office must be in good repair, with sufficient memory to carry out ordinary business functions, as provided in the Manual, this Disclosure Document, or your Franchise Agreement, and to run the Office 365 and QuickBooks software. The approximate cost of Computer System ranges from $2,000 to $5,000.

You must use your Computer System to (i) enter and track sales and customer information, (ii) update inventory of merchandise and products, (iii) enter and manage your customer contact information, (iv) generate sales reports and analysis relating to your Cafe, and (v) provide other services relating to the operation of your Cafe. We have the right to develop or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System. We rely on

suppliers to provide support for the hardware and software and we may require that you enter into service contracts directly with the hardware and software suppliers and pay the suppliers directly for this support.

Neither we nor our affiliates nor any third party have any obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System. You must maintain your Computer System in good working order and must replace, update, or upgrade your hardware systems as we require. The estimated annual cost of optional or required maintenance, updating, upgrading, or support contracts to your Computer System is approximately $1,000.

Independent Access to Information

You must be able to access information that is available on the Internet and be able to send and receive email. We may periodically require you to upgrade and update the hardware and software used in connection with the Computer System. There are no contractual limitations on the frequency and cost of these upgrades and updates. We reserve the right to approve your email address or require you to use only an email address that we provide for your Cafe's business emails. You must afford us unimpeded independent access to your Computer System in the manner, form, and at the times we may request. We will have the right at any time to retrieve and use this data and information from your Computer System in any manner we deem necessary or desirable. We have the right to require you to use one or more designated telephone vendors. If we so require, you must use our designated telephone vendors for the phone service to your Cafe. We may designate, and own, the telephone numbers for your Café.

There are no contractual limitations on our right to access this information stored on your Computer System. Any customer lists or information compiled or amassed through your Computer System or otherwise, will be our proprietary property. You may not sell or use customer lists or information for any purpose other than in connection with the operation of your Café. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Café and any other operations taking place through your Café.

Training

Before opening your Café, you (or if you are an entity, your Operating Principal) and your Manager (as defined in Item 15) must attend and successfully complete, to our satisfaction, the initial training program (which may include an online component) we offer for our franchisees at our affiliate-owned Cafe located in Destin, Florida or at another location that we specify. Our initial training program will be conducted periodically as needed. The Franchised Business must at all times be under the active full-time management of either you or the Operating Principal or Manager who has successfully completed (to our satisfaction) our initial training program. If you, your Operating Principal or Manager cannot complete the program to our satisfaction, we may terminate the Franchise Agreement.

If you (or your Operating Principal) or your Manager cease active management or employment at your Café, then you must enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within 30 days after the former individual ended his/her

full-time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so (in all cases, the replacement shall successfully complete training within 120 days). You must pay our then-current per diem training charges ($100 per day if at our headquarters; $250 per day at your Café location) for replacement training.

We may require that your Operating Principal, Managers, and employees periodically attend additional courses, seminars, conferences, and other training programs for which you will pay our then current per diem training fees.

We will bear the cost of all initial training (instruction and required materials) of you, your Operating Principal, and your Manager (if applicable) (except for additional and replacement training and web-based training, as noted above and in Item 6). Up to a total of three people may attend this initial training including the Franchisee, Operating Principal and the Manager. Any additional persons will be charged the then-current per diem training charges ($100 per day if at our headquarters; $250 per day at your Café location). You will also bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance.

All persons attending the initial training program must complete the program to our satisfaction by showing you can operate your Café, determined in our sole discretion. If you cannot complete the program to our satisfaction, we may terminate the Franchise Agreement. Note, the hours of training on the below chart may overlap and be provided concurrently, at our discretion.

The subjects covered in the initial training program are described below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Employee Introduction	1	0	Destin, FL or a designated training location
POS Operations	4	4	Destin, FL or a designated training location
Kitchen Setup (Opening)	1	2	Destin, FL or a designated training location
Kitchen Daily Preparation	3	4	Destin, FL or a designated training location
Familiarization of Kitchen Menu	4	8	Destin, FL or a designated training location
Kitchen Sauce Preparation	1	2	Destin, FL or a designated training location

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Kitchen Closing Station	1	2	Destin, FL or a designated training location
Kitchen Weekly Cleaning	1	2	Destin, FL or a designated training location
Totals	**16 hours**	**24 hours**	

The hours devoted to each subject are estimates and may vary based on how quickly trainees learn the material, their prior experience with the subject, and scheduling. Our Chief Operating Officer, Adam Alfonso, currently oversees all of the training. Mr. Alfonso has over a decade of industry experience and has been our Chief Operating Officer since our inception.

The principal instructional materials will consist of the Manual. The Operations Manual contains a total of 112 pages. The Table of Contents of the Manual, along with number of pages devoted to each section, is included as Exhibit C to this Disclosure Document.

Periodically, you, your managers and/or employees must attend refresher-training programs to be conducted at a location we designate or by webinar, in our discretion. Subjects covered in any additional training may include, for example: (i) System-wide changes in processes, procedures or offerings, (ii) franchisee-specific or employee-specific trouble-shooting, (iii) safety, (iv) sales and marketing, (v) service, (vi) computer hardware and software, and (vii) financial recordkeeping. Additional training, if and when provided, will generally be at least one day and may last up to two weeks. Attendance at these programs will be at your expense; however, you do not have to attend more than 2 of these programs in person in any calendar year and these programs will not collectively exceed 4 full days during any calendar year (including both in person training and webinar training).

ITEM 12
TERRITORY

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

You must operate your Café within the specific location identified in your Franchise Agreement. We will designate your territory (the "**Territory**") which will be based on the particular area surrounding your accepted Café location and determined by us, in our sole discretion, using the mapping service, program and/or software selected by us, in our sole discretion. We reserve the right to grant each franchisee a territory on a case-by-case basis in order to account for the unique features of each geographic marketplace; however, the typical Territory will generally encompass a one mile radius around your Café location. We may grant you a Territory of less than one mile and less than other franchisees based on the demographics of the area in which you wish to open your Café.

Your Territory is determined by population, competition, traffic patterns, proximity to major roads, demographics of the surrounding area, available parking, market penetration, and/or other conditions important to the successful operation of a Beignets & Brew cafe, as we deem appropriate and as

identified in your Franchise Agreement. We retain the right to demarcate the exact bounds of your Territory once a primary location is chosen, and such Territory shall not be altered even if there is a population increase or decrease, unless we decide otherwise in our sole and absolute discretion. Certain locations, such as major metropolitan areas may have smaller territories due to the relative density of the populated areas. You may not open your Café in the Territory until we grant you our explicit written permission.

You may not conduct business at any other site or sites other than in the Territory as described in your Franchise Agreement, or any additional part of the Territory that may be added by an addendum attached to your Franchise Agreement. You may not relocate your Café within the Territory without our express written consent. Any proposed relocation will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into consideration any commitments we have given to other franchisees, landlords, and other parties relating to the proximity of a new Beignets & Brew cafes to their establishment.

During the term of the Franchise Agreement, provided that you are not in default of your obligations to us or our affiliates and except as to our reserved rights as set forth below, we will not establish or open and we will not grant another franchisee the right to establish or open a Beignets & Brew café within your Territory.

Except for the Territory granted in your Franchise Agreement, we do not grant any rights of first refusal to obtain additional franchise rights. If you wish to develop additional franchised businesses with us, you must submit a separate application for each such proposed franchise. You shall pay a fee for each additional location mentioned in Item 5, and you must further be in compliance with all other terms and conditions of the Franchise Agreement. We must also approve the suitability of any additional location as contemplated in Items 11 and 12 above.

We retain the right to conduct any business at any location, including: (a) the right to offer Beignets & Brew franchises using our System and Marks to others for any site outside your Territory regardless of how close the site is to your accepted location; (b) the right to sell, rent and distribute any services and products, directly or indirectly, and/or license others to sell and distribute any services and products, directly or indirectly, from any location or to any purchaser (including, but not limited to, sales made to purchasers in the Territory through retail establishments, mail order, independent distributors, wholesale distribution, phone order, on the Internet, and/or sales to delivery clients), except that we shall not do so from a Beignets & Brew café located inside your Territory; (c) the right to produce, license, distribute and market services and products bearing the Beignets & Brew name or other marks, including packaged items, books, retail items, products, goods, and apparel, among other things, at any location or any outlet, regardless of proximity to your Café, through any distribution channel, at wholesale or at retail, including by means of the Internet, mail order, direct mail advertising, delivery, and other distribution methods; (d) the right to develop, operate, and franchise others to operate, any business concept except a Beignets & Brew-branded café at any place, including within the Territory, and use the Marks or any other trademarks owned, licensed, or developed by us or our affiliates in connection with those concepts, even if such concepts sell products and services that are similar to, the same as, or competitive with the services and products offered at your Café; (e) the right to approve or disapprove other franchisee's requests to purchase local advertising that penetrates your Territory in our sole discretion; (f) the right to merge with, acquire or be acquired by any business of any kind under other systems and/or other marks, which business may offer, sell, operate or distribute and/or license others to offer, sell, operate and distribute goods and

services through franchised or non-franchised businesses, at wholesale or retail, within and outside the Territory; (g) the right to operate a Beignets & Brew-branded business at a trade show booth or similar "pop-up" location in your Territory; and (h) the right to open Beignets & Brew café at non-traditional sites in your Territory including, without limitation military bases, hotels, college campuses, airports, train stations, travel plazas, casinos, and sports or entertainment venues or stadiums ("**Non-Traditional Sites**").

Our reserved right authorizing us to sell branded products in your Territory through other channels of distribution may affect your ability to sell those products. There are no restrictions on our right to solicit or accept orders from consumers inside your Territory. Nothing in the Franchise Agreement prohibits us or our affiliates from selling services and products through alternative channels of distribution within your Territory. We are not required to pay you any compensation for soliciting or accepting orders from inside your Territory. Neither we nor our affiliates currently plan to operate or franchise any business under any different trademarks that sells or distributes similar products or services to those that you will offer but we reserve the right to do so in the future.

You must adhere to the terms of the Franchise Agreement. If during the term of the Franchise Agreement, you are unable to promptly and properly service any of your customers, you must notify us. For any default of the Franchise Agreement, as an alternative to termination, we may, at our sole and absolute discretion, unilaterally modify or completely eliminate any rights that you may have with respect to the Territory, effective ten days after delivery of written notice to you. In addition, we may modify, or eliminate completely, the Territory. We reserve all rights not specifically granted to you in this Item.

The Territory described above will affect where you and other franchisees may solicit business. You may not sell any products outside your Territory without our prior written consent. Except in conjunction with approved advertising promotions, you may not directly market or solicit business outside your Territory without prior written authorization from us, including Internet marketing, postcards, letters, fliers, emails, or other marketing communications. You may not make telemarketing calls to customers or prospective customers located outside your Territory or advertise in print or other media where two-thirds or more of the media circulation base or broadcast area is located outside your Territory.

ITEM 13
TRADEMARKS

We grant you the right to operate your Café under the name "**Beignets & Brew**," and other names we designate from time to time. As of the date of this Disclosure Document, we have the following marks registered on the United States Patent and Trademark Office ("**USPTO**") Register:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	INTERNATIONAL CLASS OF GOODS
BEIGNETS & BREW	7553794	October 29, 2024	043

BEIGNETS & BREW FRENCH DONUTS	7636388	December 31, 2024	043
FIND YOUR SWEET SPOT	7884604	August 5, 2025	025
FIND YOUR SWEET SPOT	8117916	January 27, 2026	043

We intend to renew the registrations and file all appropriate affidavits for these trademarks at the times required by law.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark. We know of no infringing or prior superior uses that could materially affect the use of the Marks.

You do not receive any rights to the Marks other than the right to use them in the operation of your Café. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of your Café. You cannot use any Mark or portion of any Mark as part of any business entity name. 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 our 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 in writing when you learn about any claim of infringement, unfair competition, or similar claims about the Marks. You must not communicate with any person other than us 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. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative or judicial proceeding involving a trademark licensed by us. The Franchise Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorable to you. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

We reserve the right to substitute different Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different Marks will be beneficial to the System. In such cases, you must implement and use such different Marks at your cost and in the manner we require. If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We have no obligation 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, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Franchised Business for the new or modified Marks. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

If we undertake the defense or prosecution of any litigation concerning the Marks, you must sign any documents and agree to do the things as may, in our counsel's opinion, be necessary to carry out such defense or prosecution, such as becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out-of-pocket costs in doing these things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that the litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, you must reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the franchise. We claim common law copyright protection in the Manual, our website, our marketing materials, training manuals or videos, and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights, but we reserve the right to register these copyrights in the future. You may use these items only as we specify while operating the Café 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 trade secrets and other confidential information, including technical and non-technical information used in or related to the operation of your Café and not commonly known by or available to the public, including, without limitation, methods and products, customer services techniques, menus and recipes, preparation techniques and methodologies not generally known to the industry or public, customer lists, services and products, the Manual, and any other information identified or labeled as confidential when delivered by us but shall not include any information that: (a) is now or subsequently becomes generally available to the public through no fault of you; (b) you can demonstrate it was rightfully in your possession, without obligation of nondisclosure, pursuant to the Franchise Agreement; (c) is independently developed; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information ("**Confidential Information**").

We will provide our trade secrets and other Confidential Information to you during training, in the Manual and as a result of the assistance we furnish you during the term of the Franchise Agreement. You may only use the trade secrets and other Confidential Information for the purpose of operating your Café. You may only disclose trade secrets and/or other Confidential Information to employees who must have access to it to operate your Café. You are responsible for enforcing the confidentiality provisions regarding your employees.

Certain individuals with access to trade secrets or other 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 may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Attachment 2 to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques or materials concerning your Café and the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed without additional compensation to you. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Manual, trade secrets or other Confidential Information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17.

You must comply with our System standards, other directions from us, and all applicable laws and regulations, regarding the organizational, physical, administrative and technical measures, and security procedures to safeguard the confidentiality and security of customer's information on your Computer System or otherwise in your possession or control and, in any case, employ reasonable means to safeguard the confidentiality and security of Customer Information. "**Customer Information**" means names, contact information, financial information, and other personal identifiable information of or relating to your Café's customers, and Prospective Customers. "**Prospective Customer (s)**" includes any person or entity that received a quote for food or beverage services at your Café, or any person or entity whose information was provided to your Café, at any time during the six-month period preceding the termination, expiration, non-renewal or transfer of the Franchise Agreement. If there is a suspected or actual breach of security or unauthorized access involving your Customer Information, you must notify us immediately after becoming aware of the occurrence and specify the extent to which Customer Information was compromised or disclosed.

We and our affiliates will, through the Computer System or otherwise, have access to Customer Information. We and our affiliates may use Customer Information in our and their business activities. When the Franchise Agreement expires or terminates, we and our affiliates may make all disclosures and use the Customer Information in any manner that we or they deem necessary or appropriate. You

must secure from your customers and Prospective Customers all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Customer Information to us and our affiliates, and for us and our affiliates to use that Customer Information, in the manner that the Franchise Agreement contemplates.

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

If you are a corporation, partnership or limited liability company, you must have an individual owner serve as your "**Operating Principal**". The Operating Principal must supervise the operation of the Café and must own at least 5% of the voting and ownership interests in the franchisee entity. You must inform us in writing whether the Operating Principal will assume full-time responsibility for the daily supervision and operation of your Café. If the Operating Principal will not supervise the Café on a full-time and daily basis, you must employ a full-time manager (a "**Manager**") with qualifications reasonably acceptable to us, who will assume responsibility for the daily operation of the Café.

You must, at all times, retain and exercise direct management control over all aspects of your Café. Your personal supervision is not required if the day-to-day operation of your Café is performed by a Manager who has successfully completed our required training program and has, at our sole discretion, the appropriate experience and training. If you do not personally supervise the operation of the Franchised Business, you and your Operating Principal still must attend and satisfactorily complete training. You, your Operating Principal or your Manager must devote full time and best efforts to the operation of your Café. You are not restricted as to whom you may hire as a Manager, except that your Manager must be competent, conscientious, substance-free, fully-trained and must meet all license requirements. Your Manager must be approved by us. See Item 11 for a description of our initial training program.

If you are a corporation or other business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Unlimited Guaranty and Assumption of Obligations attached as Attachment 3 to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all the services and products we specify. You may not sell any services or products that we have not authorized and you must discontinue offering any services or products that we may disapprove of. We may take action, including terminating your franchise if you purchase or sell unapproved products or make purchases from unapproved suppliers. We may periodically change required or authorized services or products. There are no limits on our right to do so.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications, and regional or local differences. There are no limits on our right to do so. Your

Café may not be used for any purpose, other than the operation of a Beignets & Brew cafe, in compliance with the Franchise Agreement.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreement attached to this Disclosure Document.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of Franchise Term	Section 4.1	The initial term is 10 years.
b. Renewal or Extension of Term	Section 4.2	You have the right to renew for an additional term of 10 years. You must pay the renewal fee of $15,000. If you do not meet the conditions, we may refuse to renew or extend the terms of your Franchise Agreement.
c. Requirements for Franchisee to Renew or Extend	Section 4.2	Renewal means that you are allowed to remain as a franchisee after the initial term of your Franchise Agreement expires. You may renew the Franchise Agreement if you: have fully complied with the provisions of the Franchise Agreement; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us or any of our affiliates; are not in default of any provision of the Franchise Agreement or any other agreement between you and us; have given timely written notice of your intent to renew; sign a current Franchise Agreement, which may have materially different terms and

		conditions than your original Franchise Agreement; comply with current qualifications and agree to comply with any training requirements; sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement and pay a renewal fee of $15,000.
d. Termination by you	Section 16.1	You may not terminate the Franchise Agreement (subject to state law).
e. Termination by Franchisor without Cause	Not Applicable	Not Applicable
f. Termination by Franchisor with Cause	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.
g. "Cause" Defined – Curable Defaults	Section 16.2.2	If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Manual, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default, except for the defaults that require cure in a shorter time and non-curable defaults. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 5 days of

		receiving our notice of default. If we terminate the Franchise Agreement resulting from a default, your interest in the franchise will terminate.
h. "Cause" Defined – Non-Curable Defaults	Section 16.2.1	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely establish, equip and begin operations of the franchised business; fail to have your Operating Principal satisfactorily complete training; fail to maintain all required professional licenses, permits and certifications for more than three business days; made any material misrepresentation or omission in the application for the franchise; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Café; after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect either party or the Cafe; use the Manual, trade secrets or other confidential information in an unauthorized manner; if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, other executives, employees and professional staff, and other individuals having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-compete agreements; abandon the Café for five or more consecutive days;

		surrender or transfer control of the Café in an unauthorized manner; fail to maintain the Café under the supervision of an Operating Principal following your death or disability; submit reports on two or more separate occasions understating any amounts due by more than 2%; are insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on two or more occasions within any 12 months to submit reports or records or to pay any fees due us or any affiliate; violate on two or more occasions any health, safety or other laws or operate the Café in a manner creating a health or safety hazard to customers, employees or the public; take any action reserved to us; fail to comply with applicable law after notice; repeatedly breach the Franchise Agreement or comply with specifications; or default under any other agreement with us (or an affiliate) so that we (or the affiliate) have the right to terminate the agreement.
i. Franchisee's Obligations on Termination/Non-Renewal	Section 17.1	If the Franchise Agreement is terminated or not renewed, you must: stop operating the Cafe; stop using any trade secrets, confidential information, the System and the Marks; 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 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.
j. Assignment of Contract by Franchisor	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by Franchisee – Definition	Section 18.2	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement or your Café's assets.
l. Franchisor's Approval of Transfer by Franchisee	Section 18.2	You may not transfer your interest in the Café or the Franchise Agreement without our prior written consent.
m. Conditions for Franchisor Approval of Transfer	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 in a form the same as or similar to the General Release attached to the Franchise Agreement; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a the Transfer Fee of 50% of the Initial Franchise 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, if requested by us; 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 in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; and the transferee has agreed that its Operating Principal will complete the initial training program before assuming management of the Cafe.
n. Franchisor's Right of First Refusal to Acquire Franchisee's Franchised Business	Section 19	We may match an offer for your Café or an ownership interest you propose to sell.
o. Franchisor's Option to Purchase Franchisee's Franchised Business	Section 17.4	Except as described in (n) above, we do not have the right to purchase your Cafe; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the franchised business at the depreciated value calculated on a declining basis of accounting at the rate of 20% per annum or your cost (at our option), less any sums of money owed by you to us and less any sums of money necessary to upgrade and renovate the accepted location to meet our then-current standards for a Beignets & Brew franchised businesses and less any sums necessary to acquire clear title to the lease or sublease interest.
p. Death or disability of Franchisee	Section 18.6	After the death or incapacity of an owner of the franchise, his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchise within 180 days of death or incapacity or we may

		terminate the Franchise Agreement.
q. Non-Competition Covenants During the Term of the Franchise	Section 7.4	You may not have an interest in a competitive business during the term of your Franchise Agreement. We have the right to require you, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff, and employees to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Attachment 2. Upon our request, you shall provide us with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at your Café and are subject to audit or review as otherwise set forth herein. We shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.
r. Non-Competition Covenants After the Franchise is Terminated or Expires	Section 17.2	For two years after the termination or expiration of the Franchise Agreement, you may not offer competitive business services or sell our approved products within ten miles of your Café or any other Beignets & Brew business, or planned expansion thereof, or of any other Franchisor or affiliate owned business; or soliciting or influencing any of our customers, employees, or business associates to compete with us or terminate their relationship with us.

s. Modification of the Agreement	Sections 9.2, 22.7, and 22.8	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration/Merger Clause	Section 22.7	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document, the Manual and/or Franchise Agreement may not be enforceable.
u. Dispute Resolution by Arbitration or Mediation	Section 23.9; Attachments 2 and 3	You must mediate and arbitrate claims against us.
v. Choice of Forum	Section 23.2; Attachments 2 and 3	Any litigation or arbitration must be pursued in Okaloosa County, Florida (subject to applicable state law).
w. Choice of Law	Section 23.1; Attachments 2 and 3	Except as to claims governed by federal law, Florida law applies (subject to applicable state law).

ITEM 18
PUBLIC FIGURES

We do not currently 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; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular franchised business or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our COO, Adam Alfonso at 12598 U.S. Highway 98 West, Suite 285, Destin, Florida 32550 and (985) 788-1450, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2023 TO 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	0	0	0
	2024	0	2	+2
	2025	2	12	+10
Company-Owned*	2023	0	1	+1
	2024	1	4	+3
	2025	4	7	+3
Total Outlets	**2023**	**0**	**1**	**+1**
	2024	**1**	**6**	**+5**
	2025	**6**	**19**	**+13**

*Company-Owned refers to outlets owns by our affiliates.

TABLE 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2023 TO 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Florida	2023	0
	2024	0
	2025	1
Total	**2023**	**0**
	2024	**0**
	2025	**1**

TABLE 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2023 TO 2025

Col. 1 State	Col. 2 Year	Col. 3 Outlets at the Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	2	0	0	0	0	4
Arkansas	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Florida	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	4	0	0	0	0	4
Tennessee	2023	0	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at the Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2
Virginia	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Totals	**2023**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**2**	**0**	**0**	**0**	**0**	**2**
	2025	**2**	**10**	**0**	**0**	**0**	**0**	**12**

TABLE 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2023 TO 2025

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the year
Florida	2023	0	1	0	0	0	1
	2024	1	2	0	0	0	3
	2025	3	2	0	0	0	5
Georgia	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	1	0	0	0	2
Totals	**2023**	**0**	**1**	**0**	**0**	**0**	**1**
	2024	**1**	**3**	**0**	**0**	**0**	**4**
	2025	**4**	**3**	**0**	**0**	**0**	**7**

TABLE 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	1	4	0
Arkansas	1	2	0
Florida	2	6	3
Georgia	0	2	0
North Carolina	1	2	0
Ohio	1	2	0
South Carolina	1	2	0
Tennessee	0	2	0
Texas	0	3	0
Virginia	1	3	0
Total	**8**	**28**	**3**

Exhibit E contains a list of the names of all franchisees and the address and telephone number of each of their outlets. Exhibit E also contains a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, 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.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that limit them from discussing with you their experiences as a franchisee in our franchise system. We are not aware of any trademark-specific franchisee organizations associated with the franchise system being offered.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit D is our audited financial statements as of December 31, 2025 dated March 20, 2026, our audited financial statement dated December 31, 2024 dated May 28, 2025, and our audited financial statement as of December 31, 2023. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document:

a. **Exhibit C - FRANCHISE AGREEMENT**
Schedule 1-General Release
Schedule 2-Nondisclosure and Non-Competition Agreement
Schedule 3-Unlimited Guaranty and Assumption of Obligations
Schedule 4-Collateral Assignment of Lease
Schedule 5-ACH Payment Agreement
Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Operating Principal
Schedule 7-State Addenda to the Franchise Agreement
Schedule 8- Accepted Location and Territory

ITEM 23
RECEIPTS

You will find two copies of a receipt in Exhibit I 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

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Our registered agent in the State of Florida is: Adam Alfonso, 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550. We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Financial Protection & Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 Toll Free: (866) 275-2677	Commissioner of the Department of Financial Protection & Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 Toll Free: (866) 275-2677
Connecticut	Banking Commissioner Department of Banking Securities and Business Investments Division 260 Constitution Plaza Hartford, CT 061031800 (860) 240-8299	
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722
Illinois	Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Indiana	Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
Michigan	Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567	Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
New York	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231-0001 (518) 473-2492
North Dakota	North Dakota Insurance and Securities Department 600 East Boulevard Avenue, Dept. 414Bismarck, North Dakota 58505-0510 (701) 328-2910	North Dakota Insurance Commissioner 600 East Boulevard Avenue, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-2910

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Rhode Island	Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527	Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760	Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
Wisconsin	Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139	Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT B TO THE DISCLOSURE DOCUMENT

BEIGNETS & BREW FRANCHISE COMPANY LLC
FRANCHISE AGREEMENT

BEIGNETS & BREW FRANCHISE COMPANY LLC
FRANCHISE AGREEMENT



TABLE OF CONTENTS

1. DEFINITIONS……2
2. GRANT OF FRANCHISE; ACCEPTED LOCATION……..……..4
3. FEES……8
4. TERM AND RENEWAL……....11
5. FRANCHISED BUSINESS……....12
6. MARKS……...13
7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION……15
8. TRAINING AND ASSISTANCE……..…..17
9. OPERATIONS MANUAL……19
10. FRANCHISE SYSTEM……..20
11. ADVERTISING AND PROMOTIONAL ACTIVITIES…….……..21
12. ACCOUNTING, RECORDS, AND REPORTING OBLIGATIONS……...26
13. STANDARDS OF OPERATION……..29
14. FRANCHISOR'S ASSISTANCE……....……33
15. INSURANCE……...…..….33
16. DEFAULT AND TERMINATION…….....….....36
17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION……39
18. TRANSFERABILITY OF INTEREST……...43
19. RIGHT OF FIRST REFUSAL……47
20. BENEFICIAL OWNERS OF FRANCHISEE……...47
21. RELATIONSHIP AND INDEMNIFICATION…….....48
22. GENERAL CONDITIONS AND PROVISIONS……49
23. DISPUTE RESOLUTION……52
24. ACKNOWLEDGMENTS……..57

Schedule 1-General Release
Schedule 2-Nondisclosure and Non-Competition Agreement
Schedule 3-Unlimited Guaranty and Assumption of Obligations
Schedule 4-Collateral Assignment of Lease
Schedule 5-ACH Payment Agreement
Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Operating Principal
Schedule 7-State Addenda to the Franchise Agreement
Schedule 8- Accepted Location and Territory

BEIGNETS & BREW FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT

This Franchise Agreement (the "**Agreement**") made and entered into as of the Effective Date that we have indicated on the signature page of this Agreement by and between:

- Beignets & Brew Franchise Company LLC, a Florida limited liability company having its principal place of business at 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550 ("**Franchisor**," "**we**," "**us**," or "**our**"); and

- _____, an individual/partnership/corporation/limited liability company established in the State of _____ and whose principal business address is _____ ("Franchisee," "you," or 'your").

INTRODUCTION

We have developed our own distinctive and proprietary systems for operating New Orleans themed beignets and coffee cafes which offer the public high-quality food and beverages of a distinctive character and quality under the name Beignets & Brew utilizing our distinct design, décor, color scheme, furnishings, and techniques developed by us (the "**System**"). Our System includes (among other things): business processes, technologies, trade secrets, customer lists, knowledge, know-how, menus, recipes, trade names, service marks, trademarks, logos, emblems, trade dress and other intellectual property; distinctive signage; standards, specifications and sources for services, products, supplies, appearance, operations and management control; safety standards; training and assistance; purchasing programs; and advertising, marketing, promotional and sales programs; all of which we may periodically change, discontinue, improve, modify and further develop.

We identify the System by means of our proprietary marks. Our proprietary marks include certain trade names (for example, the mark "Beignets & Brew" and logo), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with the System (all of these are referred to as our "Marks"). We continue to develop, use, and control the use of our Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service.

We are in the business of developing and awarding franchise rights to third party franchisees, such as you, to develop and operate a New Orleans themed beignets and coffee cafe under the name Beignets & Brew that offers the public high-quality food and beverages under the System and using the Marks. The franchise offering through the Franchise Disclosure Document ("**Disclosure Document**") that is governed by this Agreement shall be referred to as a "**Café**" herein.

You have asked to enter into the business of operating a Café under our System and wish to obtain a franchise from us for that purpose. By entering into this Agreement, you understand and acknowledge the importance of our high standards of quality, appearance, and service and the necessity of operating the business franchised under this Agreement in conformity with our standards and specifications.

We are in the business of developing and awarding franchise rights to third party franchisees, such as you, to develop and operate a Beignets & Brew café. You have asked to obtain a franchise from us. By entering into this Agreement, you understand and acknowledge: (a) the importance of our high standards of quality, appearance, and service and the necessity of operating your Café under this Agreement in conformity with our standards and specifications; (b) that you have reached the age of majority, you have the legal capacity to enter into this Agreement, you are not violating any other agreement by entering into or performing under this Agreement, and you are not listed or "blocked" in connection with, and are not in violation of any anti-terrorism law, regulation, or executive order; and (c) that other factors beyond our or your control will affect your Café's success including competition, demographic patterns, consumer trends, economic and market conditions, government policies, labor costs, lease terms and other factors which may be difficult to anticipate, assess or even identify.

In recognition of all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this contract, and for other good and valuable consideration (the sufficiency and receipt of which they hereby acknowledge) and they agree as follows:

1. DEFINITIONS

While certain of these and other terms may be defined in the body of this Agreement, the following words and terms have the following meanings for your ease of reference:

"**Advertising Fund**" has the meaning given to such term in Section 11.2;

"**Advertising Fund Contribution**" has the meaning given to such term in Section 11.2;

"**Affiliate**" means any business entity that controls, is controlled by, or is under common control with us;

"**Agreement**" means this agreement entitled "Beignets & Brew Franchise Company LLC Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"**Approved Supplier(s)**" has the meaning given to such term in Section 13.10;

"**Competitive Business**" means any business that offers the same or similar products and services as your Cafe under any system, or any business that offers the same or similar products, menu items, or service as a Beignets & Brew café including beignets or coffee or any businesses in which Trade Secrets or other Confidential Information could be used to the disadvantage of us, any Affiliate or our other franchisees but does not include (a) any business operated by you under a Franchise Agreement with us, or (b) any business operated by a publicly-held entity in which you own less than a 5% legal or beneficial interest;

"**Computer System**" has the meaning given to such term in Section 12.5.1;

"**Confidential Information**" means technical and non-technical information used in or related to the operation of your Café and not commonly known by or available to the public, including, without limitation, Trade Secrets (defined below), methods, recipes and products, customer services techniques and other techniques and methodologies not generally known to the industry or public, customer lists,

services and products, recipes, the Manual, and any other information identified or labeled as confidential when delivered by us. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of yours; (b) you can demonstrate it was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of 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;

"**Customer Information**" means names, contact information, financial information, and other personal identifiable information of or relating to your Café's customers and prospective customers;

"**Effective Date**" means the date on which you and we 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 us and providing us with access to electronically withdraw any funds from you that are due to us;

"**Franchise**" means the right granted to you by us to use the System and the Marks;

"**Franchise Fee**" has the meaning given to such term in 3.1;

"**Franchisee**" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"**Franchisor**" means Beignets & Brew Franchise Company LLC, a Florida limited liability company;

"**Franchisor Indemnities**" has the meaning given to such term in Section 21.3;

"**Gross Revenues**" means the aggregate of: (1) all of the revenue from operating your Café whether made for cash, on credit, or otherwise, without reserve or deduction for inability or failure to collect, that you, in the normal course of your operations would credit or attribute to the operation of a Café; (2) all monies, trade value, or other things of value that you receive from your Café's operations at, in, or from the Café; and (3) business interruption insurance proceeds excluding taxes collected from customers and paid to taxing authority, rebates received from a supplier, and reduced by the amount of any documented refunds, credits, allowances, and chargebacks the Café in good faith gives to customers.

"**Gross Revenue Reports**" has the meaning give to such term in Section 12.2;

"**Incapacity**" means your inability, or any holder of a legal or beneficial interest in you, to operate or oversee the operation of your Café 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 3.1;

"**Internet**" means any 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;

"**Management Fee**" has the meaning given to such term in Section 3.10;

"**Manager**" means the individual who is approved by us that will run the day-to-day operation of your Café;

"**Manual**" means the Beignets & Brew Operations Manual, whether in paper or electronic form, and any other items 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' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by us, or on our behalf;

"**Marks**" means the service mark "**Beignets & Brew**" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as we may designate to be used in connection with your Café;

"**Operating Principal**" means the person you designate if you are a corporate entity that must devote full time and best efforts to the development and operation of your Café and must have at least five percent (5%) ownership of the Café and full authority to bind you regarding all operational decisions about your Café;

"**Royalty Fee**" has the meaning given to such term in Section 3.2; and

"**Trade Secrets**" means information in any form (including, but not limited to, 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 in the operation of a Beignets & Brew cafe business 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.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant

Subject to the terms and conditions set forth in this Agreement, we grant you the right, and you accept and undertake the obligation:

2.1.1 to operate one Café business under the System and our Marks;

2.1.2 to use the Marks and the System, but only in connection with your Café (recognizing that we may periodically change, improve or further develop the Marks and the System); and

2.1.3 to do all of those things only at the Accepted Location and within the Territory identified and defined in Schedule 8 attached hereto.

2.2 Accepted Location

2.2.1 *Accepted Location Defined.* The street address or geographical description of the area for your Café is specified in Schedule 8 attached to this Agreement and is referred to as the "**Accepted Location**".

2.2.2 *Retail Commercial Space.* You must locate, obtain and occupy the site for your Café on your own initiative and at your own expense. You shall operate your Café out of a retail commercial space at a site you will find, which will become the Accepted Location after we have given you our written approval for that site and you have obtained the right to occupy the premises, by lease, sublease, or acquisition of the property.

2.2.3 *Reservation of Rights to Approve Location.* We have the right to grant or withhold approval of the Accepted Location under this Section 2.2. You understand, acknowledge, and agree that our review and approval of your proposed location, under this Section 2.2 does not constitute our assurance, representation, or warranty of any kind that your Café at the Accepted Location will be profitable or successful.

2.2.4 *Restriction on Relocation.* You may not relocate your Café without our prior written consent. Any proposed relocation will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into consideration any commitments we have given to other franchisees, licensees, landlords, and other parties relating to the proximity of a new Beignets & Brew cafe business to their establishment.

2.2.5 *Site Review Package.* You are responsible for completing and submitting to us for review and approval all information and materials we designate regarding your proposed site. We will issue our approval or disapproval of your proposed site within 30 days after we receive all of the information and materials we requested. We may not withhold our approval unreasonably. We will not be deemed to have withheld our approval unreasonably if the proposed site fails to meet our then-current standards and specifications, as we determine at our discretion.

2.2.6 *Lease Review and Time Limit to Sign Lease.* You must provide the proposed lease to us for review before execution. We will commence reviewing your lease within 10 days of receipt of your request for approval with final review completed within 30 days of receipt. Our review of your lease is for our benefit only and will ensure that our rights are adequately protected. If you do not secure an Accepted Location, sign any documentation we required to document our acceptance, and enter into a binding lease agreement that has been approved by us for such location within 180 days of signing this Agreement, we may terminate this Agreement. If you fail to meet this requirement, we shall have the right to terminate this Agreement.

2.2.7 *Time Limit to Commence Operation.* You must open your Café no more than nine months after the Effective Date of this Agreement. If you fail to meet this requirement, we shall have the right to terminate this Agreement. You may not open your Café to the

public until we issue a written approval authorizing your opening. We will not issue our approval, and you will be prohibited from opening your Café until you obtain our written approval, if (a) your Café has not been constructed and equipped in accordance with our standards and specifications, (b) you failed to successfully complete initial training, (c) in view of our management, we determine you and your employees are not prepared to open, (d) your Café has not been given all the proper governmental approvals by the local authorities, (e) you have otherwise not complied with laws governing your Café in your jurisdiction or (f) any of the conditions in Section 5.3 have not been met.

2.3 Sub-Franchising/Third Parties

2.3.1 *Restriction on Sublicensing.* You shall not sublicense the use of the System or Marks to any person or entity.

2.3.2 *Restriction on Granting Rights to Third Parties.* Except as permitted in Section 18, you shall not grant any person or entity the right to perform any part of your rights or obligations licensed hereunder.

2.4 Territory; Reservation of Rights; Performance Standards

2.4.1 *Territory Defined.* You must operate your Café within the specific location. We will designate your territory (the "**Territory**") in Schedule 8 which will be based on a particular area after your Accepted Location is approved by us which may not be at the time you execute this Agreement. You shall be prohibited from operating a franchise, conducting business or soliciting customers outside of the Territory without our prior written consent.

2.4.2 *Your Rights and Our Rights.* During the initial term and all renewal terms of this Agreement, and provided that you are in full compliance with this Agreement and all other agreements between you and us, we shall not own or operate, or grant anyone else the right to own or operate, a Beignets & Brew cafe business within the Territory identified in Schedule 8 which may be modified and/or finalized after you sign this Agreement. You understand that is the limit of your rights.

2.4.3 *Territory Size.* We reserve the right to grant each franchisee a Territory on a case-by-case basis in order to account for the unique features of each geographic marketplace as determined by us, in our sole discretion, using the mapping service, program and/or software selected by us, in our sole discretion. We may grant you a Territory less than other franchisees based on the population density and demographics of the area in which you wish to open your Café. We reserve the right to demarcate the exact bounds of your Territory once the Accepted Location is chosen, and such Territory shall not be altered even if there is a population increase or decrease, unless we decide otherwise in our sole and absolute discretion.

2.4.4 *Catering and Third-Party Delivery Services.* You will have the right, but not the obligation, to provide catering and third-party delivery services within a reasonable distance from

the Accepted Location not to exceed 25 miles from the Accepted Location, within or outside the Territory. You must provide any catering and delivery services in accordance with the Manual and this Agreement. Subject to the 25 miles maximum mileage restriction, you may provide catering and third-party delivery services in the territories of other Beignets & Brew franchisees without compensating the other franchisees, and other Beignets & Brew franchisees may provide the same services in your Territory without compensating you.

2.4.5 *Activity Restricted to Your Territory.* Other than as stated in Section 2.4.4, you may not sell approved services or products at any other site or sites other than in the Territory without our prior written consent. Except in conjunction with approved advertising promotions, you may not directly market or solicit business outside your Territory without prior written authorization from us, including ad and Internet marketing. You may not distribute postcards, letters, fliers, emails, or other marketing communications outside your Territory, or advertise in print or other media where two-thirds or more of the media circulation base or broadcast area is located outside your Territory.

2.4.6 *Reservation of our Rights.* You understand and acknowledge that any rights not expressly granted to you with respect to your Territory are reserved to us. We reserve the right to conduct any business at any location, including: a) the right to offer Beignets & Brew businesses using our System and Marks to others for any site outside your Territory regardless of how close the site is to your Accepted Location; (b) the right to sell, rent and distribute any services and products, directly or indirectly, and/or license others to sell and distribute any services and products, directly or indirectly, from any location or to any purchaser (including, but not limited to, sales made to purchasers in your Territory through retail establishments, mail order, independent distributors, wholesale distribution, phone order, on the Internet, and/or sales to delivery customers), except that we shall not do so from a Beignets & Brew café located inside the Territory; (c) the right to produce, license, distribute and market services and products bearing the Beignets & Brew name or other marks, including packaged items, books, retail items, products, and apparel, among other things, at any location or any outlet, regardless of proximity to your Café, through any distribution channel, at wholesale or at retail, including by means of the Internet, mail order, direct mail advertising, delivery, and other distribution methods; (d) the right to develop, operate, and franchise others to operate, any business concept except a Beignets & Brew-branded business at any place, including within the Territory, and use the Marks or any other trademarks owned, licensed, or developed by us or our affiliates in connection with those concepts, even if such concepts sell products and services that are similar to, the same as, or competitive with the services and products offered at your Café; (e) the right to approve or disapprove other franchisee's requests to purchase local marketing that penetrates your Territory in our sole discretion; (f) the right to merge with, acquire or be acquired by any business of any kind under other systems and/or other marks, which business may offer, sell, operate or distribute and/or license others to offer, sell, operate and distribute goods and services through franchised or non-franchised businesses, at wholesale or retail, within and outside the Territory; (g) the right to operate a Beignets & Brew-branded business at a trade show booth or similar "pop-up" location in your Territory; and (h) the right to open Beignets & Brew cafes

at non-traditional sites in your Territory including, without limitation military bases, hotels, college campuses, airports, mall food courts, train stations, travel plazas, casinos, and sports or entertainment venues or stadiums ("**Non-Traditional Sites**").

2.4.7 *No Right of First Refusal.* Except for the Territory granted in this Agreement, we do not grant any rights of first refusal to obtain additional franchise rights. If you wish to develop an additional Beignets & Brew cafes, you must enter into a new Franchise Agreement and meet all our current requirements for franchisees.

3. FEES

3.1 Initial Fees

3.1.1 *Initial Franchise Fee*. Upon execution of this Agreement, you shall pay us an initial franchise fee of $30,000 (the "**Initial Franchise Fee**"). Franchisee candidates that qualify for owning multiple Beignets & Brew cafes shall be granted the right to develop locations and pay a reduced fee of $18,000 for each additional café. The Initial Franchise Fee is considered fully earned and nonrefundable upon payment.

3.1.2 *Reduction of Initial Franchise Fee for Veterans of the U.S. Armed Forces.* If you are a veteran of the U.S. Armed Forces qualified under the International Franchise Association's VetFran Program, we will reduce the Initial Franchise Fee for your first Beignets & Brew franchise by $7,500 from the then-current Initial Franchise Fee.

3.2 Royalty Fee

3.2.1 *Royalty Fee Payment.* During the term of this Agreement, you shall pay to us a nonrefundable and continuing Royalty Fee equal to 6% of Gross Revenues for the right to use the System and the Marks.

3.2.2 *Royalty Fee Payment Date.* The Royalty Fee shall be paid by you weekly at the end of each week via Automated Clearing House ("**ACH**") starting with the first week your Café is open to the public and continues for the duration the term of this Agreement. If this Agreement is terminated by us, you may be required to continue such Royalty Fee payments to us.

3.2.3 *Default Rate.* Any payment or report not actually received by us on or before the specified submission date shall be deemed overdue. If any payment or report is overdue, in addition to the right to exercise all rights and remedies available to it under this Agreement, we shall be entitled to interest on such amount from the date it was due until paid at the rate of 1.5% percent per month or the maximum rate allowed by the laws of the State in which your Café is located or any successor or substitute law (referred to as the "**Default Rate**"), until paid in full.

3.3 Taxes and Indebtedness

3.3.1 *Payment of Taxes.* You agree to promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.

3.3.2 *Payment of Vendors.* You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or the Café.

3.3.3. *Tax Disputes.* If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of your Café, or any improvements thereon.

3.3.4 *Compliance with Law.* You must comply with all state and local laws and regulations regarding the operations of your Café. You must also make sure that you comply with all health and safety laws and regulations, and that you secure and maintain in force all required licenses, permits and certificates relating to the operation of your Café. Your failure to comply with all applicable laws shall be grounds for immediate default and/or termination.

3.3.5 *Notice of Violations and Actions.* You agree to notify us in writing within five days after: (a) you receive notice of any investigation by a government entity, any complaint or notice from the state or local department of health, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, (b) the occurrence of any accident or injury which may adversely affect the operation of the Café or your financial condition, or give rise to liability or a claim against either party to this Agreement, or (c) the discovery of any facts that may give rise to a professional liability claim against either party to this Agreement.

3.4 Electronic Transfer of Funds Due to Franchisor

We shall require all Royalty Fees, Advertising Fund Contributions and other amounts due to us to be paid through an Electronic Depository Transfer Account ("**EDTA**") which allows us to debit your account through the ACH system. The ACH form you are required to fill out is attached as Schedule 5 to this Agreement. You shall open and maintain an EDTA and shall provide us with continuous access to such account for the purpose of receiving any payments due to us. You shall make deposits in the account sufficient to cover amounts owed to us prior to the date such amounts are due. You shall execute any

documents our or your bank requires to establish and implement the EDTA. Once established, you shall not close the EDTA without our written consent.

3.5 Interest

Royalty Fees, Advertising Fund Contributions, and all amounts due to us and other amounts not received by us within five days after the due date shall incur interest at the rate of 1.5% per month (or the highest rate allowed by the law of the state where you are located, whichever is lower) from the date payment is due to the date payment is received by us. You shall pay us for all costs incurred by us in the collection of any unpaid and past-due Royalty Fees, Advertising Fund Contributions or any other amounts due us, including reasonable accounting and legal fees. This Section shall not constitute an agreement by us to accept any payments after the due date or a commitment by us to extend credit to or otherwise finance you.

3.6 Application of Payments

Notwithstanding any designation by you, we shall have the right to apply any payments by you to any past due indebtedness for Royalty Fees, Advertising Fund Contributions, purchases from us or any other amount owed to us in any proportion or priority.

3.7 Maintenance and Refurbishing of Business

If, after we notify you, and you do not undertake efforts to correct deficiencies in the appearance of the Café, we can undertake the repairs and you must reimburse us. The total amount of the maintenance and refurbishment fees that you pay us will vary depending on the labor and material costs of any such maintenance and refurbishing, as well as any associated costs or losses we may incur due to your failure to maintain or refurbish the Accepted Location in accordance with our requests. If, after we notify you, and you do not undertake efforts to correct deficiencies in the appearance of your Café, we can undertake the repairs, and you must reimburse us. There is no limits on the capital required to maintain, repair and refurbish your Café during the term of this Agreement and all subsequent terms.

3.8 Insufficient Funds Fee

You agree to pay us $75 if any payment you owe is rejected due to insufficient funds in our EDTA, or if any other payment instrument you use is rejected for insufficient funds.

3.9 Management Fee

If we agree to take over your Café upon your Operating Principal's death or disability or your default or abandonment, you agree to pay our expenses plus an administrative fee of 250 per person per day above the other fees due to us (the "**Management Fee**"). Management fees will only be charged when one of our employees, or a third party appointed by us, actively controls the day-to-day management of your Café. The total amount of management fees that you owe will be determined by the number of days that it is necessary for us to manage your business. The management fee shall be paid at the same time as Royalty Fees and all other fees due to us.

3.10 Convention Fee

We may hold an annual franchisee conference devoted to training and plans for the future of the Beignets & Brew System which you will be required to attend. You shall pay our required fee for the convention, which can vary depending on the event. You must pay for your representatives' salaries and benefits, and for their travel, lodging, and meal expenses.

4. TERM AND RENEWAL

4.1 Initial Term

The term of this Agreement starts on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, will expire 10 years from the Effective Date.

4.2 Renewal Terms

You will have the right to renew your rights to operate your Café for an additional term of 10 years, so long as you have satisfied all of the conditions specified below before renewal:

4.2.1 You have, during the entire term of this Agreement, fully complied with all material provisions of this Agreement;

4.2.2 You have, at your expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Café reflects our then-current standards and specifications;

4.2.3 You have satisfied all monetary obligations owed by you to us (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.4 You are not in default of any provision of this Agreement or any other agreement between you and us or between you and our Affiliates or suppliers, landlord and vendors;

4.2.5 You have given written notice of your intent to operate a successor franchise to us not less than nine months nor more than 12 months prior to the end of the term of this Agreement;

4.2.6 You have executed our then-current form of franchise agreement (or has executed other documents at our 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 differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Advertising Fund Contribution; provided, however, that you shall not be required to pay the then-current Initial Franchise Fee;

4.2.7 You have complied with our then-current qualifications for a new franchisee

and has agreed to comply with any training requirements;

4.2.8 You have executed a general release, in a form the same as or similar to the General Release attached as Schedule 1, of any and all claims against us, any Affiliate and against their 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 the Café is located; and

4.2.9 You have paid the renewal fee of $15,000.

5. FRANCHISED BUSINESS

5.1 Operation of the Café

You shall operate your Café within the Territory from the Accepted Location. You shall manage and administer the Café from the Accepted Location and shall maintain and store the books and records at the Accepted Location.

5.2 Time to Open

You shall have nine months after the Effective Date to develop and open your Café. Should you fail to meet this requirement, we have the right to terminate this Agreement and retain all fees paid to us by you. You shall comply with all conditions set forth in Section 5.3 below and be prepared to open and continuously operate your Café. Time is of the essence.

5.3 Opening

Before opening your Café and commencing business, you must:

5.5.1 fulfill all of your obligations pursuant to the other provisions of this Section 5;

5.5.2 furnish us with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we may request;

5.5.3 complete initial training to our satisfaction;

5.5.4 possess all required state, county, city, and local professional licenses and certifications;

5.5.5 obtain all necessary state, county, city, and local permits and licenses, including any zoning permits needed to operate your Café at the Accepted Location;

5.5.6 pay in full all amounts due to us, our Affiliates and any third-party vendors;

5.5.7 if you are a business entity, you have caused each of your stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to us 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;

5.5.8 obtain our written permission and approval of an opening date; and

5.5.9 build out the Café at the Accepted Location pursuant to our specifications.

5.4 Site Approval

5.4.1 *Accepted Location.* You must secure an Accepted Location for your Café within 90 days of signing this Agreement. You have sole responsibility for finding a location. We will not unreasonably withhold approval of a location you find.

5.4.2 *Written Approval Request.* You must submit a written approval request describing the proposed location. We will accept or reject the location within a reasonable time, but if we do not respond within 30 days, the location shall be deemed by you as rejected. We have a site review procedure conducted at our sole option. Our approval is not a guarantee of success at the location.

5.4.3 *Retail or Commercial Space Lease.* You must sign a lease or otherwise secure the legal right to occupy the Accepted Location, meeting all our state specifications, within 60 days of our approval of the Accepted Location.

5.4.4 *Rights Upon Termination.* If this Agreement is terminated for your failure to meet required timeframes to open, we shall retain the entire Initial Franchise Fee paid by you. The Initial Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and our other efforts up to the date of your failure to timely commence operations of your Café and shall not be construed as nor considered to be a penalty.

6. MARKS

6.1 Ownership

Your right to use the Marks is derived solely from this Agreement, is exclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications you operating procedures prescribed from time to time by us. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights in and to the Marks. Your use of the Marks, and any goodwill created thereby, shall inure solely to our benefit. You shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to you. You shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

6.2.1 *Business Entity Name.* You shall not use the name "**Beignets & Brew**" or a portion of any Mark as part of your business entity name.

6.2.2 *Unauthorized Service.* You shall not use "**Beignets & Brew**" or any Mark in connection with the sale of any unauthorized service or in any other manner not expressly authorized in writing by us.

6.2.3 *Fictitious Name.* You shall obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Beignets & Brew franchised business and shall immediately cancel the fictitious name upon termination or expiration of this Agreement.

6.2.4 *Trademark Registration.* You 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, the name "**Beignets & Brew**," any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to you.

6.2.5 *Public Notification.* You shall include on your letterhead, forms, cards and other such identification, a prominent notice stating that the Café is an "Independently Owned and Operated Beignets & Brew Franchise".

6.2.6 *Limited Permission to Use the Marks.* The permission to use the Marks granted to you under this Agreement does not constitute a warranty of the absence of any third-party senior or superior use claims in and to the Marks. We shall have no liability to you for any senior users that may claim rights to the Marks. You shall amend any business entity name at our request.

6.3 Notification of Infringements and Claims

You shall immediately notify us in writing of any infringement, claim of infringement, unfair competition, or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. You shall not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative or judicial proceeding arising out of any infringement, challenge, or claim involving a trademark licensed by us. This Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorable to you. You shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in our opinion or our counsel, be necessary or advisable to protect and maintain our interests in any such litigation or other proceeding or to otherwise protect and maintain our interest in the Marks.

6.4 Indemnification for Use of Marks

We may but are not required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark. At our option, we or our designee may defend and control the defense of any proceeding arising directly from your use of any Mark.

6.5 Discontinuance of Use

If we deem it necessary for you to modify or discontinue use of any of the Marks, and/or use additional or substitute trade names, trademarks, service marks or other commercial symbols, you shall comply with our directions within 10 business days after notice to you by us and subject to the limitations in Section 10.2. We shall not be required to reimburse you for your expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by you to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that you are properly employing the Marks in the operation of your Café, we reserve the right to inspect the Café at any time without advanced notice. You shall comply with all reasonable requests for information and documentation during these inspections and shall give us access to speak directly to your employees about the operation of your Café. If we find a violation, and we find the same violation at another inspection within one year, you will pay our expenses of correcting the violation including travel expenses, cost of product sample analysis and any attorneys' fees.

6.7 Franchisor's Sole Right to Domain Name

You 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 Marks or the words "**Beignets & Brew**" or any variation thereof without our written approval. We are the sole owner of a right, title and interest in and to such domain names. We may grant you a sub-page on our website, www.beignetsandbrew.com, or our then current website, for purposes of providing the public with contact information for your Café.

7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

7.1 Confidentiality of Trade Secrets and Other Confidential Information

You acknowledge that we shall disclose Trade Secrets and other Confidential Information to you during the training program, through the Manual, and as a result of guidance furnished to you during the term of this Agreement. You 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 your Café and in performing your duties during the term of this Agreement. You acknowledge 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. You acknowledge that the Trade Secrets and other Confidential Information are proprietary and are disclosed to you solely on the condition that you (and all holders

of a legal or beneficial interest in you and all your officers, directors, executives, managers and members of the professional staff): (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 of this Agreement; (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 us to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. You shall enforce this Section as to your employees, agents and representatives and shall be liable to us for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2 Additional Developments

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, shall be promptly disclosed to us and shall be deemed the sole and exclusive property of us and works made-for-hire for us, and no compensation shall be due to you or your owners or employees therefore, and you hereby agree to assign to us all rights, title and interest in any intellectual property so developed. We have the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for us, you shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to us and shall sign any assignment or other document as we request to assist us in obtaining or preserving intellectual property rights in the item. We shall disclose to you concepts and developments of other franchisees that are made part of the System. We may reasonably request that you take all actions to assist our efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by you or not.

7.3 Exclusive Relationship

You acknowledge that we 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 Beignets & Brew franchisees if owners of Beignets & Brew cafes and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, you, any holder of a legal or beneficial interest in you (or any member of your immediate families or households), and any of your officers, directors, executives, managers or members of your professional staff, 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 not:

7.3.1 divert or attempt to divert any business or customer of your Café to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System;

7.3.2 at any time during the term of this Agreement, own, maintain, engage in, be employed by, perform services for or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with

a Competitive Business; or

7.3.3 at any time within a two-year period following termination or expiration of this Agreement, own, maintain, engage in, be employed by, perform services for or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with a Competitive Business at the Accepted Location or within a 10-mile radius of your Café or any Beignets & Brew franchise or Affiliate-owned Beignets & Brew business.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

We have the right to require any holder of a legal or beneficial interest in you (and any member of your immediate families or households), and any of your officers, directors, executives, managers or members of your professional staff and all employees to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2, upon execution of this Agreement or prior to each such person's affiliation with you. Upon our request, you shall provide us with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at your Accepted Location and are subject to audit or review as otherwise set forth herein. We shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

You acknowledge that the restrictive covenants contained in this Section are essential elements of this Agreement, and that without their inclusion we would not have entered into this Agreement. You acknowledge that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for our protection, the System and the Marks and you waive any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

8.1.1 *Who Must Attend Training*. Before opening your Café, you (or if you are an entity, your Operating Principal) and your Manager (if you will employ a Manager) must attend and successfully complete, to our satisfaction, the initial training program (which may include an online component) we offer for Beignets & Brew franchisees at our headquarters or another location that we specify. Training shall be performed for up to three people at no additional charge.

8.1.2 *Qualified Replacement Training*. If you (or your Operating Principal) or your Manager cease active management or employment at your Café, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our training program within 30 days after the former individual ended his/her full-time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so (in all cases, the replacement

shall successfully complete training within 120 days). You must pay our then-current per diem training charges ($100 per day if at our headquarters; $250 per day at your location as of the date of this Agreement) for replacement training.

8.2 Opening Assistance

8.2.1 Before you open your Café, we will:

8.2.1.1 Designate the Territory and territorial rights for your Cafe;

8.2.1.2 We will approve your Accepted Location;

8.2.1.3 Provide you with copies of our specifications for the design and layout of your Cafe and required fixtures equipment, furnishings, décor, and signs;

8.2.1.4 Review the architectural, engineering, and construction drawings site plans prepared by the architects and general contractors for construction, remodeling, and/or renovation of your Café at the Accepted Location. We will also provide or indicate to you its approval or disapproval of such drawings and site plans. In the event we disapprove the drawings and/or site plans, we will provide to you, in writing, indication of our disapproval of the drawings and/or site plans and the corrections which need to be made to the drawings and/or site plan;

8.2.1.5 Provide you with one inspection of your Café during construction and one final inspection of your Café upon completion of construction to ensure that the Cafe has been built in accordance with the drawings and specifications approved by us;

8.2.1.6 Upon your request, provide you with additional information concerning the design and construction of your Cafe if such information is in our possession; and

8.2.1.7 Upon your request, provide additional site visits, project management, design work, and equipment purchasing services at your cost.

8.2.2 We will provide you with opening assistance and guidance that we think advisable, in our sole discretion, to assist you with any questions you may have in operating and establishing your Café, and as may be described in the Manual.

8.2.3 We will provide post-opening assistance by providing you with one person experienced in the System for up to seven operating days after opening your Café .

8.2.4 Provide you with statements of amounts owed for products and/or purchased by you from the company within 15 days after the end of each accounting period. Provide updates to the lists of the brand products, proprietary products, non-proprietary products, vendors from which proprietary products may be purchased, and authorized

suppliers from which non-proprietary products may be purchased.

8.3 Failure to Complete Initial Training Program

You are required to complete the initial training program before commencing operation of your Café. If we determine that you are unable to satisfactorily complete the training program described above, we have the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, we shall have no obligation to return any of the Initial Franchise Fee. If you are a business entity and the Operating Principal fails to complete the initial training program to our reasonable satisfaction, you may be permitted to select a substitute Operating Principal who must complete the initial training to our satisfaction. You will be required to pay us our then-current rates for additional training or $100 per day if at our headquarters; $250 per day at your Accepted Location (plus hotel, airfare and other expenses incurred by our trainer).

8.4 Ongoing Training

We may require that you, your Manager or your employees attend additional training that we deem necessary. We may consider many factors in determining whether or not to require that you or your employees attend additional training, including: (a) the length of time since your completion of the initial training program, (b) the existence of new or additional menu items, recipes, equipment, inventory, supplies, procedures, processes or technology in the System, and (c) your performance. Subjects covered in any additional training may include, for example: (i) System-wide changes in processes, procedures or offerings, (ii) franchisee-specific or employee-specific trouble-shooting, (iii) safety, (iv) sales and marketing, (v) service, (vi) computer hardware and software, and (vii) financial recordkeeping. Additional training, if and when provided, will generally be at least one day and may last up to two weeks. We may also hold an annual franchisee conference devoted to training and plans for the future of Beignets & Brew which you will be required to attend. You shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with your attendance at such training or conferences. You are solely responsible for ensuring that your management staff and employees are adequately trained.

9. OPERATIONS MANUAL

9.1 Loan by Us

While this Agreement is in effect, we shall lend to you one copy of the Manual or grant you access to an electronic copy of the Manual. Except in the case of a conflict with applicable laws or regulations, you shall conduct your Café in strict accordance with the provisions set forth in the Manual. The Manual may consist of one or more separate manuals and other materials as designated by us and may be in written or electronic form. The Manual shall, at all times, remain our sole property and shall promptly be returned to us upon expiration or termination of this Agreement.

9.2 Revisions

We have the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by us. We may make such additions or modifications without prior notice to you. You shall immediately, upon notice, adopt any such

changes and shall ensure that your copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by us at our headquarters shall be controlling.

9.3 Confidentiality

The Manual contains Trade Secrets and our other Confidential Information, and its contents shall be kept confidential by you both during the term of this Agreement and subsequent to the expiration and non-renewal or termination of this Agreement. You shall at all times ensure that your copy of the Manual is available at your Café in a current and up-to-date manner. If the Manual is in paper form or stored on computer-readable media, you shall maintain the Manual in a secure manner at the Café; if the Manual is in electronic form, you shall maintain the Manual in a password-protected file. You shall only grant authorized personnel, as defined in the Manual, access to the Manual or any key, combination, or password needed for access to the Manual. You shall not disclose, duplicate, or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Except in the case of a conflict with applicable laws or regulations, you shall strictly comply and shall cause your Café and your employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to you by us. Consistent with the goals of the System, you shall be responsible for the day-to-day operation of your Café. In case of a conflict between the Manual, this Agreement or other communications supplied to you on the one hand, and applicable laws or regulation, you shall request a variance, and we shall grant an automatic variance for the purpose of compliance with such laws or regulations. You acknowledge the mandatory specifications, standards and operating procedures are not for the purpose of exercising control of over the day-to- day operation of your Café.

10.2 Modification of System

You acknowledge and understands that, from time to time, we may introduce, as part of the System, other methods or technology which require certain System modifications including, without limitation, the adoption and use of modified or substitute Marks, new computer hardware and software, equipment or signs. You agree to make all required upgrades and modifications at your expense as may be required by us.

10.3 Refurbishment of Equipment

You, every fifth year after execution of this Agreement, upon our request, you shall repair and replace all equipment needed for operations of your Café in order to meet our then-current standards. There are no limits on the capital required to maintain the equipment for your Café during the term of this Agreement and all subsequent terms. The obligations described in this Section are exclusive of the obligations described in Section 10.2.

10.4 Variance

We have the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which we deem to be of importance to the successful operation of any particular Beignets & Brew cafe. We shall not be required to disclose or grant to you a like or similar variance hereunder.

10.5 Proprietary and Non-Proprietary Products

You are required to purchase all the Proprietary Products and Non-Proprietary Products from us, or from suppliers and/or distributors we designate or approve. "**Proprietary Products**" include all products, services, and equipment that now comprise, or in the future may comprise, a part of our System and that are proprietary to us including, without limitation, ingredients, certain food items, merchandise, uniforms, signs, menu boards, digital displays, materials, supplies, paper goods and packaging. "**Non-Proprietary Products**" include all non-proprietary ingredients, flavorings, components, and other edible or non-edible items sold as part of the products offered at Beignets & Brew cafes. You must buy all printed paper, paper products, and plastic products bearing our Marks (including, for example, containers, bags, napkins, packaging supplies, and equipment) from us or distributors, manufacturers and/or suppliers that we designate or approve. Before obtaining any of these items from a supplier other than us or our authorized vendor, distributor or manufacturer, you must obtain our written approval, as described below.

10.6 Unapproved Products and Services

You acknowledge that the offer or sale of any unapproved products or services at your Café constitutes a material breach of this Agreement and good cause for termination of this Agreement. You authorize us to cure any default under this Section on your behalf by removing and disposing of any unapproved products and other materials from your Café. Any dispute between you and us as to whether any item, service, or equipment is approved will be governed by the official lists we maintain at our principal place of business. You hereby grant us all of your right, title, and interests in and to any unapproved products, services and equipment at your Café and waive any claims you may have against us arising from the removal and disposal of any unapproved products and other materials. You acknowledge that we have the right to physically remove any unapproved products or other items from your Café, and to dispose of them in any way we desire, without any compensation or liability to you.

11. ADVERTISING AND PROMOTIONAL ACTIVITIES

11.1 Local Advertising

11.1.1 *Local Advertising Requirement.* It is recommended that you spend each month at least 1.5% of your Gross Revenues from the previous month on local advertising (such advertising to be approved by us prior to use thereof). You shall continuously and consistently promote your Café. Every month, we recommend you participate in a variety of marketing and promotions such as mailings, public relations, online or mobile advertisement, or any other form of marketing within the immediate locality surrounding your Café. We recommend you allocate to localize these monies toward

print and direct mail and/or digital marketing (and related professional fees) utilizing the following advertising mediums: (i) pay per click advertising through Google; (ii) Facebook advertising campaigns; (iii) YouTube advertising campaigns; (iv) Instagram advertising campaigns; (v) email marketing campaigns; (vi) localized digital campaigns utilizing search engine optimization tools ("**SEO**"); and (vii) any additional local marketing initiatives, broadly used social media advertising platforms, or broadly used search engine platforms. Local advertising expenditures are not included in your Advertising Fund Contribution and will be your sole cost and expense. It is solely your responsibility to ensure that any marketing of the services and products offered at your Café is compliant with the applicable laws in your jurisdiction.

11.1.2 *Franchisor's Control and Approval.* We shall have sole control over creative concepts, materials, and media used in local marketing programs, and the placement and allocation thereof. We do not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by our local advertising program. We do not warrant the success or effectiveness of any particular advertising/marketing program. We shall have the right to approve or disapprove all marketing and promotional materials that you propose to use.

11.1.3 *Local Advertising Criteria*. Certain criteria will apply to the local marketing that you conduct. All of your local marketing must be professional and dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials (unless, within the previous six months, we prepared or already approved the plans or materials). If you email us with your request for approval, along with all needed information, we will ordinarily provide you with our response (whether approval or disapproval) to the proposed plans or materials within 15 days; but if we do not give our approval within 15 days, we will have been deemed to disapprove the plans or materials.

11.1.4 *Work for Hire.* All copyrights in and to marketing, advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign any documents (and, if necessary, require your independent contractors to sign the documents) that we deem reasonably necessary to implement this provision. We may periodically make available to you certain marketing materials for your use in local advertising and promotion, some of which must be purchased.

11.1.5 *Local Marketing Defined*. As used in this Agreement, the term "local marketing" refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready advertising and point of sale materials), marketing to referral partners, and your direct out-of-pocket expenses related to costs of marketing in your local market or area. Local marketing and promotion also includes postage, shipping, telephone, and photocopying costs. "Marketing" does not, however, include any of the following: (a) salaries, incentives or discounts offered to your employees, and your employees' expenses; (b) charitable, political, or other contributions or donations; and (c) the value of discounts given to consumers.

11.1.6 *Materials Available for Purchase*. We may periodically make available to you for purchase marketing plans and promotional materials, merchandising materials, sales aids, point-of-purchase materials, special promotions, community relations programs, and similar marketing and promotional materials for use in local marketing.

11.1.7 *Periodic Marketing Programs*. You acknowledge and agree that periodic marketing programs and promotions will, if and when we approve and adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in marketing programs and promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities. You must participate in all advertising, promotional and marketing initiatives we may require. Without limitation, initiatives may include prize contests, special product and service offers and coupons. Advertising, promotional and marketing initiatives may be conducted internationally, nationally, regionally and locally and may vary from region to region or locality to locality; all other franchisees using the System shall not necessarily be required to participate in the initiatives in which you must participate. You must also participate in the launch of any new services or products we may require, and you must honor all coupons, gift certificates and other promotional offers authorized by us including without limitation, you must honor all coupons, certificates and promotional offers presented to you.

11.1.8 *Considerations as to Charitable Efforts*. You acknowledge and agree that certain associations between you and your Café, on the one hand, and , and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and legal, may create an unwelcome, unfair, or unpopular association with, and an adverse effect on, our reputation and the good will associated with the Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions that involve the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity and you will not host any charitable, political or non-profit event at your Franchised Business without first receiving our written consent.

11.1.9 *Additional Marketing Expenditure Encouraged*. You understand and acknowledge that the we recommend and we encourage you to spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Café.

11.2 Advertising Fund

During the term of this Agreement, you will contribute to the System-wide marketing, advertising, and promotion fund (the "**Advertising Fund**"). You shall pay us an amount of 1.5% of your Gross Revenue per week (the "**Advertising Fund Contribution**"). We have the right to increase the Advertising Fund Contribution amount to up to 3% of Gross Revenue in our sole discretion. Advertising Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.2. We shall notify you at least 30 days before changing the Advertising Fund

Contribution requirements. The Advertising Fund shall be maintained and administered by us or our designee as follows:

11.2.1 We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet, or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Advertising Fund;

11.2.2 We will use contributions to the Advertising Fund for producing, maintaining, administering and directing consumer advertising (including but not limited to the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures; conducting market research; and providing other marketing materials to franchisees). We may use Advertising Fund Contributions for reasonable administrative costs and overhead related to the administration of the Advertising Fund including salaries of our marketing professionals or contractors;

11.2.3 We shall attempt to use all contributions in the fiscal year they are made; however, if less than all monies of the Advertising Fund are spent in the fiscal year in which they accrue, the money will remain in the Advertising Fund to be spent in subsequent years. We intend for the fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the Advertising Fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share;

11.2.4 The Advertising Fund is not audited. Franchisees will not have any rights to access the Advertising Fund or to obtain any statements related to the account. The Advertising Fund is not a trust, and we assume no fiduciary duty in administering the Advertising Fund. The Advertising Fund is not our asset; and

11.2.5 Except for salaries of marketing personnel employed by us, we do not receive compensation for providing goods or services to the Advertising Fund.

11.3 Grand Opening Advertising

You must spend between $2,500 and $5,000 to promote the opening of your Café pursuant to our guidelines and specifications during the period encompassing 30 days before and 30 days after the opening of your Café. All materials you use for grand opening advertising are subject to our approval. You must submit to us proof of these expenditures within 120 days after your Café first opens for business.

11.4 Internet Advertising

11.4.1 *Restrictions on the Internet.* You are restricted from establishing a presence on, or marketing on the Internet without our written consent. We have an Internet website at the

uniform resource locator ("**URL**") www.beignetsandbrew.com that provides information about the System and about Beignets & Brew franchises. We may provide you with a page on our home page, where we will have contact information on your location. All information posted on the Beignets & Brew website or any linked webpages must be approved by us before they are posted. We retain the sole right to market on the Internet, including the use of websites, domain names, social media accounts, URLs, 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, social media pages 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 Beignets & Brew website. You are not permitted to use a domain name containing "**Beignets & Brew**" in the URL or any domain without our permission.

11.4.2 *Our Online Site*. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social networking sites (e.g., Facebook, X, LinkedIn, You Tube, TikTok, Pinterest, Instagram, etc.), blogs, vlogs, applications to be installed on mobile devices (for example, iOS or Android apps), and other applications. However, if we approve a separate Online Site for you (which we are not obligated to do), then each of the following provisions will apply: (1) you may neither establish nor use any Online Site without our prior written approval; (2) before establishing any Online Site, you must submit to us, for our prior written approval, a sample of the proposed Online Site, including your domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta tags), in the form and manner we may require; (3) you must not use or modify an Online Site without our prior written approval; (4) you must comply with the standards and specifications for Online Sites that we may periodically prescribe in the Manual or otherwise in writing; (5) if we require, you must establish hyperlinks to our Online Site and other Online Sites; and (6) we may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf.

11.5 Cooperative Marketing

We may, in our discretion, form local or regional marketing cooperatives covering your Territory and the territory of at least one other franchisee for the purpose of developing and implementing local or regional marketing programs, or we may approve of the formation of such a marketing cooperative by our franchisees. If we require you to join a local or regional marketing cooperative (the "**Co-op**"), then you must: join the Co-op; participate with other franchisees in the Co-op's marketing programs; and pay your share of the Co-op's marketing expense. Any payments you make for the Co-op's marketing will be applied towards your local marketing requirement but will not affect your obligation to make

Advertising Fund Contributions under this Agreement. If the amount you contribute to a Co-op is less than the local marketing requirement, then you shall nevertheless spend the difference locally. The Co-op's marketing expenses will be allocated among its members based on the number of participating franchisees or on some other reasonable basis as may be determined by the franchise advisory council or us. We or our designee will be responsible for administering the Co-op; however, we may delegate this authority to the franchise advisory council or some other committee of franchisees. The Co-op will operate under written governing documents prepared by us or our designee, which will be made available to you upon reasonable written request. An accounting of the operation of the Co-op will be prepared annually by the Co-op, at the Co-op's expense, and made available to Co-op members upon written request. We have the right, in our sole discretion, to modify, merge or dissolve any Co-op upon written notice to its members; however, a Co-op will not be dissolved until all of the money in the Co-op has been spent for marketing purposes.

11.6 Credit Cards, Gift Cards, Loyalty Programs and Customer Information

You must accept major credit cards for customer purchases at your Café. This may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate. We may have an electronic gift card program and if established you must participate in this program. This program may require that you invest in additional equipment and that you incur fees from the gift card processing vendors that we designate. You must remit to the designated provider the proceeds from your sales of gift cards. The designated provider will hold these funds. When a gift card is redeemed, the provider will pay to the redeeming franchisee the amount of the purchase from the held funds. We will not be obligated to provide franchisees with an accounting of the proceeds and disbursements of the gift card program. You must, at your expense, participate in, and comply with the requirements of our gift certificate, loyalty, customer retention, and customer loyalty programs that we implement from time to time. You acknowledge that we and our Affiliates shall have the right, through the POS System and the Computer System, to independent and unrestricted access to lists of your Café's customers and/or prospective customers, including names, addresses, and other related information, all of which constitutes Customer Information. We may use such Customer Information in our business activities. You may not use Customer Information to compete with us during the term of this Agreement and after the termination and/or expiration of this Agreement. Upon termination or expiration of this Agreement, we and our Affiliates reserve the right to make any and all disclosures and use the Customer Information in any manner that we or our Affiliates deem appropriate or necessary.

12. ACCOUNTING, RECORDS, AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, you shall maintain full, complete, and accurate books, records and accounts in accordance with the standard accounting system prescribed by us in the Manual or otherwise in writing. You shall utilize the accounting software QuickBooks.com (or our other approved accounting software) to manage your books. You shall retain during the term of this Agreement, and for three years thereafter, all books and records related to your Café including, without limitation, 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 us or required by law. By signing this Agreement, you grant us unlimited access to the accounting software and Computer System for any business purpose.

12.2 Gross Revenues Reports

You shall maintain an accurate record of Gross Revenues and shall deliver to us electronically a signed and verified statement of Gross Revenues (the "**Gross Revenue Report**") on a daily basis in accordance with the guidelines established by us. You will electronically link your Café to us and will allow us to poll on a daily basis at a time selected by us your Cafe's computerized POS system to retrieve Gross Revenues, sales, sales mix, usage, and operations data. You will also grant us access to your QuickBooks online accounting database to afford us real-time access to your financial information.

12.3 Financial Statements

You shall supply us on or before the fifth day of each month, in a form approved by us, with 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 fiscal year-to-date. You shall, at your expense, submit to us within 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. If required by us, such financial statements shall be reviewed or audited by a certified public accountant. You shall submit to us such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

You shall submit to us copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as we may reasonably request from time to time or as specified in the Manual. We shall have the right to release financial and operational information relating to the Café to our lenders or prospective lenders. You shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer Equipment; Required Software; Our Access; Telephone Numbers

12.5.1 *Computer System.* You must meet our current requirements concerning the Computer System, including: (a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at the Beignets & Brew cafes, between or among other franchised businesses, and between and among your Café, and you, and us; (b) physical, electronic, and other security systems and measures; (c) printers and other peripheral devices; (d) archival back-up systems; (e) Internet access mode (such as the telecommunications connection) and speed; and (f) technology used to enhance and evaluate the customer experience (collectively, all of the above are referred to as the "**Computer System**").

12.5.2 *Required Equipment and Software.* You must license or purchase a point of sale ("**POS**") system, currently TOAST, as well as any software or licenses required for such system from a supplier approved by us. We will provide you with a list of approved suppliers from which you may purchase the POS system. You shall purchase, install, and use computer equipment consisting of hardware and software in accordance with our specifications. You are required to purchase and use, at minimum, QuickBooks

Online. We may periodically require you to upgrade and update the hardware and software used in connection with the Computer System. There are no contractual limitations on the frequency and cost of these upgrades and updates. We reserve the right to approve your email address or require you to use only an email address that we provide for your Café's business emails.

12.5.3 *Franchisor Access.* We shall have full access to all of your Computer System, POS System, video surveillance and data and all related information by means of direct access, either in person or by telephone, modem, or Internet to permit us to verify your compliance with your obligations under this Agreement. You must afford us unimpeded independent access to your Computer System in the manner, form, and at the times we may request. We will have the right at any time to retrieve and use this data and information from your Computer System in any manner we deem necessary or desirable. We have the right to require you to use one or more designated telephone vendors. If we so require, you must use our designated telephone vendors for the phone service to your Café. We may designate, and own, the telephone numbers for your Café. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Café and any other operations taking place through your Café. There are no contractual limitations on our right to access the information stored on your Computer System.

12.5.4 *Reservation of Rights.* We have the right to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System. We rely on suppliers to provide support for the hardware and software, and we may require that you enter into service contracts directly with the hardware and software suppliers and pay the suppliers directly for this support.

12.5.5 *Email and Internet.* You must be able to access information that is available on the Internet and be able to send and receive email.

12.5.6 *Customer Lists.* Any customer lists or information compiled or amassed through your Computer System, POS System or otherwise, will be our proprietary property. You may not sell or use customer lists or information for any purpose other than in connection with the operation of your Café.

12.6 Right to Inspect

We have the right, during normal business hours without notice, to examine, copy, and audit your books, records, and tax returns. If the audit or any other inspection should reveal that any payments to us have been underpaid, then you shall immediately pay to us the amount of the underpayment plus interest from the date such amount was due until paid at the Default Rate (or the rate legally allowed by the law of the state where you are located, whichever is lower). You shall, in addition, reimburse us for any and all costs

and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies we may have. Should you refuse or deny our audit, we will have the right to terminate this Agreement.

12.7 Release of Records

At our request, you shall release or authorize and direct third party(ies), including accounting and legal professionals, to release to us copies of all accounting and financial records arising from or relating to the operation of your Café including, but not limited to, records evidencing Gross Revenues, 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 us on a monthly basis for the length of the unexpired term of this Agreement or until such time as we withdraw our request. You shall execute all documents necessary to facilitate the release of records referenced herein to us.

12.8 Privacy Laws

You must abide by all federal and state privacy laws inclusive of its implementing regulations and other applicable laws related to the collection, storage, use, and data security of personal or individually identifiable customers information and comply with our policies pertaining to such privacy laws. If you become aware of any violation of any privacy laws and/or security of Customer Information, or have a reasonable basis to believe that you will receive a notice of such violation, or have reason to believe that the security or integrity of any records containing Customer Information has been breached or potentially breached or have notice of any other event that exposes or threatens to expose Customer Information to unauthorized third parties, then you shall promptly provide written notice to us regarding such breach, potential breach or notice. Such notice shall include a detailed description of the Customer Information at issue and the factual circumstances surrounding such breach, potential breach or notice. You shall comply with all applicable laws and cooperate with and follow any instructions in responding to any such breach including with respect to notifying any individuals, regulators, law enforcement agencies, consumer reporting agencies or others.

13. STANDARDS OF OPERATION

13.1 Authorized Services, Products and Suppliers

13.1.1 *Generally*. You shall not conduct any business or sell any service or products at your Café other than the services and products approved by the Franchisor. We have the right to require you to purchase products including Proprietary Products and Non-Proprietary Products from designated or approved suppliers as well as enter into service agreements with approved vendors. We have the right to add, eliminate, modify, and substitute any services and products offered at your Café or the designated suppliers for your Café in our sole discretion.

13.1.2 *Reputation and Goodwill.* You acknowledge that the reputation and goodwill of the System is based in large part on offering high quality services and products to your customers. Accordingly, you and your staff shall provide the services and products

offered at your Café with the greatest diligence and care and comply with our specifications and quality standards. You shall not offer for sale, sell or provide through your Café or from your Café any products or services that we have not approved. Furthermore, you must offer for sale all menu items currently offered by us or which will be offered by us in the future.

13.1.3 *Supplier Review* Notwithstanding anything contrary in this Agreement, we have the right to review from time to time our approval of suppliers. We may revoke our approval of any item, service or supplier at any time by notifying the supplier without notice to you. You shall, at your own expense, promptly cease using, selling or providing any items or services disapproved by us. If you would like to use any goods or services in establishing and operating your Café that we have not approved, we will exercise our approval reasonably in accordance with the following procedures: (i) you must submit a written request to us for approval of the supplier; (ii) the supplier must demonstrate that it is able to supply the item to you according to our standards including our standards as to the artwork and text on the items; (iii) if the supplier is to receive access to any of our confidential information, trade secrets or logos, the supplier must sign our standard form confidentiality agreement or our standard form license agreement; (iv) you pay the actual cost of our reasonable expenses in evaluating the proposed supplier which shall not exceed $1,000; and (v) the supplier must demonstrate that it is in good standing in the business community with respect to its financial soundness and the reliability of its products or services. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the goods or services from the supplier. Our criteria for approving or revoking approval of suppliers includes: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production and delivery capability; our existing relationships with competitive vendors; and experience, dependability and general reputation. We notify you in our Manual or other written communications if we revoke approval of any supplier. Despite the existence of this approval process, we reserve the right to be the only approved supplier of a product or service. In that situation, you will be required to purchase the authorized service or product from us, our Affiliates and no one else. The price you will pay for the service or product will be the price then in effect, and we may make a profit on the sale of the service or product.

13.1.4 *Variance Rights.* We have the right to designate certain menu offerings, products and services, 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 or more franchisees to provide certain services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.4 and shall not create any rights in you to provide the same products or services.

13.1.5 *Supplier Benefits.* We have the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. You shall have no entitlement to or interest in any such benefits.

13.2 Appearance and Condition of your Café

You shall maintain the Café in a condition approved by us, and shall repair or replace the furniture, fixtures, signage and equipment at the Accepted Location as necessary to comply with our specifications and any applicable laws or regulations. The expense of such maintenance shall be borne by you and shall be in addition to any required System modifications, as described in Section 10.2.

13.3 Ownership and Management

Your Café shall, at all times, be under the direct supervision of you or your "**Operating Principal**" (if you are a corporate entity) who must devote full time and best efforts to the development and operation of your Café. Your Operating Principal must have and maintain at least 5% ownership of the Café and have full authority to bind you regarding all operational decisions about the Café. We must approve your Operating Principal, and you must designate a qualified replacement from among your owners if your Operating Principal can no longer fulfill his or her responsibilities under this Agreement. You must not engage in any business or other activities that will conflict with your obligations under this Agreement. You will recruit, hire, train, terminate, and supervise all employees, set pay rates, and pay all wages and related amounts, including any employment benefits, unemployment insurance, withholding taxes or other sums. We are not an employer, co-employer or joint employer with you of your management staff or other employees. You are solely responsible for all employment matters, decisions and relationships.

13.4 Days of Operation

You shall keep your Café open for business during normal business hours on the days specified in the Manual.

13.5 Contributions and Donations

In order to protect the Marks, you must obtain our prior written consent before making any contributions or donations of items, services or funds to any non-profit organization. We may withhold any such consent in our sole and absolute discretion.

13.6 Licenses, Permits and Regulations

You shall secure and maintain in force all required operational and professional licenses, permits and certificates necessary for the operation of your Café, including all zoning and local permits necessary to operate the Café from the Accepted Location, and shall operate the Accepted Location in full compliance with all applicable laws, ordinances and regulations. We make no representation to you with regard to any legal requirements that you must satisfy or comply with in connection with the operation of your Café. You shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of your Café.

13.7 Notification of Proceedings

You shall notify us in writing of the commencement of any action, suit or proceeding involving you or your Café, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of your Café not more than five days after notice of such commencement or issuance. You shall deliver to us not more than five days after your receipt thereof, 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 your failure to meet and maintain the highest applicable rating or your noncompliance or less than full compliance with any applicable law, rule or regulation.

13.8 Compliance with Good Business Practices

You acknowledge that the quality of customer service, and every detail of appearance and demeanor of you and your employees, is material to this Agreement and the relationship created and licenses granted hereby. Accordingly, you shall endeavor to maintain high standards of quality and service in the operation of your Café, including operating in strict compliance with all applicable rules and regulations. You shall at all times give prompt, courteous and efficient service to customers of the Café. The Café shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct.

13.9 Attire

You shall abide by all dress code requirements stated in the Manual or otherwise.

13.10 Credit Cards

You shall, at your expense, lease or purchase the necessary equipment and/or software through approved vendors and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as we may designate, from time to time, to enable your Café to accept such methods of payment from your customers.

13.11 Email

You shall, at all times and at your expense, maintain an email address and account for communicating with us. We reserve the right to approve your email address or require you to use only an email address that we provide for your Café's business emails. You, your Operating Principal, and your Manager of will be required to have an email account. In sending emails from your Beignets & Brew email address, you shall identify yourself as an independent owner and operator of the Franchisee entity doing business as a Beignet & Brew. You shall refrain from giving out titles to employees and your staff that could cause confusion to the public as to the ownership of the Franchisor and as to our and your franchise relationship.

13.12 Best Efforts

You shall use your best efforts to promote and increase your customer base and recognition of the cafe services offered through your Café. You shall require all of your employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the provision of all services provided as part of the System.

14. FRANCHISOR'S ASSISTANCE

14.1 General Advice and Guidance

We will render advice, discuss problems, and offer general guidance to you by telephone and/or electronic correspondence, with respect to planning and operating your Café as we deem necessary in our sole discretion.

14.2 Periodic Visits

We or our representative may, in our sole discretion, make periodic visits, which may be announced or unannounced, to your Café. During the visit, we may monitor and observe the conduct of the Cafe for the purposes of determining compliance with the requirements of this Agreement, for conducting quality assurance audits which may include customer surveys, and for any other purpose connected with the System. Such right shall also include, without limitation, the ability to confer with your employees and customers and to observe the manner in which you are maintaining your Café. You shall, in all cases, facilitate the exercise of our rights under this Section. We and our representatives who visit, monitor or review your Café may prepare, for the benefit of both us and you, 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 your Café. You shall implement any required changes or improvements as required by us with time being of the essence.

15. INSURANCE

15.1 Types and Amounts of Coverage

15.1.1 *Insurance Coverage Required.* Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement, at your expense, at least the following insurance policy or policies in connection with your Café:

15.1.1.1 Commercial general liability insurance, including us, and any entity in which we have an interest and any entity affiliated with us and each of our members, managers, shareholders, directors, officers, partners, employees, servants and agents as additional insureds protecting against any and all claims for personal, bodily and/or property injury occurring in or about the Café and protecting against assumed or contractual liability under this Agreement with respect to the Café and your operations, with such policy to be placed with minimum limits of $1,000,000 combined single limit per occurrence and $2,000,000

general aggregate per location; provided, however, that at our election, such minimum limits may be periodically increased;

15.1.1.2 Products liability insurance including us, and any entity in which we have an interest and any entity affiliated with us and each of our members, managers, shareholders, directors, officers, partners, employees, servants and agents as additional insureds protecting against any and all claims for personal, bodily and/or property injury occurring based on a claim from a product you sold, made or distributed, with minimum limits of $1,000,000 combined single limit per occurrence and $2,000,000 general aggregate per location; provided, however, that at our election, such minimum limits may be periodically increased;

15.1.1.3 Personal and Advertising Injury Insurance with a minimum of $1,000,000 of coverage;

15.1.1.4 Property Insurance written on an "All Risks" or "Special Form" policy with limits of insurance of not less than $300,000, for the Café and its furniture, fixtures, equipment, inventory and other tangible property;

15.1.1.5 Medical Payment insurance coverage no less than $10,000;

15.1.1.6 Workers' Compensation Coverage and such other insurance as may be required by statute or rule of the state or locality in which the Café is located;

15.1.1.7 If you have employees, Employment Practices Liability insurance in the amount of at least $500,000 for each claim and $500,000 in the aggregate as well as third party coverage and wage and hour coverage;

15.1.1.8 Cyber Liability, Electronic Media and Records insurance covering data theft and cybersecurity (cyber risk) coverage with limits of liability not less than $250,000;

15.1.1.9 Liquor Liability insurance (a/k/a dram shop coverage) for coverage of the sale of alcohol at the Accepted Location not less than $1,000,000 per occurrence;

15.1.1.10 Comprehensive Crime and Employee Dishonesty insurance of not less than $10,000 per occurrence;

15.1.1.11 Optional Business Interruption and Extra Expense coverage to include rental payment continuation for a minimum of 6 months, loss of profits and other extra expenses experienced during the recovery from property loss;

15.1.1.12 Any other insurance coverage that is required by the Manual or federal,

state, or municipal law.

15.1.2 *Insurance Advice.* You shall seek advice from your professional and business advisors and licensed insurance agent and procure such other types of coverage and amounts of coverage in accordance with the advice received.

15.2 Future Increases

We have the right to establish and modify the minimum coverage required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. In addition to naming us as additional insured, you must include any endorsements we may require (including an alternate employer endorsement under Employer's Liability policy) and include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees.

15.3 Carrier Standards

The insurance policies you procure must be written by an insurance company or companies we have approved, having at all times a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Cafe is located, and must include, at a minimum (except that we may reasonably specify additional coverages and higher policy limits for all franchisees periodically in the Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances).

15.4 Evidence of Coverage

Your obligation to obtain and maintain the insurance policies shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of this obligation relieve you of liability under the indemnity provisions set forth in Section 21.3. Upon issuance of a policy and renewal of said policy, you shall provide us with certificates of insurance showing compliance with the foregoing requirements within 15 days of your receipt of such certificates. Such certificates shall state that said policy or policies shall not be canceled or altered without at least 30 days' prior written notice to us and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

We do not derive revenue as a result of your purchase of insurance. If you fail to purchase and maintain any required insurance coverage or furnish satisfactory evidence of coverage to us, in addition to our other remedies (including without limitation declaring you in default of this Agreement), we may, but are not obligated to, purchase the insurance coverage for you. If we do purchase insurance on your behalf, you must pay us on our demand the amount of any premiums and reasonable expenses we incur in obtaining the insurance. The failure to maintain insurance coverage at any time is a material default under this Agreement.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

Under no circumstances may you terminate this Agreement.

16.2 Termination by Franchisor

16.2.1 We have the right to terminate this Agreement, without any opportunity to cure, if you:

16.2.1.1 fail to timely establish, equip, and commence operations of your Café pursuant to Section 5;

16.2.1.2 fail to satisfactorily complete our training program or if you, your Operating Principal(s), Manager(s), or employees fail to satisfactorily complete our training program;

16.2.1.3 fail to obtain and maintain all required licenses, permits, and certifications to operate your Café;

16.2.1.4 make any material misrepresentation or omission in your application to obtain a Beignets & Brew franchise from us or otherwise to us in the course of entering into this Agreement;

16.2.1.5 are convicted of or plead no contest to a felony or other crime or offense;

16.2.1.6 fail to refrain from activities, behavior, or conduct likely to adversely affect our reputation, you, or your Café after a five day notice to cure;

16.2.1.7 disclose, duplicate, or otherwise use in an unauthorized manner any portion of the Manual, Trade Secrets, trademarks, our name "**Beignets & Brew**" or any other Confidential Information;

16.2.1.8 fail to have any holder of a legal or beneficial interest in your Franchisee entity (and any member of your immediate families or households), and any officer, director, executive, manager or member of your staff and all of your employees, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fail to provide us with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by us;

16.2.1.9 abandon, fail, or refuse to actively operate your Café for three or more consecutive days (unless your Café has not been operational for a purpose approved by us), or, if first approved by us, fails to promptly relocate your Café or any other event rendering the Accepted Location unusable;

16.2.1.10 surrender or transfer control of the operation of your Café without our approval, make or attempt to make an unauthorized direct or indirect assignment of your Café or an ownership interest in the Franchisee entity, or fail or refuse to assign your Café or the interest in the Franchisee entity of a deceased or incapacitated owner thereof as herein required;

16.2.1.11 fail to maintain your Café under the primary supervision of your Operating Principal or Manager during the 180 days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in the Franchisee entity pursuant to Section 18.6;

16.2.1.12 submit to us at any time during the term of this Agreement any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to us by more than 2% for any accounting period and you are unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.13 become insolvent, meaning unable to pay bills as they become due in the ordinary course of business; if a receiver of your property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of your creditors; if a final judgment remains unsatisfied of record for 30 days or longer (unless supersede as bond is filed); if execution is levied against your business or property; if a suit to foreclose any lien or mortgage against your Café, the Accepted Location, or equipment is instituted against you or your Café and not dismissed within 30 days;

16.2.1.14 misuse or make an unauthorized use of any of the Marks or commit any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.15 fail to submit reports or other information or supporting records when due, to pay any Royalty Fee, Advertising Fund Contribution, amount due for purchases from us and any Affiliate, or other payment when due to us or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to you;

16.2.1.16 violate any health or safety law, ordinance or regulation, or operate your Café in a manner that presents a health or safety hazard to your customers, employees, or the public;

16.2.1.17 engage in any activity exclusively reserved to us;

16.2.1.18 fail to comply with any applicable law or regulation within five days after being given notice of noncompliance;

16.2.1.19 breach this Agreement three times in a 12-month period and/or fail three times in a 12-month period to comply with mandatory specifications, customer service standards, or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured;

16.2.1.20 default under any other agreement between us (or any Affiliate) and you, such that we or our Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates;

16.2.1.21 perform any competing services or sell competing products in any geographic location outside of the Territory other than as permitted in this Agreement, whether or not such geographic location falls within another franchisee's territory or the territory of any other Franchisor or Affiliate controlled business; and

16.2.1.22 fail to refer business opportunities or offers received by third parties, if such business opportunities or offers would take place in any geographic location which falls under the territory of other franchisees, our affiliated business(es), or which are directly controlled by us.

16.2.2 Except as otherwise provided in Section 16.2.1, we have 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 you may avoid termination by curing such default or failure (or by providing proof acceptable to us that you have 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:

16.2.2.1 within five days of receiving notice of your failure to pay any amounts due to us;

16.2.2.2 within 10 days of receiving notice of your failure to maintain insurance as specified in Section 15 of this Agreement; or

16.2.2.3 within 30 days of receiving notice of any other default by you or upon your failure to comply with any mandatory specification, standard, or operating procedure prescribed in the Manual or otherwise prescribed in writing.

16.2.3 For any default of this Agreement which triggers our ability to terminate, we may as an alternative to termination, at our sole and absolute discretion:

16.2.3.1 modify or completely eliminate any rights you may have with respect to the Territory effectively immediately or on an effective date in our sole discretion.

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, we may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to you without waiving any of our rights under this Agreement.

16.4 Right of Franchisor to Discontinue Services to Franchisee

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of default or termination, we have the right to suspend our performance of any of our obligations under this Agreement until such time as you correct the breach.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of default or termination, if necessary, in our discretion, we shall have the right, but not the obligation, to assume the operation of your Café until such time as you correct the breach. We may charge a Management Fee.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to you shall terminate and you shall:

17.1.1 immediately cease to operate your Café and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former Beignets & Brew franchisee;

17.1.2 cease to use the Trade Secrets or other Confidential Information, the System and the Marks, including, without limitation, all slogans, symbols, logos, advertising materials, stationery, forms, and any other items which display or are associated with the Marks;

17.1.3 take such action as may be necessary to cancel or assign to us, at our option, any assumed name or equivalent registration filed with state, city, or county authorities which contains the name "**Beignets & Brew**" or any other Mark, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement;

17.1.4 pay all sums owing to us and any Affiliate. In the event of termination for any default,

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, loss of future Royalty Fee payments incurred by us as a result of any early termination of this Agreement, and any other amounts due to us or any Affiliate;

17.1.5 pay to us all costs and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of your Café in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.6 immediately return to us the Manual, Trade Secrets, and all other Confidential Information, including records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by us to you relating to the operation of your Café (all of which are acknowledged to be our property);

17.1.7 assign all telephone listings and numbers for your Café to us and shall notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of us;

17.1.8 if applicable, assign to us any interest which you have in any lease or sublease for the Accepted Location of the Café by executing the Conditional Assignment of Lease attached as Schedule 4 upon our request. In the event we elect to exercise our option to acquire such lease or sublease, we shall pay for any furniture, equipment, supplies and signs acquired by us as a result of such assignment, at your cost or fair market value (whichever is less), less any sums of money owed by you to us and less any sums of money necessary to upgrade and renovate the Accepted Location to meet our then-current standards for a Beignets & Brew cafe and less any sums necessary to acquire clear title to the lease or sublease interest. In the event that we are unable to agree on the fair market value of said items, an independent appraiser shall be appointed by us to determine the fair market value of said items. The determination of said appraiser shall be final and binding upon the parties. You shall pay the costs and expenses associated with the appointment of an independent appraiser. In the event that we do not elect to exercise our option to acquire such lease or sublease, you shall make such modifications or alterations to the Accepted Location immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Accepted Location from that of other Beignets & Brew cafes, and shall make such specific additional changes thereto as we may reasonably request for that purpose. In the event you fail or refuse to comply with these requirements, we shall have the right to enter upon Accepted Location without being guilty of trespass or any other tort for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you agree to pay upon demand;

17.1.9 pay all sums owing to us and our subsidiaries, Affiliates and suppliers. In the event of termination for your default, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of the default, which

obligation shall give rise to and remain, until paid in full, a lien in favor of us against any and all of the personal property, machinery, fixtures, equipment and inventory, if any, owned by you and on the Accepted Location of the Café at the time of default;

17.1.10 if this Agreement is terminated by us for cause, we shall be entitled, as stipulated liquidated damages and not as a penalty and solely to compensate us for lost Royalty Fees for the period after termination of this Agreement, to a sum equal to the average Royalty Fees earned (even if not paid) per month over the 12 month period preceding the date of termination (or, if the Café was not open throughout such 12 month period, then the average Royalty Fees earned per month for the period in which the Café was open), multiplied by 18 or the number of months remaining in the then-current term of this Agreement, whichever is less ("**Liquidated Damages**"). In the event a default of this Agreement by you caused the Royalty Fees earned to substantially decline during the period to be used to calculate average Royalty Fees earned, then we may use any other reasonable time period or method to calculate Liquidated Damages;

17.1.11 execute any legal document that may be necessary to effectuate the termination of this Agreement and shall furnish to us, within 30 days after the effective date of termination, written evidence satisfactory to us of your compliance with the foregoing obligations;

17.1.12 comply with all applicable covenants that, by their nature, survive expiration or termination of this Agreement, including those discussing confidentiality, non-competition, and non-solicitation, in this Agreement;

17.1.13 transfer any interests in existing client contracts to us or our designee; and

17.1.14 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 *Franchisee Acknowledgement.* You acknowledge that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the Trade Secrets and our other Confidential Information;

17.2.1.2 to induce us to grant a Beignets & Brew café to you; and

17.2.1.3 to protect us against our costs in training you and your officers, directors, executives, and staff.

17.2.2 *In-Term and Post-Termination Non-Compete and Non-Solicit Agreement.* Except as otherwise approved in writing by us, neither you, nor any holder of a legal or beneficial interest in you, nor any of your officers, directors, executives, managers or members of your staff or any of your immediate family, shall, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, during the term

of this Agreement and for a period of two years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly:

17.2.2.1 own, maintain, engage in, be employed by or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, offer Competitive Business services to or have any interest in or involvement with a Competitive Business located or operating (a) at or within a 10 mile radius of your Café, or (b) within a 10 mile radius of any other Beignets & Brew café in existence at the time of termination or expiration, or (c) any other business owned or operated by us in existence at the time of termination or expansion (during the term of the Agreement, there is no geographical limitations on the restrictions set forth herein);

17.2.2.2 solicit business from customers of your former Café;

17.2.2.3 contact any of your suppliers or vendors for any purpose related to a Competitive Business;

17.2.2.4 solicit any of our employees, or any other Beignets & Brew franchisee for any competitive purpose, or knowingly solicit or induce such an employee or franchisee to violate any confidentiality, non-competition or franchise agreement; or

17.2.2.5 refrain from any activity set forth in Section 7.3.

17.3 Unfair Competition

If you operate any other business, you shall not use any reproduction, counterfeit, copy or colorable imitation of the 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 our rights in the Marks. You shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with us. This Section is not intended as an approval of your right to operate other businesses and in no way is it intended to contradict Sections 7.3, 17, 17.1 or 17.2. You shall make such modifications or alterations to the Café (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between us or the System and any business subsequently operated by you or others at the Café. You shall make such specific additional changes to your Café as we may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If you fail or refuse to comply with the requirements of this Section, we have the right to enter upon the Café for the purpose of making or causing to be made such changes as may be required, at the expense of you, which expense you shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

We have the right (but not the obligation), for a period of 30 days after termination or expiration of this Agreement, to purchase any or all assets of your Café including equipment, supplies and other inventory

or equipment at the depreciated value calculated on a declining basis of accounting at the rate of 20% per annum or your cost (at our option), less any sums of money owed by you to us and less any sums of money necessary to upgrade and renovate the Accepted Location to meet our then-current standards for Beignets & Brew cafes and less any sums necessary to acquire clear title to the lease or sublease interest. In the event that we are unable to agree on the value of said items, an independent appraiser shall be appointed by us to determine the value of the items based on the declining basis of accounting metric set forth in this Section. The determination of said appraiser shall be final and binding upon the parties. You shall pay the costs and expenses associated with the appointment of an independent appraiser.

17.5 Survival of Certain Provisions

All obligations of us and you, 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 their expiration or termination and until satisfied or by their nature expire.

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 us and such rights will inure to the benefit of any person or entity to whom transferred. Nothing contained in this Agreement shall require us to remain in the cafe business or to offer the same services, whether or not bearing our Marks, in the event that we exercise our rights under this Agreement to assign our rights in this Agreement.

18.2 Transfer by Franchisee to a Third Party

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

18.2.1 you have complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to us, our subsidiaries, Affiliates, suppliers, and all other outstanding obligations relating to your Café, are fully paid and satisfied;

18.2.3 you and any transferring owners, if you are a business entity, has executed a general release, in a form the same as or similar to the General Release attached as Schedule 1, of any and all claims against us, including our 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 your interest herein or to the transfer of your ownership of all or any part of your Café; provided, however, that if a general release is prohibited, you shall give the maximum release allowed by law;

18.2.4 the prospective transferee has satisfied us that it meets our management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as we may require to demonstrate ability to operate your Café;

18.2.5 the transferee and, if we require, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Advertising Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Schedule 1, of any and all claims against us and our officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), with respect to any representations regarding the franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.7 you have provided us with a complete copy of all contracts and agreements and related documentation between you and the prospective transferee relating to the intended sale or transfer of the franchise;

18.2.8 you, or the transferee, have paid to us a Transfer Fee in the amount equal to 50% of the then-current Initial Franchise Fee;

18.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of your term by executing a personal guaranty in such form as prepared by us;

18.2.10 you have 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 us;

18.2.11 the transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 you have, and if you are an entity, all of the holders of a legal and beneficial interest in you have executed and delivered to us a nondisclosure and non-competition agreement in a form satisfactory to us and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

18.2.13 the transferee agrees that its Operating Principal shall complete, to our 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 your Café.

18.3 Transfer to a Controlled Entity

18.3.1 *Controlled Entity*. If you wish to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by you ("**Controlled Entity**"), which Controlled Entity is being formed for the financial planning, tax or other convenience of you, we consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized, and your charter or articles of formation provides that your activities are confined exclusively to the operation of your Café;

18.3.1.2 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;

18.3.1.3 all obligations of you to us or any Affiliate are fully paid and satisfied; provided, however, that neither you nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with us expressly assuming the obligations of this Agreement and all other agreements relating to the operation of your Café. If the consent of any other party to any such other agreement is required, you have obtained such written consent and provided the same to us prior to consent by us;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with us jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to us and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to us 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; and

18.3.1.7 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 us. Any amendment to any such document shall also be furnished to us immediately upon adoption.

18.3.2 *Term of Transferred Franchise.* The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 *No Waiver.* Our consent to a transfer of any interest in this Agreement, or of any ownership interest in your Café, shall not constitute a waiver of any claims we may have against the transferor or the transferee, nor shall it be deemed a waiver of our right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

We have the right, without liability of any kind or nature whatsoever to you, to make available for inspection by any intended transferee of you all or any part of our records relating to this Agreement, your Café or to the history of the relationship of the parties hereto. You hereby specifically consent to such disclosure by us and shall release and hold us harmless from and against any claim, loss or injury resulting from an inspection of our records relating to the Franchised Business by an intended transferee identified by you.

18.5 For-Sale Advertising

You shall not, without our prior written consent, place in, on or upon the area 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

Upon the death or Incapacity of you (if you are an individual) or any holder of a legal or beneficial interest in you (if you are 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 you to a third party approved by us. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement. During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of an operator who otherwise meets our management qualifications. Following such a death or Incapacity of such person, if necessary, in our discretion, we shall 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 us. We shall be given access to the Franchised Business, even if located within your principal residence, and shall not be held liable for trespass or any related tort. We may charge a management fee as stated in Section 16.5 for the period in which we operate the Franchised Business, and we shall be entitled to reimbursement of any expenses we incur that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If you, or any of your 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 your assets outside of the normal course of business), any ownership interest in you or any ownership interest in the you granted hereunder, you 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 us, 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 you or any of your owners.

19.2 Franchisor's Right to Purchase

We shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to you, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to you. We have the right to substitute cash for the fair market value of any form of payment proposed in such offer. Our credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to you of our intent to exercise this right of first refusal, we shall have up to 60 days to close the purchase. We shall be entitled to receive from you all customary representations and warranties given by you as the seller of the assets or such ownership interest or, at our election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If we do not exercise our right of first refusal within 30 days from the date of delivery of all such documents, the offer or proposal may be accepted by you or any of your owners, subject to our prior written approval as required by Section 18.2. Should the sale fail to close within 120 days after the offer is delivered to us, our right of first refusal shall renew and be implemented in accordance with this Section.

19.4 Sales or Transfers to Family Excepted

If you propose to sell or otherwise transfer your Café (or any of your assets outside of the normal course of business), any ownership interest in you or any ownership interest in the Franchisee entity granted hereunder to a member of your (or your owners') family, then the terms and conditions of this Section shall be inapplicable. Nothing in Section 19.4 shall be construed to relieve you from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

You represent, and we enter into this Agreement in reliance upon such representation, that the individual(s) identified in Schedule 6 is/are the sole holder(s) of a legal or beneficial interest (in the stated

percentages) of you. All Owner(s) must be acting and must sign the Unlimited Guaranty and Assumption of Obligations attached as Schedule 3 in his/her individual capacity.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make you an agent, legal representative, joint-venturer, partner, employee, servant, or independent contractor of us for any purpose whatsoever. You may not represent or imply to third parties that you are an agent of us, and you are in no way authorized to make any contract, agreement, warranty, or representation on behalf of us, or to create any obligation, express or implied, on our behalf. During the term of this Agreement, and any extension or renewal hereof, you shall hold yourself out to the public only as a franchisee and an owner of the Café operating the Café pursuant to a franchise license granted by us. You 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 all forms, stationery or other written materials, the content of which we have the right to specify. You shall also conspicuously identify yourself as the independent owner of your business in all business communications, such as email signatures, and on any documents, materials or information released by you. You shall ensure all employees, vendors and contractors receive actual notice of the correct legal name of their employer or the party with whom they have contracted, which is you and not us. Under no circumstances shall we be liable for any act, omission, contract, debt, or any other obligation of you. We shall in no way be responsible for any injuries to persons or property resulting from the operation of your Café by you. Any third-party contractors and vendors retained by you to convert or construct the premises are independent contractors of you 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 you to obtain our written consent or permits you to take any action or refrain from taking any action, we are free to act in our own self-interest without any obligation to act reasonably, to consider the impact on you or to act subject to any other standard of care limiting our right, except as may be provided by statute or regulation.

21.3 Indemnification

You shall hold harmless and indemnify us, any Affiliate, all holders of a legal or beneficial interest in us and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "**Franchisor Indemnities**") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees 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 your (a) ownership or operation of your Café; (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 you and us (or an Affiliate); (d) defamation, libel or slander of us or the System; (e) acts, errors or omissions committed or incurred in connection with your Café; (f) acts, errors or

omissions committed or occurring in connection with the sale or transfer of this Agreement, the assets of your Café or any ownership interest in you or the use or occupancy of your Café; (g) infringement or misuse of a third party's trademark, patent, copyright or other intellectual property; or (h) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

You shall give us immediate notice of any such action, suit, demand, claim, investigation, or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnity. We have the right to retain counsel of our own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, our reputation or the goodwill of others, we have 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 our sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If our exercise of our rights under this Section causes any of your insurers to refuse to pay a third-party claim, all cause of action and legal remedies you might have against such insurer shall automatically be assigned to us without the need for any further action on either party's part. Under no circumstances shall we be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against you. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by us from you.

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of ours to exercise any power reserved to it hereunder, or to insist upon strict compliance by you 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 our right to demand exact compliance with the terms of this Agreement. A waiver by us of any particular default by you shall not be binding unless in writing and executed by us and shall not affect nor impair our right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by us of any payment(s) due shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by you of any of the restrictions contained in Sections 6, 7, and 17 would result in irreparable injury to us, 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, we 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, without the necessity of posting security or bond and you shall be responsible for our reasonable attorneys' fees incurred in pursuing the same. Our 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. Our 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; (c) two business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five 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 us at the following address, or at such other address as we may provide:

Beignets & Brew Franchise Company LLC
Attn.: Adam Alfonso
12598 U.S. Highway 98 West, Suite 103
Destin, Florida 32550

With a copy to (which shall not constitute notice):

The Franchise Firm LLP
433 Plaza Real, Suite 275
Boca Raton, FL 33432

All notices to you shall be sent to the address set forth on Page 1 of this Agreement.

22.4 Cost of Enforcement or Defense

You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, arbitration fees, discovery costs, and all other related expenses) that we incur after the termination or expiration of the franchise granted under this Agreement in: (a) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or (b) successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship. If we or you are 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 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in you of 5% or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Schedule 3, through which such holders agree to assume and discharge all of your obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

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

22.7 Entire Agreement

This Agreement, its schedules and the documents referred to herein shall be construed together and constitute the entire, full, and complete agreement between us and you concerning the subject matter hereof and shall supersede all prior agreements. No other representation, oral or otherwise, has induced you to execute this Agreement, and there are no representations (other than those within our Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this Agreement or any related agreement is intended to disclaim the representations made in the Disclosure Document.

22.8 Severability and Modification

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 we determine that a finding of invalidity adversely affects the basic consideration of this Agreement, we have the right to, at our option, terminate this Agreement. Notwithstanding the above, 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 all or any portion of any such covenant is held to be unenforceable, unreasonable, or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

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

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation, pandemic, global health crisis, government

shutdown, or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement. During any applicable event, you shall be required to pay all weekly or monthly fees due to us in a timely manner, unless otherwise notified in writing by us.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

You shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to us or to an Affiliate. You shall not withhold or offset any amounts, damages or other monies allegedly due to you against any amounts due to us. No endorsement or statement on any payment for less than the full amount due to us will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and we have the right to accept and cash any such payment without prejudice to our right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. We have the right to apply any payments made by you against any of your past due indebtedness as us deems appropriate. We shall set off sums we owe to you against any unpaid debts owed by you to us.

22.13 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.

22.14 Third Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than us or you, and our respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.15 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

This Agreement is effective upon its acceptance in Florida by our authorized officer. 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. Section 1051 and the sections following it) or other federal law, Florida law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the

parties ("**Claims**"). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph. References to any law or regulation also refer to any successor laws or regulations and any implementing regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

23.2 Jurisdiction and Venue

You and us each consent and irrevocably submit to the exclusive jurisdiction and venue of the state and federal courts of competent jurisdiction for Okaloosa County, Florida, for any Claims, except those required to be submitted to arbitration, and waive any objection to the jurisdiction and venue of such courts. This exclusive choice of jurisdiction and venue provision does not restrict the ability of the parties to confirm or enforce judgments or awards in any appropriate jurisdiction.

23.3 Jury Waiver

IN ANY TRIAL BETWEEN ANY OF THE PARTIES AS TO ANY CLAIMS, YOU AND WE AGREE TO WAIVE OUR RIGHTS TO A JURY TRIAL AND INSTEAD HAVE SUCH ACTION TRIED BY A JUDGE.

23.4 Class Action Waiver

YOU AGREE TO BRING ANY CLAIMS, IF AT ALL, INDIVIDUALLY AND YOU SHALL NOT JOIN SUCH CLAIM WITH CLAIMS OF ANY OTHER PERSON OR ENTITY NOR SHALL YOU BRING, JOIN OR PARTICIPATE IN A CLASS OR COLLECTIVE ACTION AGAINST US WITH OTHER FRANCHISEES OR OTHER PERSONS OR ENTITIES.

23.5 Limitation of Damages

YOU 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, FRANCHISEE WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT INCLUDING REASONABLE ACCOUNTING AND LEGAL FEES AS PROVIDED IN SECTION 22.4. YOU WAIVE AND DISCLAIMS ANY RIGHT TO CONSEQUENTIAL DAMAGES IN ANY ACTION OR CLAIM AGAINST US CONCERNING THIS AGREEMENT OR ANY RELATED AGREEMENT. IN ANY CLAIM OR ACTION BROUGHT BY YOU AGAINST US CONCERNING THIS AGREEMENT, YOUR CONTRACT DAMAGES SHALL NOT EXCEED AND SHALL BE LIMITED TO THE REFUND OF YOUR INITIAL FRANCHISE FEE AND ROYALTY FEES.

23.6 Limitation of Actions

YOU AGREE TO BRING ANY CLAIMS AGAINST US, IF AT ALL, WITHIN ONE YEAR OF THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIMS OR ONE YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH

CLAIMS, WHICHEVER OCCURS FIRST, AND THAT ANY ACTION NOT BROUGHT WITHIN THIS PERIOD SHALL BE BARRED AS A CLAIM, COUNTERCLAIM, DEFENSE, OR SET-OFF EXCEPT FOR CLAIMS FOR: (A) INDEMNIFICATION; OR (B) UNAUTHORIZED USE OF THE CONFIDENTIAL INFORMATION OR MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT OUR RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

23.7 Prior Notice of Claims

As a condition precedent to commencing an action for a Claim, you must notify us within 30 days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages and serve as a condition precedent to filing an arbitration against us.

23.8 Internal Dispute Resolution

As a mandatory condition precedent prior to you taking any legal or other action against us, whether for damages, injunctive, equitable or other relief (including, but not limited to, rescission), based upon any alleged act or omission of ours, you shall first give us 90 days prior written notice and opportunity to cure such alleged act or omission, or to resolve such matter.

23.9 Mediation and Arbitration

23.9.1 *Mediation.* With the exception of any controversy or claim relating to the ownership or improper use of our Marks or Confidential Information, and except for equitable claims and claims of non-payment under this Agreement or any agreement by us, the parties agree to submit any claim, controversy or dispute between or involving us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and your agents, representatives and/or employees, as applicable) arising out of or related to: (a) this Agreement or any other agreement between us and you or our and your respective affiliates; (b) our relationship with you; (c) the validity of this Agreement or any other agreement between you and us or our and your respective affiliates; or (d) any System standard, to non-binding mediation at a place that we designate within 25 miles of where our principal office is located at the time of the demand for mediation is made in Destin, Florida. The mediation shall be conducted by either a mutually agreed-upon mediator or, failing such agreement within a reasonable period of time (not to exceed 15 days) after either party has notified the other of its desire to seek mediation, by the American Arbitration Association in accordance with its Commercial Mediation Procedures. Absent agreement to the contrary, the mediator shall be experienced in the mediation of disputes between franchisors and franchisees. You and we agree that any statements made by either you or us in any such mediation proceeding will not be admissible in any subsequent arbitration or legal proceeding or otherwise disclosed by either you or us to any third party who, except to the extent a third party is a participant in the mediation proceeding. Each party will bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate. However, the parties must immediately and contemporaneously submit the dispute for non-binding mediation. If the parties are unable to resolve the claim,

controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by the written agreement of the parties, either party may bring a legal proceeding under this Section. The mediation provisions of this Agreement are intended to benefit and bind certain third-party non-signatories, and all of your and our owners and affiliates. Any mediation proceeding conducted pursuant to this sub-section and any settlement or agreement arising therefrom shall be kept confidential between the parties, except for any settlement disclosure we are legally required to make within a franchise disclosure document. The parties intend for any mediation proceeding to be both private and confidential. Any third parties who are required to participate in a mediation proceeding must be bound by the same confidentiality obligations as the parties.

23.9.2 *Arbitration*. EXCEPT FOR ACTIONS BROUGHT BY US AGAINST YOU FOR NON-PAYMENT OF FEES OR ROYALTIES UNDER THIS AGREEMENT OR ACTIONS BY US FOR INJUNCTIVE RELIEF, ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, IF NOT RESOLVED BY THE NEGOTIATION AND MEDIATION PROCEDURES DESCRIBED ABOVE, MUST BE DETERMINED BY ARBITRATION IN THE CITY WHERE OUR PRINCIPAL OFFICES ARE LOCATED AT THE TIME THE DEMAND, CURRENTLY DESTIN, FLORIDA, FOR ARBITRATION IS FILED BY THE AMERICAN ARBITRATION ASSOCIATION ("**AAA**"). THIS ARBITRATION CLAUSE WILL NOT DEPRIVE US OF ANY RIGHT WE MAY OTHERWISE HAVE TO SEEK INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION. THE FLORIDA-BASED ARBITRATOR MUST HAVE SUBSTANTIAL EXPERIENCE IN FRANCHISE LAW AND WITH COMMERCIAL DISPUTES. THE PARTIES AGREE THEY WILL ASK THAT THE ARBITRATOR LIMIT DISCOVERY TO THE GREATEST EXTENT POSSIBLE CONSISTENT WITH BASIC FAIRNESS IN ORDER TO MINIMIZE THE TIME AND EXPENSE OF ARBITRATION. IF PROPER NOTICE OF ANY HEARING HAS BEEN GIVEN, THE ARBITRATOR WILL HAVE FULL POWER TO PROCEED TO TAKE EVIDENCE OR TO PERFORM ANY OTHER ACTS NECESSARY TO ARBITRATE THE MATTER IN THE ABSENCE OF ANY PARTY WHO FAILS TO APPEAR. BOTH PARTIES WAIVE ANY RIGHTS THEY MAY HAVE TO DEMAND TRIAL BY JURY OR TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. THE ARBITRATOR WILL HAVE NO POWER TO: (A) STAY THE EFFECTIVENESS OF ANY PENDING TERMINATION OF FRANCHISE; (B) ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY; OR (C) MAKE ANY AWARD THAT MODIFIES OR SUSPENDS ANY LAWFUL PROVISION OF THIS AGREEMENT. THE PARTY AGAINST WHOM THE ARBITRATORS RENDER A DECISION MUST PAY ALL EXPENSES OF ARBITRATION. ANY COURT OF COMPETENT JURISDICTION MAY ENTER JUDGMENT UPON ANY AWARD. THE PARTIES AGREE AND INTEND THAT AN ARBITRATION WILL BE KEPT BOTH PRIVATE AND CONFIDENTIAL BETWEEN THEM. AT THE OUTSET OF ANY ARBITRATION, THE PARTIES WILL SEEK THE ENTRY OF A PROTECTIVE ORDER FROM THE ARBITRATOR, PROTECTING ALL PLEADINGS, MOTIONS, EXHIBITS,

DEPOSITION TRANSCRIPTS, DISCOVERY REQUESTS AND RESPONSES, DOCUMENTS, AWARDS, ORDERS, DECISIONS AND REPORTS FROM DISCLOSURE BY THE PARTIES, THE ARBITRATOR, AND ANY NON-PARTY WITNESSES OR OTHER PARTICIPANTS. ADDITIONALLY, ANY FINAL AWARD SHALL REITERATE SUCH ORDER OF PROTECTION, EXCEPT FOR THE TERMS OF AN AWARD WHICH WE ARE LEGALLY REQUIRED TO DISCLOSE IN A FRANCHISE DISCLOSURE DOCUMENT, OR DISCLOSURES IN CONNECTION WITH JUDICIAL PROCEEDINGS ANCILLARY TO THE ARBITRATION, SUCH AS A JUDICIAL CHALLENGE TO, OR ENFORCEMENT OF, AN AWARD, AND UNLESS OTHERWISE REQUIRED BY LAW.

23.10 Waiver of Bond

You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

23.11 Arbitration Fees

If we are the substantially prevailing party in arbitration, you agree to reimburse our costs and attorney fees, as well as the arbitration costs and fees, incurred in pursuing or defending the claims against you or us including all mediation and investigation costs and expenses. In any arbitration filed by you where we have no substantive counterclaim against you, you are required to advance and pay all fees to the AAA and the arbitrator.

23.12 Third Party Beneficiaries

Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries of the terms of the dispute resolution provisions contained herein.

23.13 Release of Prior Claims

By executing this Agreement, you, individually and on behalf of your heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, forever releases and discharges us and our officers, directors, employees, agents and servants, including our subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under this Agreement or any other agreement between the parties executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Franchise Disclosure Document

You represent and acknowledge that you have received this Agreement and that you have received our Franchise Disclosure Document at least 14 calendar days prior to the date on which this Agreement was executed.

24.2 True and Accurate Information

You represent that all information set forth in any and all applications, financial statements, and submissions to us are true, complete, and accurate in all respects, and you acknowledge that we are relying upon the truthfulness, completeness, and accuracy of such information.

24.3 No Violation of Other Agreements

You represent that your execution of this Agreement will not violate any other agreement or commitment to which you or any holder of a legal or beneficial interest in you is a party.

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

BEIGNETS & BREW FRANCHISE COMPANY LLC

Signature: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

Franchisee Name: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

SCHEDULE 1 TO THE FRANCHISE AGREEMENT
GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this _____ day of _____, 20_____ by _____, ("**RELEASOR**") an individual/corporation/ limited liability company/partnership with a principal address of _____, in consideration of:

_____ the execution by Beignets & Brew Franchise Company LLC, a Florida limited liability company ("**RELEASEE**"), of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

_____ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement;

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE's officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE's successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR's heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR: _____

(type/print name)

By: _____

Name: _____

Title: _____

(or, if an individual)

Signed: _____

Name printed: _____

SCHEDULE 2 TO THE FRANCHISE AGREEMENT
NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the _____ day of _____, 20____, is by and between_____ _____, ("Franchisee," "we," "us," or "our") and _____("Individual," "you," or "your").

W I T N E S S E T H:

WHEREAS, we are a party to that certain Franchise Agreement dated _____, 20 ("**Franchise Agreement**") by and between us and the Franchisor, Beignets & Brew Franchise Company LLC ("**Company**"); and

WHEREAS, we desire you to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, we are required by the Franchise Agreement to have you execute this Agreement prior to providing you access to said Trade Secrets and other Confidential Information; and

WHEREAS, you understand the necessity of not disclosing any such information to any other party or using such information to compete against Company, us or any other franchisee of Company in any business (i) offers the same or similar services as a Beignets & Brew business under any service system, or any other cafe that offers beignets and coffee to the public or a business that offers the same products, menu, or services as or similar to those provided by Beignets & Brew businesses or a business that offers the same services as or similar to those provided by Beignets & Brew businesses (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of us, 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 us 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

1.1 you understand we possess and will possess Trade Secrets and other Confidential Information that are important to our business.

1.2 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 in the Beignets & Brew business

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.

1.3 For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to Beignets & Brew that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by us 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 you; (ii) you can demonstrate was rightfully in your 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.

1.4 Any information expressly designated by Company or us as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve you of your obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. You understand our providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between you and us with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

2.1 You shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of us, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, you must take all steps reasonably necessary and/or requested by us to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. You must comply with all applicable policies, procedures and practices that we have established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

2.2 Your obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of your relationship with us, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and we are entitled to communicate your obligations under this Agreement to any future customer

or employer to the extent deemed necessary by us for protection of our rights hereunder and regardless of whether you or any of your affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Beignets & Brew business.

3. Non-Competition

3.1 During the term of your relationship with us and for a period of two years after the expiration or termination of your relationship with us, regardless of the cause of expiration or termination, you shall not, directly or indirectly, divert or attempt to divert any business or customer of us or the Company or any licensed Beignets & Brew location 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 mark "Beignets & Brew" 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 Beignets & Brew or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of a Beignets & Brew business.

3.2 During the term of your relationship with us, you shall not, directly or indirectly, develop, own, manage, operate, be employed by or have any interest in a Competitive Business or offer Competitive Business services without the express written consent of us and the Company.

3.3 For a period of two years after the term of your relationship with us, regardless of the cause of termination, you shall not, directly or indirectly, develop, own, manage, operate, be employee by or have any interest in a Competitive Business or offer Competitive Business services anywhere within a 10 mile radius of any Beignets & Brew location without the express written consent of us and the Company.

3.4 At no time shall you, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of us, Company or any other Beignets & Brew business to violate a non-disclosure or non-competition agreement to which such employee or business associate is a party.

4. Reasonableness of Restrictions

You acknowledge that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of us, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and you waive 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 you 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

You further acknowledge that an actual or threatened violation of the covenants contained in this Agreement will cause us 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, we and/or Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by you 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 we and Company may have at law or in equity.

6. Dispute Resolution

6.1 **Choice of Law.** Except as to claims governed by federal law, Florida law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims").

6.2 **Jurisdiction and Venue.** You and we agree that venue and jurisdiction for any Claims, except those required to be submitted to arbitration, shall be proper solely in the state and federal court nearest to our corporate headquarters in Destin, Florida.

6.3 **Jury Waiver.** In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

6.4 **Class Action Waiver.** You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

6.5 **Punitive Damages Waiver.** As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

6.6 **Limitation of Actions.** You agree to bring any Claims against us, if at all, within one year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set- off.

6.7 **Prior Notice of Claims.** As a condition precedent to commencing an action for a

Claim, you must notify us within thirty 30 days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

6.8 **Internal Dispute Resolution.** You must first bring any Claim to our CEO, after providing notice as set forth in Section 6(g) above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.

6.9 **Mediation and Arbitration.** Before you may bring any Claim against us court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we cannot mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association ("**AAA**") and split any AAA and mediator fees equally. If mediation is unsuccessful and you decide to pursue a legal claim against us, you agree to bring such claim solely in binding arbitration conducted in the city or county of our headquarters in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator. 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.

6.10 **Waiver of Bond.** You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

6.11 **Attorney Fees.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

7. Miscellaneous

7.1 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 you and us. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

7.2 This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of you and shall inure to the benefit of us, our 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.

7.3 The failure of either party to insist upon performance in any one 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.

7.4 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.

7.5 This Agreement may be modified or amended only by a written instrument duly executed by you, us and Company.

7.6 The existence of any claim or cause of action you might have against us or Company will not constitute a defense to the enforcement by us or Company of this Agreement.

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 THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, we have hereunto caused this Agreement to be executed by our duly authorized officer, and you have executed this Agreement, all being done in duplicate originals with one original being delivered to each party as of the day and year first above written.

FRANCHISEE:	**INDIVIDUAL:**
Signature: _____	Signature: _____
Print Name: _____	Print Name: _____
Date: _____	Date: _____

SCHEDULE 3 TO THE FRANCHISE AGREEMENT UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS (this "**Guaranty**") is given on _____ by _____ ("**Guarantor(s)**").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated _____ herewith ("**Franchise Agreement**") by Beignets & Brew Franchise Company LLC ("**Franchisor**"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that _____("**Franchisee**") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Franchise Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7, and 17 of the Franchise Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to

be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Florida (without giving effect to principles of conflicts of law).

Dispute Resolution. You agree to be bound by the Dispute Resolution provisions found in Section 23 of any Franchise Agreement between the parties as if set forth here and as being equally applicable to this Guaranty and the dealings of the parties hereunder.

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

_____

Personally and Individually (Printed Name)

_____

Personally and Individually (Signature)

HOME ADDRESS

_____

_____

_____

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

_____

Personally and Individually (Printed Name)

_____

Personally and Individually (Signature)

HOME ADDRESS

_____

_____

_____

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____ %

SCHEDULE 4
COLLATERAL ASSIGNMENT OF LEASE

LEASE ADDENDUM

Option to Assume Lease _____

1. If _____ ("**Tenant**") defaults under the Lease dated _____, ("Lease") by and between _____ ("**Landlord**") and Tenant for the premises located at _____ (the "**Premises**"), or if Beignets & Brew Franchise Company LLC ("**Franchisor**") terminates the Tenant's franchise agreement covering the Premises, Landlord and Tenant acknowledge and agree that Franchisor will have the option to assume the Lease pursuant to Paragraph 3 below.

2. Landlord agrees to give Franchisor written notice specifying all default(s) of Tenant under the Lease. Franchisor agrees to give written notice to Landlord if Franchisor terminates Tenant's franchise agreement and, in such notice, will request that Landlord provide Franchisor with a copy of the Lease and specify any of the Tenant's defaults thereunder. All notices will be by nationally recognized overnight courier (with tracking capability).

3. Franchisor (or one of its real estate affiliates) may, within 30 days from (i) receipt of notice from Landlord that Tenant has defaulted under the Lease and failed to cure such default(s) as required or permitted by the terms of the Lease, or (ii) sending of notice to Landlord that has terminated Tenant's franchise agreement covering the Premises, notify Landlord of Franchisor's decision to assume the Lease. If Franchisor exercises its right to assume the Lease by sending Landlord the required notice as provided in the prior sentence, (i) Landlord will deliver possession of the Premises to Franchisor; and (ii) Franchisor will, immediately upon such delivery, cure all of Tenant's monetary defaults under the Lease and execute an agreement pursuant to which Franchisor agrees to assume all of Tenant's rights and obligations under the Lease, subject to the next paragraph.

4. If Franchisor exercises its right to assume the Lease pursuant to Paragraph 3 above, Landlord agrees that Franchisor (i) may, without Landlord's consent, sublet the Premises to or assign the Lease to, an approved franchisee of Franchisor, provided in either instance that Franchisor remains liable for the payment of rent and the performance of Tenant's duties under the Lease, (ii) may assign, without recourse, its rights under the Lease upon receiving Landlord's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed, and subject to the terms of the Lease, (iii) will not be bound by the terms of any amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, (iv) will not be subject to any provision of the Lease that requires Tenant to continuously operate a business in the Premises during any period that the Premises is closed for remodeling or while Franchisor is seeking to obtain and train a new franchisee, provided however, that such period of closure will not exceed 60

days in each instance; and (v) may, if it subleases the Premises to a franchisee as provided above, retain all rent or other consideration payable under such sublease.

5. If Franchisor exercises its right to assume the Lease pursuant to Paragraph 3 above, within 10 days after written demand, Tenant agrees to assign all of its right, title and interest in the Lease to Franchisor and, if Tenant does not do so, Tenant appoints Franchisor as its agent to execute all documents that may be necessary for Franchisor to take assignment of the Lease. Notwithstanding anything to the contrary contained herein Tenant shall remain liable to Landlord for all of its obligations under the Lease and to Franchisor for all amounts that Franchisor pays to Landlord to cure Tenant's defaults under the Lease, including interest, reasonable collection costs and de-identification costs (the parties acknowledging that Franchisor may enter the Premises without being guilty of trespass or tort to de-identify the Premises). Franchisor may assign this Option and its rights hereunder to any affiliate, subsidiary, parent, successor or assign of Franchisor provided the conditions herein as to assignment are met. The assignee must be an approved licensed franchisee of Franchisor. This Option may be signed in any number of counterparts by facsimile or otherwise, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. A facsimile signature may be used for any purpose in lieu of an original signature.

LANDLORD: **TENANT:**

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

FRANCHISOR:

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE 5 TO THE FRANCHISE AGREEMENT
ACH PAYMENT AGREEMENT

FRANCHISEE NAME: _____

AUTHORIZATION AGREEMENT FOR ACH Payments

(I/we) do hereby authorize Beignets & Brew Franchise Company LLC, hereinafter named the "Franchisor", to initiate (debit or credit) entries to (my/our) (Checking Account / Savings Account) as indicated and named below as the depository financial institution, hereafter named FINANCIAL INSTITUTION pursuant to the terms of the Franchise Agreement by and between us and the Franchisor.

(I/we) acknowledge that the origination of ACH transactions to my (my/our) account must comply with the provisions of U.S. law. Furthermore, if any such debit(s) should be returned insufficient funds, (I/we) authorize the Franchisor to collect such debit(s) by electronic debit and subsequently collect a returned debit insufficient funds fee of $250.00 per item by electronic debit from my account identified below. In the event all funds and interests are not received by Franchisor within 15 days from presentment and intended withdrawal from our account by Franchisor, then we will be deemed in default of the Franchise Agreement. We further agree to pay all reasonable costs of collection including but not limited to reasonable attorney's fees and court costs incurred by Franchisor. I am a duly authorized check signer on the financial institution account identified below, and authorize all of the above as evidenced by my signature below.

CHECK (ACH) INFORMATION ROUTING NUMBER: _____
ACCOUNT NUMBER: _____
DEPOSITORY NAME: _____
BRANCH: _____
CITY: _____ STATE: _____ZIP: _____

COMPANY NAME: _____
FIRST NAME/LAST NAME: _____

BILLING ADDRESS: _____
CITY_____STATE_____ZIP_____
PHONE NUMBER: _____
CUSTOMER NUMBER: _____
SIGNATURE ON FILE: _____
PHONE OR EMAIL APPROVAL AUTHORIZATION NUMBER: _____

FRANCHISEE:

_____

By: _____
Name:_____
Title: _____
Date: _____

SCHEDULE 6 TO THE FRANCHISE AGREEMENT
HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OPERATING PRINCIPAL

Operating Principal(s):

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
Email address: _____
Percentage of ownership: ____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
Email address: _____
Percentage of ownership: ____%

Holders of Legal or Beneficial Interest:

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
Email address: _____
Percentage of ownership: ____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
Email address: _____
Percentage of ownership: ____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
Email address: _____
Percentage of ownership: ____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
Email address: _____
Percentage of ownership: ____%

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

SCHEDULE 7 TO THE FRANCHISE AGREEMENT
STATE ADDENDA TO THE FRANCHISE AGREEMENT

CALIFORNIA ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

Section 16.2 is deleted and in its place are substituted the following:

1. **Termination by Us Without Right to Cure.** We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

(a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;

(b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

(c) The franchisor and franchisee agree in writing to terminate the franchise;

(d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;

(e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

(f) The franchisee, after curing any failure in accordance with Section 16.2.2 engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee breaches the franchise agreement three or more times in a 12-month period, whether or not corrected after notice;

(h) The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;

(i) The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

2. **Termination by Us with Opportunity to Cure**. We may terminate this Agreement, after sending you notice and a 60 day opportunity to cure, for any other breach of this Agreement.

No statement, questionnaire, or acknowledgement signed or agreed to by 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.

FRANCHISEE:	**BEIGNETS & BREW FRANCHISE COMPANY LLC**
By:_____	By:_____
Date:_____	Date:_____

HAWAII ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

No statement, questionnaire, or acknowledgement signed or agreed to by 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.

FRANCHISEE:	**BEIGNETS & BREW FRANCHISE COMPANY LLC**
By:_____	By:_____
Date:_____	Date:_____

ILLINOIS ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, 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.

5. 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.

FRANCHISEE:	**BEIGNETS & BREW FRANCHISE COMPANY LLC**
By:_____	By:_____
Date:_____	Date:_____

MARYLAND ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. A 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.

3. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. 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.

5. Termination upon bankruptcy of the franchisee may not be enforceable under 11 U.S.C. Section 101 *et. seq.*

6. 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 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.

FRANCHISEE:	**BEIGNETS & BREW FRANCHISE COMPANY LLC**
By:_____	By:_____
Date:_____	Date:_____

MINNESOTA ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation, mediation and arbitration to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subd. 3-5, which require (except in certain specified cases) (1) 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 and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a waiver or release, including disclaimers, questionnaires, acknowledgements, representation or other statements, that would relieve any person from liability imposed by the Minnesota Franchise Act, Sections 80C.01 to 80C.22.

- The franchisee cannot be required to consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitation of Claims section must comply with Minnesota Stat. §80C.17, Subd. 5.

- Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchise by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

- The Franchise Agreement is amended to include that the insufficient funds fee shall be capped at $30.

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 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 with the franchise.

This Addendum does not act as a release or waiver by the Franchisee of an otherwise applicable provision pf the Minnesota Franchise Act that is omitted, misstated, or whose legal effect is misconstrued herein.

FRANCHISEE:	**BEIGNETS & BREW FRANCHISE COMPANY LLC**
By:_____	By:_____
Date:_____	Date:_____

NORTH DAKOTA ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. You are not required to sign a general release upon renewal of the franchise agreement.

2. The franchise agreement is amended to also provide as follows:

   "Covenants not to compete are generally considered unenforceable in the State of North Dakota."

3. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language:

   "You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association."

4. North Dakota law governs any cause of action arising out of the franchise agreement.

5. Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

6. Section 17 of the Franchise Agreement is modified and deletes the obligation of franchisees to consent to termination or liquidated damages.

7. Section 23 of the Franchise Agreement is modified and amended to provide that all arbitration or mediation required under the Franchise Agreement shall be at a location agreeable to all parties and may not be remote from the franchisee's Franchised Business.

8. Section 23 of the Franchise Agreement shall be modified to state that the statute of limitations under North Dakota law shall apply.

9. 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 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 with the franchise.

FRANCHISEE:	**BEIGNETS & BREW FRANCHISE COMPANY LLC**
By:_____	By:_____
Date:_____	Date:_____

RHODE ISLAND ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

2. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.

5. You agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.

FRANCHISEE:	**BEIGNETS & BREW FRANCHISE COMPANY LLC**
By:_____	By:_____
Date:_____	Date:_____

SOUTH DAKOTA ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. The Franchise Agreement is clarified to also indicate that 50% of the initial franchise fee and 50% of royalties are deemed paid for the use of our Marks and 50% are deemed paid for our training, support, and franchise system.

FRANCHISEE:	**BEIGNETS & BREW FRANCHISE COMPANY LLC**
By:_____	By:_____
Date:_____	Date:_____

VIRGINIA ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

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.

FRANCHISEE:	**BEIGNETS & BREW FRANCHISE COMPANY LLC**
By:_____	By:_____
Date:_____	Date:_____

WASHINGTON ADDENDUM
TO THE FRANCHISE AGREEMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

FRANCHISEE:	**BEIGNETS & BREW FRANCHISE COMPANY LLC**
By:_____	By:_____
Date:_____	Date:_____

WISCONSIN ADDENDUM
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

2. The Franchise Agreement is amended to also include the following language:

   With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

FRANCHISEE:	**BEIGNETS & BREW FRANCHISE COMPANY LLC**
By:_____	By:_____
Date:_____	Date:_____

SCHEDULE 8 TO THE FRANCHISE AGREEMENT
ACCEPTED LOCATION AND TERRITORY

The Accepted Location under this Agreement will be:

_____

If the Accepted Location has not yet been selected and approved, the geographic area within which you will select the site for your Franchised Business is [subject to change in our discretion]:

_____

The Territory under this Agreement (if applicable) will be:

_____mile-radius around Accepted Location

☐ Check if map is attached.

BEIGNETS & BREW FRANCHISE COMPANY LLC	**FRANCHISEE:**
Signature: _____	Franchisee Name: _____
Print Name: _____	Signature: _____
Title: _____	Print Name: _____
Date: _____	Title: _____
	Date: _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

BEIGNETS & BREW FRANCHISE COMPANY LLC
OPERATIONS MANUAL TABLE OF CONTENTS

Docusign Envelope ID: 8B8A65F4-3F3D-4433-B8C9-B81597ADC10F

TABLE OF CONTENTS

APPEARANCE & GROOMING STANDARDS	2-3
CASH HANDLING	4-5
EQUIPMENT	6-20
FACILITIES	21-23
FOOD EXCELLENCE	24-35
GUEST EXPERIENCE AND RECOVERY	36-38
MARKETING	39-44
GRAND OPENING	45-48
MENU EXCEPTION REQUEST	49-50
PEST CONTROL & PREVENTION	51-52
PRODUCT PREP	53-58
RECEIVING AND STORAGE	59-66
RECIPE AND PRODUCT BUILD	67-100
REQUIRED PRODUCTS	101-104
SAFETY AND SECURITY	105-109
TRAINING	110-112

Property of Beignets & Brew Franchise Company, LLC. ©2022 All rights reserved. For internal use only. Do not duplicate. Version 1.1 August 2023.

EXHIBIT D TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

BEIGNETS & BREW
FRANCHISE COMPANY LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

BEIGNETS AND BREW FRANCHISE COMPANY LLC

Table of Contents

Page

Independent auditor's report 3

Balance sheet 5

Statement of operations 6

Statement of members' deficit 7

Statement of cash flows 8

Notes to the financial statements 9

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Members
Beignets & Brew Franchise Company LLC
Destin, Florida

Opinion

We have audited the accompanying financial statements of Beignets & Brew Franchise Company LLC, which comprise the balance sheet as of December 31, 2025, and the related statements of operations, members' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beignets & Brew Franchise Company LLC as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

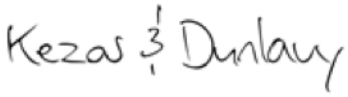
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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



St. George, Utah
March 20, 2026

BEIGNETS & BREW FRANCHISE COMPANY LLC

BALANCE SHEET

As of December 31, 2025, 2024, and 2023

	2025
Assets	
Current assets	
Cash and cash equivalents	$ 142,193
Accounts receivable	100,252
Deferred commissions, current	13,500
Total current assets	255,945
Non-current assets	
Notes receivable	467,982
Due from related parties	823,947
Total non-current assets	1,291,929
Total assets	$ 1,547,874
Liabilities and Members' Equity	
Current liabilities	
Accounts payable and accrued expenses	$ 13,054
Gift card liability	25,521
National advertising fund liability	13,683
Deferred revenue, current	235,834
Total current liabilities	288,092
Non-current liabilities	
Deferred revenue, non-current	445,753
Total non-current liabilities	445,753
Total liabilities	733,845
Members' equity	814,029
Total liabilities and members' equity	$ 1,547,874

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

BEIGNETS & BREW FRANCHISE COMPANY LLC

STATEMENT OF OPERATIONS

For the year ended December 31, 2025

	2025
Operating revenue	
Initial franchise fees	$ 141,049
Royalty fees	567,455
National advertising fund contributions	132,137
Rebates and other operating revenue	84,955
Total revenue	925,596
Operating expenses	
General and administrative	263,030
National advertising fund	132,137
Professional fees	16,919
Total operating expenses	412,086
Net income	$ 513,510

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

BEIGNETS & BREW FRANCHISE COMPANY LLC

STATEMENTS MEMBERS' EQUITY

For the year ended December 31, 2025

Balance as of January 1, 2025	$	352,609
Member distributions		(52,090)
Net income		513,510
Balance as of December 31, 2025	$	814,029

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

BEIGNETS & BREW FRANCHISE COMPANY LLC

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2025

	2025
Cash flow from operating activities:	
Net income	$ 513,510
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(100,252)
Deferred commissions	(13,500)
Accounts payable and accrued expenses	4,816
National advertising fund liability	9,727
Gift card liability	18,998
Deferred revenue	637,951
Net cash provided by operating activities	1,071,250
Cash flows from investing activities:	
Net change in due from related parties	(492,501)
Net change in notes receivable	(424,385)
Net cash used in investing activities	(916,886)
Cash flows from financing activities:	
Member distributions	(52,090)
Net cash used in financing activities	(52,090)
Net change in cash	102,274
Cash at the beginning of the year	39,919
Cash at the end of the year	$ 142,193
Supplementary disclosures of cash flows	
Cash paid for interest	$ -

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

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Beignets & Brew Franchise Company LLC (the "Company") was formed on June 1, 2023 as a Florida Limited Liability Company. The Company offers franchises for the right to open and operate a Beignets & Brew Cafe which is a New Orleans themed beignet and coffee cafe which offers to the public high-quality food and beverages of a distinctive character and quality under the name Beignets & Brew.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase.

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and service fees. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses ("CECL") model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

As of December 31, 2025, the Company had no allowance for uncollectible accounts.

(f) National Advertising Fund

The Company's franchisees are required to contribute 1.5% of their monthly gross revenue to the national advertising fund. Advertising fees paid by the franchisees are held by the Company in a separate bank account. Unused funds are required to be held in the fund and spent in subsequent year, resulting in a liability in the event add fund collections are greater than corresponding expenses.

(g) Revenue Recognition

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, royalty fees, technology fees, and service fees.

Royalty and marketing fees

Upon evaluation of the five-step process, the Company has determined that royalty and marketing fees are to be recognized in the same period as the underlying sales, in accordance with the sales-based royalty exception.

Rebates

The Company has entered into agreements with vendors to supply franchisees. As part of certain agreements, the Company has the right to receive rebates based upon underlying purchases from vendors. Upon evaluation of the five-step process, the Company has determined that rebate income is to be recognized in the same period as the underlying sales to the franchisees.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt. These pre-opening services include the following (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

For franchise agreements, in determining the allocation of transaction price (the initial franchise fee) to either the license or to the pre-opening services, the Company has determined that the standalone selling price of its pre-opening services exceeds the initial franchise fee received; as such, the Company allocates the entire initial franchise fees to those pre-opening services. The franchise fees are then recognized as revenue when those pre-opening services have been completed (which generally occurs upon commencement of the associated franchised location's operations). For initial fees received from area representatives, the Company has allocated the full amount to the license, which is amortized over the life of the agreement, which is generally 15 years.

(h) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Florida. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As the Company began operations during the year ended December 31, 2023, the 2024 and 2023 tax years are subject to examination as of December 31, 2025.

(i) Leasing

The Company has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from any of its short-term leases. All leases with a term of 12 months or less at commencement, for which the Company is not reasonably certain to exercise available renewal options that would extend the lease term past 12 months, will be recognized on a straight-line basis over the lease term.

(j) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the year ended December 31, 2025 were $132,137.

(k) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(l) Concentration of Risk

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Related Party Transactions

(a) Notes Receivable, Related Party

The Company has provided loans to affiliates through common ownership to cover rent, build-out costs, and other start up expenses. The loans do not accrue interest and have been classified as non-current.

(b) Revenue from Related Parties

The Company earns royalty and marketing fee revenue from certain franchisees that are under common ownership with the Company or its principal owners. These transactions are considered related party transactions. Total revenue recognized from these related parties during the year ended December 31, 2025 was $316,880.

(3) Notes Receivable

The Company has provided funds to franchisees to finance the cost of construction and other start-up expenses. These loans accrue interest at various rates and require regular repayments.

(4) Franchise Agreements

The Company's franchise agreements generally provide for the payment of initial fees as well as continuing royalties and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Beignets & Brew system for a period of ten years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the pre-opening services are provided to the franchisee, which generally upon commencement of operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

Area representative agreements require an initial fee, which is recognized over the life of the agreement, which is generally ten years. The current portion represents the expected amount to be amortized over the coming twelve-month period.

Disaggregated franchise fee revenue based on the satisfaction of performance obligations in the Company's contracts with franchisees for the year ended December 31, 2025 is as follows:

	2025
Performance obligations satisfied at a point in time	$ 136,500
Performance obligations satisfied over the life of the contract	4,549
Total initial franchise fee revenue	$ 141,049

The following table represents the activity of the Company's deferred commissions for the year ended December 31, 2025:

	2025
Beginning deferred commissions	$ -
Additions	13,500
Expenses recognized	-
Ending deferred commissions	$ 13,500

The following table represents the activity of the Company's deferred revenue for the year ended December 31, 2025:

	2025
Beginning deferred revenue	$ 43,636
Additions	779,000
Revenue recognized from beginning deferred revenue	(43,636)
Revenue recognized from contracts executed in the current year	(97,413)
Ending deferred revenue	$ 681,587
Deferred revenue, current	$ 235,834
Deferred revenue, non-current	445,753
	$ 681,587

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(6) Subsequent Events

The Company has evaluated subsequent events through March 20, 2026, the date on which the financial statements were available to be issued.

BEIGNETS & BREW FRANCHISE COMPANY LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2024



BEIGNETS & BREW FRANCHISE COMPANY LLC

TABLE OF CONTENTS

	Page
Independent Auditor's Report	3
Balance Sheets	5
Statements of Operations	6
Statements of Changes in Members' Equity	7
Statements of Cash Flows	8
Notes to Financial Statements	9

Independent Auditor's Report

To the Members
Beignets & Brew Franchise Company LLC
Destin, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Beignets & Brew Franchise Company LLC which comprise the balance sheet as of December 31, 2024, and the related statements of operations, changes in member's equity and cash flows for the year ended December 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of Beignets & Brew Franchise Company LLC as of December 31, 2024 and the results of its operations and its cash flows for the year ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Beignets & Brew Franchise Company LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Beignets & Brew Franchise Company 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 Beignets & Brew Franchise Company 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.

Reese CPA LLC

Ft. Collins, Colorado
May 28, 2025

BEIGNETS & BREW FRANCHISE COMPANY LLC
BALANCE SHEET
AS OF DECEMBER 31, 2024

	2024
ASSETS:	
CURRENT ASSETS	
Cash	$ 39,919
Accounts receivable - related parties	375,043
TOTAL CURRENT ASSETS	414,962
NON-CURRENT ASSETS	-
TOTAL ASSETS	$ 414,962
LIABILITIES AND MEMBER'S EQUITY:	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 7,261
Advertising fund liability	3,956
Advances from related parties	7,500
Franchisee deposits	42,000
Non-refundable deferred franchise fees, current	1,636
TOTAL CURRENT LIABILITIES	62,353
LONG-TERM LIABILITIES	-
TOTAL LIABILITIES	62,353
MEMBERS' EQUITY	
Members' contributions	350,000
Accumulated earnings	2,609
TOTAL MEMBERS' EQUITY	352,609
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 414,962

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

BEIGNETS & BREW FRANCHISE COMPANY LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024
REVENUES	
Royalty fees	$ 140,247
Advertising fund contributions	35,062
Franchise fees	32,339
Other revenues	13,044
TOTAL REVENUES	220,692
OPERATING EXPENSES	
Payroll and related costs	112,607
Advertising fund expenses	39,384
Professional fees	37,659
General and administrative	36,174
Franchise related costs	1,500
Advertising expenses	250
TOTAL OPERATING EXPENSES	227,574
OPERATING (LOSS)	(6,882)
NET(LOSS)	$ (6,882)

The accompanying notes are an integral part of these financial statements

BEIGNETS & BREW FRANCHISE COMPANY LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

`

	Member Contributions	Accumulated Earnings	Total Members' Equity
BALANCE, DECEMBER 31, 2023	**9,491**	**9,491**	**9,491**
Member contributions	350,000	-	350,000
Net (loss)	-	(6,882)	(6,882)
BALANCE, DECEMBER 31, 2024	**$ 359,491**	**$ 2,609**	**$ 352,609**

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

BEIGNETS & BREW FRANCHISE COMPANY LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024
CASH FLOWS FROM OPERATING ACTIVITIES	
Net (loss)	$ (6,882)
Adjustments to reconcile net income to net cash provided by operating activities:	
Recognition of non-refundable deferred franchise fees	(32,339)
Change in assets and liabilities	
Accounts payable and accrued expenses	7,185
Advertising fund liability	3,956
Franchisee deposits	42,000
Non-refundable deferred franchise fees	18,000
Net cash provided by operating activities	31,920
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash (used) by investing activities	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Advances to related parties	(351,893)
Member contributions	350,000
Net cash (used) by financing activities	(1,893)
NET INCREASE (DECREASE) IN CASH	30,027
CASH, beginning of year	9,892
CASH, end of year	$ 39,919
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid for interest	$ -

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

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Beignets & Brew Franchise Company LLC ("Company") is a Florida limited liability company with its home office in Destin, Florida. The Company was formed on June 1, 2023.

The Company offers franchises for the right to open and operate a Beignets & Brew Cafe which is a New Orleans themed beignet and coffee cafe which offers to the public high-quality food and beverages of a distinctive character and quality under the name Beignets & Brew.

Predecessors and Affiliates

The Company has no parent or predecessors.

Beignets & Brew LLC is a Florida limited liability company that was formed November 28, 2022, and operates a business similar to the franchise offered by the Company. Beignets & Brew LLC has never offered franchises in this line or any other line of business.

B&B Peachtree LLC is a Florida limited liability company that was formed on January 3, 2024, and operates a business similar to the franchise offered by the Company. B&B Peachtree LLC has never offered franchises in this line or any other line of business.

A summary of significant accounting policies follows:

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

Preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of $0 and $0 was necessary as of December 31, 2024. Franchisee's bad debt expense was $0 for the year ended December 31, 2024. Franchisee amounts written off were $0 for the year ended December 31, 2024.

Property and Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally two to seven years). The Company had no property and equipment as of December 31, 2024.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets as of December 31, 2024.

Franchisee Revenue Recognition and Non-refundable Deferred Franchise Fee Revenue

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers".

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation, and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The Company is using the practical expedient under the guidance of ASC 952-606 and is treating all pre-opening activities as distinct from the franchise license as defined in the next paragraph. The Company has determined that all of its initial franchise fee is allocable to the pre-opening obligations in the franchise contract. The Company recognizes the initial franchise fees over the period of time from the effective date of the contract through the expected opening date of the franchised location, which is typically less than 12 months.

When a franchisee purchases a franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license") for a specific period of time and in a specific territory. The license is symbolic intellectual property. Revenues related to the license are continuing royalties of 6% of gross sales. Royalty revenues are compensation for the use of the license in the territory, over the term of the contract, and will be used in part to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees. The royalties are billed weekly and are recognized as revenue when earned.

Advertising Fund

An advertising fee of 1.5% of gross sales is collected from all franchised locations to be used to maximize the general public recognition, acceptance, and use of the system. At the discretion of the Company the advertising fee may be raised to 3% of gross sales. Examples include the development of brand assets, general marketing, advertising, and publicity administered by the Company. Amounts collected and not spent were $3,956 as of December 31, 2024. These are included in current liabilities in the accompanying balance sheet.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ancillary Franchise Fees

Revenue from fees for technology, software, additional training services and other ancillary sources are recognized as revenue when control of the related good or service has been transferred to the control of the franchisee. All ancillary fees are billed monthly as the service is delivered or available.

Advertising Expenses

The Company expenses advertising costs for the selling of franchises as incurred. Advertising costs were $250 for the year ended December 31, 2024.

Income Taxes

The members of the Company have elected to be treated as a Partnership for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of its members and no provision for federal or state income taxes has been recorded in the accompanying financial statements.

The Company follows accounting requirements associated with uncertainty in income taxes under the provisions of Financial Accounting Standards Board ("FASB") ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements for the year ended December 31, 2024.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables. The Company deposits its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Recently Issued and Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recorded a liability for unearned revenue and deposits associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31, 2024
Non-refundable Deferred Franchise Fees:	
Balance beginning of year	$ 15,975
Deferral of non-refundable franchise fees	18,000
Recognition of non-refundable franchise fees	(32,339)
Balance at end of year	$ 1,636
Franchisee deposits received in advance of signed contracts	$ 42,000

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company has made advances to and paid expenses for corporate locations owned by a common owner. These amounts are due on demand from the related parties. Amounts outstanding as of December 31, 2024, were $ 375,043. The Company has received advances from related parties that are due on demand and total $7,500 as of December 31, 2024.

NOTE 4 – MEMBERS' EQUITY

Membership contributions were made for limited liability company interests as defined in the operating agreement. Actions taken by the members require majority vote. The Company's profits, losses and cash distributions are allocated to each member as set forth in the operating agreement.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Contingencies

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 5 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 16, 2025, the date on which the financial statements were available to be issued.

BEIGNETS & BREW FRANCHISE COMPANY, LLC.

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

With Auditor's Report Thereon



Divine Blalock Martin Sellari LLC
Est. in 1932

BEIGNETS & BREW FRANCHISE COMPANY, LLC.
TABLE OF CONTENTS

Page

Independent Auditors' Report.....1-2

Financial Statements

Balance Sheet.....3

Statement of Income.....4

Statement of Member's Equity..... 5

Statement of Cash Flows.....6

Notes to the Financial Statements.....7-11

GARY B. SELLARI, CPA*/PFS, MSM
SCOTT A. STEIN, CPA**
SUZI J. RAPP, CPA*, MAC
B. CHARLES SELLARI, CPA*, MTAX
TOM KEYS, CPA*, CGMA

VICTORIA BOLSKAR, CPA***, LTD
DUSTAN J. BROWN, CPA****
MARY L. CONTESSA, CPA*, PA
NICHOLAS J. FRONTERA, CPA*
STEVE A. GOINDOO, CPA**/PFS, MTAX, CFP®
SHARON HOWARD, CPA, CMA, MST*****
CANDACE ANTEZANA KLOTZBIER, CPA*
CHRISTINE M. MCKENNA, CPA*
JAMIE M. RUSSO, CPA*
JANET SCALZITTI, CPA****
APRIL M. SINNOTT, CPA*
ARTHUR J. SINNOTT, CPA**

BARBARA AHEARN-DUNN, EA
KELLY BEACH, EA
LISA BELL, EA
JACQUELINE CARTIER, EA
ANTHONY J. SELLARI, EA
KENNETH SOKOLSKY, EA

Divine Blalock Martin Sellari LLC
Est. in 1932

Certified Public Accountants and Consultants
580 Village Boulevard, Suite 110
West Palm Beach, FL 33409
Phone: (561) 686-1110 Fax: (561) 686-1330
info@dbmscpa.com

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

WILBUR F. DIVINE, III, CPA (1896-1964)
WILBUR F. DIVINE, IV, CPA (1925-1989)
JAMES A. BLALOCK, CPA (1914-1996)
G. MICHAEL MARTIN, CPA (1945-2014)

*REGULATED BY THE STATE OF FL
**REGULATED BY THE STATE OF FL AND
THE STATE OF TN
***REGULATED BY THE STATE OF FL
AND THE STATE OF NY
****REGULATED BY THE STATE OF WI
*****REGULATED BY THE STATE OF FL
AND THE STATE OF NJ
******REGULATED BY THE STATE OF NJ
*******REGULATED BY THE STATE OF NY
********REGULATED BY THE STATE OF FL
AND THE STATE OF NC

INDEPENDENT AUDITOR'S REPORT

To the Members of
Beignets & Brew Franchise Company, LLC
Miramar Beach, Florida, 32550

Opinion

We have audited the accompanying financial statements of Beignets & Brew Franchise Company, LLC (a Florida limited liability company), which comprise the balance sheet as of December 31, 2023, and the related statement of income, changes in member's equity, and cash flows for the period June 1, 2023 to December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beignets & Brew Franchise Company, LLC as of December 31, 2023 and the results of its operations and its cash flows for the period June 1, 2023 to December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Beignets & Brew Franchise Company, 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance 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 Beignets & Brew Franchise Company, 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 Beignets & Brew Franchise Company, 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.

Divine, Blalock, Martin & Sellari, LLC

West Palm Beach, FL

September 25, 2024

BEIGNETS & BREW FRANCHISE COMPANY, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2023

ASSETS		
Current assets		
Cash and cash equivalents	$	9,892
Notes receivable - related party		15,650
Total current assets		25,542
Total assets	$	25,542
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Gift card payable	$	76
Deferred revenue - current portion		14,175
Total current liabilities		14,251
Long-term liabilities		
Deferred revenue - non current portion		1,800
Total long-term liabilities		1,800
Total liabilities		16,051
Member's equity		
Member's equity		9,491
Total member's equity		9,491
Total liabilities and member's equity	$	25,542

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

BEIGNETS & BREW FRANCHISE COMPANY, LLC
STATEMENT OF INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2023

Revenue		
Franchise fees	$	2,025
Royalty fees		13,773
Advertising fund fees		3,443
Merchandise sales		42
Rebate income		227
Net revenues	$	19,510
Operating expenses:		
Advertising and marketing	$	4,022
Contract labor		5,422
Meals and entertainment		23
Miscellaneous		14
Office expenses		242
Professional fees		250
Travelling		46
Total operating expenses		10,019
Net income	$	9,491

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

BEIGNETS & BREW FRANCHISE COMPANY, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2023

Balance, June 1, 2023	$	-
Net income		9,491
Balance, December 31, 2023	$	9,491

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

BEIGNETS & BREW FRANCHISE COMPANY, LLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2023

Cash flows from operating activities:	
Net income	$ 9,491
Adjustments to reconcile net income to net cash used in operating activities:	
(Increase) decrease in operating assets:	
Increase (decrease) in operating liabilities:	
Gift card payable	76
Deferred revenue	15,975
Net cash provided by operating activities	25,542
Cash flows from financing activities:	
Notes receivable to related party	(15,650)
Net cash (used) in financing activities	(15,650)
Net increase in cash and cash equivalents	9,892
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	$ 9,892

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

BEIGNETS & BREW FRANCHISE COMPANY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2023

NOTE 1 – BUSINESS ACTIVITY

Beignets & Brew Franchise Company, LLC. (the "Company"), is a Florida limited liability company formed on June 1, 2023. The Company is in the business of offering franchises for the operation of a New Orleans themed beignets and coffee restaurant that offers the public high-quality food and beverages. Unless otherwise indicated, the terms "we," "us," "our," and "Company" refer to Beignets & Brew Franchise Company, LLC.

Affiliates

Beignets & Brew LLC is a Florida limited liability company that was formed November 28, 2022 and is operating a business similar to the business being offered.

B&B Peachtree LLC is a Florida limited liability company that was formed on January 3, 2024, and is operating a business similar to the business being offered.

These affiliates do not sell franchises in any other line of business and are not otherwise engaged in any other business activity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Bad Debts

Accounts receivable is stated at the amount management expects to collect from outstanding balances. The Company assesses whether an allowance for doubtful accounts is necessary to provide for credit losses inherent within the receivable. The Company determines the need for an allowance for doubtful accounts by regularly evaluating the customer receivable and considering the customer's financial condition, credit history and current economic conditions.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 5 to 40 years.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Long-Lived Assets

The Company reviews long-lived assets to be held and used by an entity for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As there are no owned assets for the period June 1, 2023 to December 31, 2023, no impairment of the carrying values of its long-lived assets existed at December 31, 2023. There can be no assurance, however, that demands for the Company's products or market conditions will not change which could result in impairment losses in the future.

Advertising

Advertising costs are expensed as incurred and approximated $4,022 for the period ended December 31, 2023.

Concentrations of Credit Risk

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Income Taxes

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for federal and state income tax purposes may differ from net income in these financial statements.

As a limited liability company, income or loss of the Company is allocated to the members. No provision for federal or state income taxes is necessary because any income or loss is includable in the tax returns of the individual members. Local income taxes, if any, are paid by the Company. The Company was not subject to any local income taxes for the period ending June 30, 2024. The Company's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes.* ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, and disclosure and transition accounting. The Company has concluded that no liability for uncertain tax positions was required as of December 31, 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP"), requires management to make estimates and assumptions that affect the 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. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

Revenue Recognition

The Company's revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer
- Identify the performance obligation in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations
- Recognize revenue when (or as) each performance obligation is satisfied

In 2020, the Financial Accounting Standards Board (FAB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient.* This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation if the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and advertising fund fee on a weekly basis, which is generally based upon a percentage of sales made by the Company's franchises, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- *Designate your territory and provide site selection guidelines and criteria and provide site selection assistance to determine an acceptable location for your business.*
- *Provide electronic access or a physical copy of the Confidential Operations Manual, Playbooks, and training courses.*
- *Provide you access to our prototype design plans from our required vendor.*
- *Provide an initial training program and assist you in implementing an opening marketing initiative for your business*
- *Provide instruction and assistance prior to the opening of your business and immediately following the opening by telephone or in-person.*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recently Issued and Adopted Accounting Pronouncements

The Company's management has evaluated recently issued accounting pronouncements through the date of this report and concluded that they will not have a material effect on the financial statements as of December 31, 2023.

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The new standard is effective for annual reporting periods beginning after December 15, 2021, including interim reporting periods within those annual reporting periods. The adoption will require a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest period presented. Effective June 1, 2023, the Company adopted the new lease standard; however, at December 31, 2023 the Company did not have any lease agreements in place.

NOTE 3 – PREPAID EXPENSES

Prepaid expenses represent expenses paid to assist franchisee's in getting their business open. This includes commissions, advertising fees, and misc. costs. These costs are recognized over the term of the respective franchise agreements. At December 31, 2023, the Company did not have any prepaid expenses.

NOTE 4 – ADVERTISING FUND LIABILITIES

All franchisees are expected to contribute to the Advertising Fund in the amount of 1.5% of gross sales, which may be increased up to 3%. The funds may be spent on system-wide marketing, advertising, and promotion and any unused portion is carried forward to subsequent years until spent. At December 31, 2023, the Company disbursed $579 more than the advertising funds received.

NOTE 5 – DEFERRED REVENUE

Deferred revenue represents an allocated amount of the initial franchise fee for the license portion, which is amortized over the term of the agreement, and the unearned portion of the initial franchise fee for the contractual obligations of the Company that have not yet been performed. At December 31, 2023, the Company has deferred franchise revenue of $15,975.

NOTE 6 – RELATED PARTY TRANSACTIONS

Related party note receivable consists of payments made on behalf of a corporate locations that are owned and operated by a common owner. The note has no stated interest rate, no repayment terms and are callable on demand. The notes are stated as current assets on the balance sheet. The balances as of December 31, 2023 was $15,650.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable e disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 8– SUBSEQUENT EVENTS

The Company has evaluated subsequent events through September 25, 2024, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

EXHIBIT E TO THE DISCLOSURE DOCUMENT

LIST OF CURRENT AND FORMER FRANCHISEES

(a) **Operational Franchisees.** The following are the names, addresses and telephone numbers of all Beignets & Brew franchisees as of December 31, 2025 who are operational:

Alabama:

1. Mitch & Heather Stokely
   1095 Industrial Pkwy
   Saraland, AL 36571
   (251) 317-3756

2. Jason & Brandy Owens
   2250 Rideout Road
   Huntsville, AL 35808
   (256) 500-0855

3. Jason & Brandy Owens
   12120 County Line Rd
   Madison, AL 35756
   (256) 214-0886

4. David Belcher
   147 North College St
   Auburn, AL 36830
   (334) 246-3024

Arkansas:

1. Chris Kramolis, Jason Alley & Chris Alley
   1510 Rebsamen Park Rd
   Little Rock, AR 72202
   (501) 352-0175

Florida:

1. Rich and Latoya Hart
   4688 US Hwy 98
   Santa Rosa Beach, FL 32459
   (850) 660-1557

2. Rich and Latoya Hart
   161 Eglin Pkwy NE
   Fort Walton Beach, FL 32547

(850) 660-1557

3. Hunters Creek IWC LLC (Joe LoBiondo)
   2079 W Town Center Blvd
   Orlando, FL 32801
   (251) 550-5959

4. Chris & Shannon Kramolis
   32 East County HWY 30A
   Santa Rosa Beach, FL 32459
   (501) 352-0175

Tennessee:

1. Han Andrews
   7019 Shallowford Rd
   Chattanooga, TN 37412
   (423) 531-9156

2. Warren Bondi & Justen Cheney
   237 4th Ave N
   Nashville, TN 37219
   (629) 202-4116

Virginia:

1. Jennifer & Josh Moore
   3809 Princess Anne Rd Suite 10
   Virginia Beach, VA 23456
   (757) 965-2070

(b) **Franchise Agreements Executed But Not Yet Operational.** The following are the names, addresses and telephone numbers of all Beignets & Brew franchisees as of December 31, 2025 who are not yet operational but have signed a Franchise Agreement:

Alabama:

1. David Belcher
   1625 Oxmoor Rd
   Birmingham, AL 35209
   (205) 335-4651

Arkansas:

1. Cody McPherson

1853 E Highland Dr
Jonesboro, AR 72401
(501) 650-0993

Florida:

1. Rich and Latoya Hart
   10068 Navarre Pkwy
   Navarre, FL 32566
   (850) 660-1557

2. Harry, Julie & Hunter Akers
   Alico Shopping Center
   Fort Myers, FL 33908
   (561) 252-1693

North Carolina

1. Sebastian & Johana Jaramillo
   3001 Hillsborough St #120
   Raleigh, NC 27607
   (618) 203-9526

Ohio

1. Kundan Revuri, Mohana Sowmya Kothuru, Geetha Karnati & Santosh Vellore
   7381 Maxtown Road
   Westerville, OH
   (614) 266-1080

South Carolina

1. Kristoffer Patrick
   126 Matthews Station St #4
   Matthews, NC 28105
   (980) 395-9557

Virginia

1. Eric & Danya Whipple
   520 West 21st St Suite F
   Norfolk, VA 23517
   (757) 981-0959

(c) **Former Franchisees.** The following are the names, last known home addresses and home telephone numbers of all Franchisees that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Beignets & Brew Franchise

Agreement during the most recently completed fiscal year (January 1, 2025 to December 31, 2025) or who have not communicated with us within 10 weeks of the date of issuance of this Disclosure Document:

Florida:

1. Jena and Branden Weekley
   279 Chipola Cove
   Destin, FL 32541
   (850) 501-4047

EXHIBIT F TO THE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Beignets & Brew Franchise Company LLC and you are preparing to enter into a Franchise Agreement for the operation of a franchised business. In this Franchisee Disclosure Questionnaire, Beignets & Brew Franchise Company LLC will be referred to as "we" or "us." The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed Beignets & Brew Franchise Company LLC's Franchise Agreement and each exhibit, addendum, and attachment attached to it?

   Yes _____ No _____

2. Have you received and personally reviewed our Disclosure Document we provided to you?

   Yes _____ No _____

3. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors?
   Yes _____ No _____

4. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits, or operating costs of a Beignets & Brew Cafe business that we or our franchisees operate?

   Yes _____ No _____

5. Has any employee or other person speaking on our behalf made any statement or promise concerning a Beignets & Brew Cafe business that is contrary to, or different from, the information contained in the Disclosure Document?

   Yes _____ No _____

6. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a franchised business?

   Yes _____ No _____

7. 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 you that is contrary to, or different from, the information contained in this Disclosure Document?

Yes _____ No _____

8. If you have answered "Yes" to any of questions 4 through 7, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of these questions, please leave the following lines blank.

_____

_____

_____

9. Do you understand that in all dealings with you, our officers, directors, employees, and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us?

Yes _____ No _____

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of a 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.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

_____	_____
Name of Franchisee/Applicant	Name of Franchisee/Applicant
_____	_____
Date	Date
_____	_____
Signature	Signature

EXHIBIT G TO THE DISCLOSURE DOCUMENT
STATE ADDENDA TO THE DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

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

Item 6 of the Disclosure Document shall be amended to include the following: "The maximum interest rate in California is 10% annually."

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

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

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur at Collier County, Florida, with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code

Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at www.beignetsandbrew.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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.

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.

HAWAII ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHSIOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813

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.

ILLINOIS ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.w. is modified to provide that Illinois law applies.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

4. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. 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.

MARYLAND ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.b. is modified to also provide, "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.

2. Item 17.u. is modified to also provide, "A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

3. Item 17.v. is modified to also provide, "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

4. 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.

MINNESOTA ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the Franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the Franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a Franchisee to assent to a general release.

- NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

- The Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5

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 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 with the franchise.

NEW YORK ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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 DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE 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 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 proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**," and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements—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 om 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.

7. Receipts—Any sale made must be in compliance with §683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. §680 *et. seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

General Release: Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

Enforcement of Agreement: Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Item 17(i) of the Disclosure Document is modified and deletes the obligation of franchisees to consent to termination or liquidated damages.

Item 17(u) of the Disclosure Document is modified and amended to provide that all arbitration or mediation required under the Franchise Agreement shall be at a location agreeable to all parties and may not be remote from the franchisee's Franchised Studio.

Item 17(v) of the Disclosure Document is modified and amended to provide that franchisees are not required to consent to the jurisdiction of courts outside of North Dakota.

Item 17(w) of the Disclosure Document is modified and amended to provide that North Dakota law governs any cause of action arising out of the Franchise Agreement.

Provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language: "You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association."

The statute of limitations under North Dakota law shall apply.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the relation 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.

RHODE ISLAND ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

> Rhode Island law applies.

VIRGINIA ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

   Additional Disclosure: The following statements are added to Item 17.h.

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any 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.

2. 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.

WASHINGTON ADDENDUM
TO THE DISCLOSURE DOCUMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

WISCONSIN ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

   If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

   With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT

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	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	Pending
Washington	
Wisconsin	

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

EXHIBIT I TO THE DISCLOSURE DOCUMENT

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 Beignets & Brew Franchise Company LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 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.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Beignets & Brew Franchise Company 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A.

The following are the names, principal business address, and telephone number of the franchise sellers offering the franchise:

Name	**Principal Business Address**	**Telephone Number**
Adam Alfonso and Eric Jenrich	12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550	985-788-1450 850-225-9446

Date of Issuance: March 25, 2026

Our Agents for Service of Process are listed in Exhibit A.

I have received a Franchise Disclosure Document dated March 25, 2026 including the following exhibits on the date listed below:

A. List of State Administrators/State Agents for Service of Process
B. Franchise Agreement
    Schedule 1-General Release

Schedule 2-Nondisclosure and Non-Competition Agreement
Schedule 3-Unlimited Guaranty and Assumption of Obligations
Schedule 4-Collateral Assignment of Lease
Schedule 5-ACH Payment Agreement
Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Operating Principal
Schedule 7-State Addenda to the Franchise Agreement
Schedule 8- Accepted Location and Territory

C. Operations Manual Table of Contents
D. Financial Statements
E. List of Current and Former Franchisees
F. Franchisee Disclosure Questionnaire
G. State Addenda to the Disclosure Document
H. State Effective Dates
I. Receipt

Please sign and print your name below, date, and return one copy of this receipt to Beignets & Brew Franchise Company LLC and keep the other for your records.

_____
Date of Receipt

_____
Print Name

_____
Signature
(individually or as an officer, member, or partner of)

_____
a [STATE of Incorporation]
[Corporation/LLC/Partnership]

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 Beignets & Brew Franchise Company LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 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.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Beignets & Brew Franchise Company 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A.

The following are the names, principal business address, and telephone number of the franchise sellers offering the franchise:

Name	**Principal Business Address**	**Telephone Number**
Adam Alfonso; Eric Jenrich	12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550	985-788-1450 850-225-9446

Date of Issuance: March 25, 2026

Our Agents for Service of Process are listed in Exhibit A.

I have received a Franchise Disclosure Document dated March 25, 2026 including the following exhibits on the date listed below:

A. List of State Administrators/State Agents for Service of Process
B. Franchise Agreement
   Schedule 1-General Release
   Schedule 2-Nondisclosure and Non-Competition Agreement
   Schedule 3-Unlimited Guaranty and Assumption of Obligations
   Schedule 4-Collateral Assignment of Lease

Schedule 5-ACH Payment Agreement
Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Operating Principal
Schedule 7-State Addenda to the Franchise Agreement
Schedule 8- Accepted Location and Territory

C. Operations Manual Table of Contents
D. Financial Statements
E. List of Current and Former Franchisees
F. Franchisee Disclosure Questionnaire
G. State Addenda to the Disclosure Document
H. State Effective Dates
I. Receipt

Please sign and print your name below, date, and return one copy of this receipt to Beignets & Brew Franchise Company LLC and keep the other for your records.

_____
Date of Receipt

_____
Print Name

_____
Signature
(individually or as an officer, member, or partner of)

_____
a [STATE of Incorporation]
[Corporation/LLC/Partnership]