

## FRANCHISE DISCLOSURE DOCUMENT



Jaggers Development Corporation  
6040 Dutchmans Lane  
Louisville, Kentucky 40205  
Phone: (502) 426-9984  
Fax: (502) 426-3274  
[www.eatjaggers.com](http://www.eatjaggers.com)  
[www.facebook.com/eatjaggers](http://www.facebook.com/eatjaggers)  
[www.twitter.com/eatjaggers](http://www.twitter.com/eatjaggers)

The franchise offered is for the establishment of one or more Jaggers restaurants (each a “Restaurant” or “Jaggers Restaurant”) featuring burgers, hand-breaded chicken tenders and chicken sandwich and fresh-made salads served with signature sauces and dressings made-from-scratch. A Jaggers Restaurant offers lunch and dinner menus for dine-in, drive-through or carry-out and operates using the franchisor’s proprietary recipes, formula, techniques, trade dress, trademarks, and logos.

The total investment necessary to begin operation of a Jaggers franchised business is between \$3,274,700 and \$4,236,500. This includes between \$106,000 and \$200,000 that must be paid to the franchisor or its affiliate(s). If you enter into a development agreement, then the development fee is \$10,000 for each Restaurant to be opened under the applicable development agreement. The total investment necessary to begin operation of a Jaggers Restaurant franchised business under a development agreement that grants you the right to develop is between \$3,284,700 and \$4,246,500. This includes between \$106,000 and \$200,000 that must be paid to the franchisor or its affiliate(s). When we enter into each franchise agreement for a Restaurant established under a development agreement, we may credit \$10,000 of the development fee against the initial franchise fee for the Restaurant. The Development Agreement will contain a mutually agreeable number of minimum restaurants to be opened in connection with the executed agreement.

This Franchise Disclosure Document (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, us or our affiliates in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this Disclosure Document.**

You may wish to receive this Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jaggers Development Corporation, Legal Department, at (502) 426-9984 or [legal@texasroadhouse.com](mailto:legal@texasroadhouse.com).

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

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

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

Date of Issuance: March 21, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

### **Special Risks to Consider About *This* Franchise**

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and development agreement require you to resolve disputes with the franchisor by mediation or litigation only in Kentucky. 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 or litigate with the franchisor in Kentucky than in your own state.
2. **Financial Condition.** The guarantor's financial condition, as reflected in its financial statements (see Item 21), calls into question the guarantor's financial ability to provide services and support to you.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

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## ITEM 1

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

#### **The Franchisor**

The franchisor is Jagers Development Corporation, referred to in this Disclosure Document as “JDC,” “we,” “us,” or “our.” To simplify the language in this Disclosure Document, we refer to the person interested in buying the franchise as “you” or “your.”

We were incorporated as a Kentucky corporation on October 10, 2019. We are a wholly owned subsidiary of Texas Roadhouse, Inc. (“TXRH” or “Texas Roadhouse”), a Delaware corporation formed on May 5, 2004, whose stock is traded on the Nasdaq Global Select Market under the symbol “TXRH.” We and TXRH maintain our principal place of business at 6040 Dutchmans Lane, Louisville, Kentucky 40205. We do business under our corporate name and the service mark “Jagers.” Our agents for service of process are listed in Exhibit F.

The franchise offered is for a fast-casual restaurant serving burgers, hand-cut, hand-breaded chicken tenders and filets and fresh-made salads served with signature sauces and dressings made from scratch. A Jagers Restaurant offers lunch and dinner menus for dine-in, drive-thru, or take-out and operates using our proprietary recipes, formulae, techniques, trade dress, trademarks, and logos (each, a “Restaurant” or “Jagers Restaurant”, and two or more, collectively, “Restaurants”). The Restaurants do business under the service mark “Jagers” and other marks we may authorize (the “Marks”). They also use a distinctive system of operation (the “System”) described below. Our affiliate, Texas Roadhouse Delaware LLC (“Texas Roadhouse Delaware”), was formed February 24, 1997, and owns the Marks and the System and licenses them to us. Texas Roadhouse Delaware also maintains its principal place of business at 6040 Dutchmans Lane, Louisville, Kentucky 40205.

We do not operate Jagers Restaurants. The first Jagers Restaurant opened in Noblesville, Indiana in December 2014. That Restaurant and other company Jagers Restaurants are now owned by our affiliate, Jagers Holdings LLC (“Holdings”), which was formed on July 8, 2020 (previously owned and operated by another affiliate). We refer to the Jagers Restaurants owned and operated by Holdings as “Company-owned Restaurants”.

Holdings also may provide services to our franchisees, including training, other pre-and post-opening assistance and support services, and marketing and promotional support. Holdings maintains its principal place of business at 6040 Dutchmans Lane, Louisville, Kentucky 40205.

We have offered franchises for Jagers Restaurants since July 2020. We are not engaged in any other business and have never offered franchises for any other lines of business.

Our affiliate, Texas Roadhouse Development Corporation (“Texas Roadhouse Development”), has offered franchises for Texas Roadhouse restaurants in the United States since 1995 and our affiliate, Texas Roadhouse Holdings LLC (“Texas Roadhouse Holdings”), formed on February 24, 1997, is the primary owner and operator for all company-owned Texas Roadhouse locations in the United States. Our affiliate, TRDC International, LLC (“Texas Roadhouse International”), has offered franchises for Texas Roadhouse restaurants outside the United States since October 2012. Texas Roadhouse Development and Texas Roadhouse International maintain their principal place of business at 6040 Dutchmans Lane, Louisville, Kentucky 40205. As of December 31, 2024, there are 56 franchised and 608 company-owned Texas Roadhouse restaurants operating in the United States and 56 franchised Texas Roadhouse restaurants operating outside the United States. Texas Roadhouse Development and Texas Roadhouse International are not engaged in any other business and have never offered franchises in any other lines of business.

Our affiliate, JDC International LLC (“Jaggers International”), formed on January 13, 2022, has offered franchises for Jaggers restaurants outside the United States since October 2022. Jaggers International maintains its principal place of business at 6040 Dutchmans Lane, Louisville, Kentucky 40205. As of December 31, 2024, there is 1 franchised Jaggers Restaurant operating outside the United States. Jaggers International is not engaged in any other business and has never offered franchises in any other lines of business.

Our affiliate, Bubba’s Holdings LLC (“Bubba’s 33”), formed on June 6, 2008, and is the primary owner and operator for all company-owned Bubba’s 33 locations in the United States. It maintains its principal place of business at 6040 Dutchmans Lane, Louisville, Kentucky 40205. Bubba’s 33 opened its first location in Fayetteville, North Carolina on May 27, 2013, and currently operates 49 locations in the United States. Bubba’s 33 is not currently engaged in any other business and has never offered franchises in any other line of business.

Our affiliate, Legendary Products LLC (“Legendary Products”) whose principal place of business is at 6040 Dutchmans Lane, Louisville, Kentucky 40205, provides certain retail items bearing the Marks for purchase to our franchisees and company stores. Legendary Products is not currently engaged in any other business and has never offered franchises in any other lines of business.

## **The Franchise**

We offer franchises for Restaurants that operate under the Jaggers System. The System includes distinctive exterior and interior design, decor, color scheme and furnishings. The System also includes special recipes and menu items; uniform standards, specifications and procedures for operations and quality and uniformity of products and services; procedures for inventory, management, and financial control; training and assistance; and marketing and promotional programs. We may change any of these items.

Franchises for Jaggers Restaurants are offered to individuals and entities that satisfy our requirements, including our experience, financial and other requirements.

A franchise agreement is signed for each Restaurant you establish (the “Franchise Agreement”). The Franchise Agreement gives you the right to establish and operate one Restaurant at a specified location within a designated protected area. Our current form of Franchise Agreement is attached as Exhibit B-2 to this Disclosure Document.

Under the Franchise Agreement, you must have an individual who satisfies our qualifications as your “Operating Principal.” Your Operating Principal is the main person responsible for your business. If you are an individual, you will be the Operating Principal. If you are not an individual, then your Operating Principal must maintain an equity interest in you. The Operating Principal must be empowered with the sole authority to act for you and on your behalf. If you or your affiliates operate multiple Jaggers Restaurants, then you must designate the same person to serve as the Operating Principal under all Franchise Agreements between you and your affiliates and us.

In our discretion, we also may offer qualified candidates the opportunity to enter into a development agreement (a “Development Agreement”) to develop more than one Jaggers Restaurant within a designated geographic area (the “Development Area”). The Development Area is determined before the Development Agreement is signed and is described in the Development Agreement. The size of the Development Area will vary depending upon local market conditions, the number of Restaurants to be developed and other relevant factors. If we enter into a Development Agreement with you, then you must develop the number of Restaurants specified in the Development Agreement within the Development Area and in compliance

with a pre-determined schedule as described in the Development Agreement (the “Development Schedule”). Upon establishing each additional outlet under the Development Agreement, you must enter into a separate Franchise Agreement for each Restaurant that you develop which may differ from the current franchise agreement included with this Disclosure Document. The Franchise Agreement for each Restaurant developed under a Development Agreement will be the form of Franchise Agreement that we are then offering to new franchisees, except that the franchise fee, royalty fee, and advertising contributions and expenditures will be as provided in the Development Agreement. Our current form of Development Agreement is attached to this Disclosure Document as Exhibit B-1.

We may require some or all your direct and indirect owners (each, a “Guarantor”) to jointly and severally guarantee all of your obligations, covenants and agreements under the Franchise Agreement, and any Development Agreement, by signing a “Guarantee and Assumption Agreement” in the form that follows the signature page to the Franchise Agreement and the Development Agreement (the “Guarantee”). Any owner that is not required to sign the Guarantee may be required to execute an agreement to comply with the confidentiality, noncompetition, transfer and other ancillary covenants in the form included as an exhibit to the Franchise Agreement and Development Agreement.

The Franchise Agreement gives us the right and option to purchase the assets of the Restaurant pursuant to an Asset Purchase Agreement (the “Purchase Option”). (See Item 17(o))

### **Competition**

The market for restaurant services is well-established and highly competitive. There is active price competition among restaurants, as well as competition for management personnel and for attractive commercial real estate sites suitable for restaurants. You must expect to compete with many other restaurants offering comparably priced food and beverages. Competitors may be locally owned or large regional or national chains.

### **Industry Specific Regulation**

Many of the laws, rules and regulations that apply to business generally, such as Title VII of the Civil Rights Act, the Age Discrimination in Employment Act, the Americans With Disabilities Act, and other federal and state equal employment opportunity laws, federal and state wage and hour laws and the Occupational Safety and Health Act, also apply to restaurants. However, other laws, rules and regulations have particular applicability to restaurants, and especially restaurants that offer full bar service.

You should consider these and all other applicable laws and regulations when evaluating your purchase of a franchise.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Gerald L. Morgan – President of JDC and Chief Executive Officer of TXRH**

Mr. Morgan was appointed as President of JDC in March 2021. Mr. Morgan was appointed as Chief Executive Officer of our parent, TXRH in Louisville, Kentucky in March 2021. He joined Texas Roadhouse in 1997, during which time he has held the positions of Managing Partner, Market Partner, Regional Market Partner, and President of TXRH.

#### **David “Christopher” Monroe – Treasurer of JDC and Chief Financial Officer of TXRH**

Mr. Monroe was appointed Treasurer of JDC in January 2024. He joined our parent TXRH in Louisville, Kentucky in June 2023 as Chief Financial Officer. Prior to joining Texas Roadhouse, Mr.

Monroe was employed by Southwest Airlines in Dallas, Texas where he served as Senior Vice President, Treasurer from April 2017 to June 2023. He has over 30 years of financial experience.

**Christopher C. Colson – Secretary of JDC and Chief Legal and Administrative Officer of TXRH**

Mr. Colson was appointed Secretary of JDC in June 2020. He joined Texas Roadhouse in 2005, during which time he has held the positions of General Counsel, Senior Counsel, Associate General Counsel, Executive Director of Global Development, and currently holds the position of Chief Legal and Administrative Officer with TXRH in Louisville, Kentucky. Mr. Colson has over 20 years of restaurant industry experience.

**Hugh J. Carroll – Vice President of JDC**

Mr. Carroll was appointed Vice President of JDC in January 2022, located in Louisville, Kentucky. Since joining Texas Roadhouse in August 2012, Mr. Carroll has served as Vice President of Global Development and was named President of International in August 2019 for TXRH.

**ITEM 3**

**LITIGATION**

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

**ITEM 4**

**BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5**

**INITIAL FEES**

**Initial Franchise Fee**

Franchisee will pay Franchisor an initial franchise fee of \$45,000 (the “Initial Franchise Fee”) upon execution of the Franchise Agreement.

**Development Fee**

If we enter into a Development Agreement with you, then you must pay us a development fee when the Development Agreement is signed. The development fee is an amount equal to \$10,000 times the number of Restaurants to be developed under the Development Agreement. When we enter into each Franchise Agreement, we may credit \$10,000 against the first installment of the initial franchise fee for the Restaurant. The development fee formula is uniform, but the actual amount of the development fee will vary depending on the number of Restaurants to be developed.

**Site Evaluation Fee**

We, or someone we select, will provide one on-site evaluation for your Restaurant at no charge, except payment or reimbursement of our (or our representative’s) reasonable expenses, which will be

limited to our actual out-of-pocket costs incurred in conducting the site evaluation/construction inspection. These costs will vary based on factors like where the Restaurant site is located and the duration of our visit. At your reasonable request or if we think it is necessary, we or someone we select will provide additional on-site evaluations. We may charge a fee (currently \$500) for each additional on-site evaluation in addition to our (or our representative's) reasonable expenses. Expenses may include the cost of travel, lodging and meals.

### **Construction Inspection Fee**

We, or someone we select, will inspect the progress of your Restaurant's construction. We will provide one on-site inspection visit at no charge, except payment of our reasonable expenses, which will be limited to our actual out-of-pocket costs incurred in conducting the site evaluation/construction inspection. These costs will vary based on factors like where the Restaurant site is located and the duration of our visit. If we determine that additional on-site inspections are necessary or you reasonably request additional on-site inspections, then you must pay us a construction inspection fee (currently \$500) plus our reasonable travel expenses before the time of the site visit.

### **Initial Training and Opening Crew Assistance**

Our current initial training fee is \$2,000 per person and must be paid before training begins. If this is your first Restaurant, we will not charge an initial training fee for your Operating Principal, Single Unit Operator, and up to two additional managers but reserve the right to do so if one of your affiliates has previously opened a Jagers Restaurant. We will charge an initial training fee to train any managerial personnel at your second or a succeeding Restaurant and to train any replacement or successor managerial personnel. You must pay any expenses you and your personnel incur during training, including expenses for travel, lodging, meals and wages. Further, you must pay for the training materials required for any additional training requested or required.

We provide a significant number of trained representatives to assist you on-site in opening your Restaurant. The number of representatives we send is in our sole and absolute discretion. You are responsible for all expenses incurred to provide opening crew assistance, including our representatives' hourly and overtime wages and costs of travel, lodging, meals, supplies and opening T-shirts. Current wage rates range from \$15-\$17 per hour (for trainers) to \$16-\$18 per hour (for coordinators). A per diem will also be paid at the rate of \$15 per day for trainers and \$20 per day for coordinators. You must also pay for training gifts. Example of training gifts may include pullovers, jackets, towels, hats, belt buckles, coolers or backpacks.

The cost of initial training and opening crew assistance ranges from approximately \$60,000 to \$150,000.

### **Marketing and Promotional Materials**

We may acquire from Holdings or develop and provide you with marketing and promotional materials, including television and radio commercials. We may also place advertisements and other marketing and promotional materials for you. You may purchase these materials from us at our acquisition or development cost and/or our placement costs plus a reasonable fee to cover our administrative and other related expenses. The cost of pre-opening and opening marketing materials ranges from approximately \$1,000 to \$5,000.

All initial fees are determined uniformly for similarly situated franchisees and are not refundable.

**ITEM 6**  
**OTHER FEES**

| <b>Type of Fee<sup>(1)</sup></b> | <b>Amount</b>                           | <b>Due Date</b>                                              | <b>Remarks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------|-----------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Royalty Fee                      | Currently, 5% of Royalty Sales (Note 2) | On the 10 <sup>th</sup> of the month for the preceding month | Royalty payments are withdrawn monthly by electronic funds transfer (EFT) from your designated bank account which must at all times contain funds sufficient to cover three months of Restaurant operating expenses.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Local Store Marketing            | Currently, 2% of Royalty Sales (Note 2) | Monthly                                                      | You must currently spend at least 2% of Royalty Sales each month on Local Store Marketing in your Assigned Area. We have the right to allocate and re-allocate the amounts required to be spent for Local Store Marketing and Brand Development Fund contributions between the two marketing categories, but your total required Local Store Marketing spend and Brand Development Fund contribution will not exceed 3.5% of Royalty Sales. If you fail to spend the required amount on Local Store Marketing, we may spend the deficient amount on your behalf in your Assigned Area in the manner we determine, and you must reimburse us for the amount we spend to ensure the minimum required Local Store Marketing expenditure is met. |
| Coop Marketing                   | Currently, none                         | NA                                                           | We have the right to establish local marketing cooperatives. If we establish a cooperative in your area, you must participate and contribute to the cooperative an amount equal to some or all the required Local Store Marketing spend. We will credit the amount you are required to contribute to the cooperative against your Local Store Marketing obligation. We may place the marketing material orders for you.                                                                                                                                                                                                                                                                                                                      |

| Type of Fee <sup>(1)</sup>        | Amount                                                                                                                                                                                | Due Date                                                     | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brand Development Fund            | Currently, 1.5% of Royalty Sales (Note 2)                                                                                                                                             | On the 10 <sup>th</sup> of the month for the preceding month | We plan to establish a Brand Development Fund to promote Jaggers Restaurants and the products and services they offer. Once established you will be required to make monthly contributions to the Brand Development Fund, payable at the same time and in the same manner as the Royalty Fee. We have the right to allocate and re-allocate the amounts required to be spent for Local Store Marketing and Brand Development Fund contributions between the two marketing categories, but your total required Local Store Marketing spend and Brand Development Fund contribution will not exceed 3.5% of Royalty Sales. |
| Marketing & Promotional Materials | Our cost of acquisition or development and/or placement, plus a reasonable fee to cover our administrative and other related expenses.                                                | When billed                                                  | We may acquire or develop and provide you with marketing and promotional materials to use in your Local Marketing. Currently, we expect to acquire from Holdings materials developed for use by the Company-owned Restaurants.                                                                                                                                                                                                                                                                                                                                                                                           |
| Interest                          | Lesser of 18% per annum or highest rate allowed by applicable law.                                                                                                                    | On demand                                                    | Interest may be charged on all overdue amounts.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Gift Card Sales Fee               | Currently, 8% of third-party redeemed gift cards. Maximum charge up to the actual cost of participating in our third-party gift card program.                                         | Monthly                                                      | This fee is to cover a portion of the amount that third-party retailers charge us for selling our gift cards in their stores. This fee is collected upon redemption of the gift card.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Certification/ Retraining Fees    | Wages (currently, \$16-\$18 per hour for coordinators and \$15-\$17 per hour for trainers), plus overtime wages and per diem for our representatives conducting the certification and | On certification                                             | We may approve you to provide certain Restaurant level training if the Restaurants you operate comply with our operational standards and your trainers meet our requirements. Before we approve you to provide training, we will conduct an evaluation of your Restaurants, which may include a food and beverage audit and training assessment and will certify those persons you have designated as trainers. Our approval                                                                                                                                                                                             |

| Type of Fee <sup>(1)</sup> | Amount                                                                                                                                                                                                                 | Due Date                            | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                            | retraining plus travel and lodging.                                                                                                                                                                                    |                                     | may be revoked at any time if we determine that your Restaurants do not continue to meet our operational standards or if your trainers do not continue to meet our training requirements. If we do approve you to provide training, we may also require you to have any person you train tested by us. If we determine that any such person has not been adequately trained, we may retrain that person and charge you a retraining fee. |
| Additional Training        | At our option, a reasonable fee that will be determined for each program based on our costs of creating the materials and providing the training, including our costs of providing instructors and training materials. | After additional training           | Additional training programs and seminar may include operational, administrative, POS and computer training. You must also pay all expenses you and your personnel incur at any training program, including the cost of travel, lodging, meals, and wages.                                                                                                                                                                               |
| Remedial Assistance        | Wages (currently, \$16-\$18 per hour for coordinators and \$15-\$17 per hour for trainers), plus overtime wages and per diem for our representatives providing on-site remedial assistance, plus travel and lodging.   | When billed                         | You must pay for remedial assistance if you request it or if we believe it is appropriate.                                                                                                                                                                                                                                                                                                                                               |
| Transfer Fee               | \$3,500 per Restaurant or any greater amount necessary to reimburse us for our reasonable costs and expenses associated with the transfer                                                                              | Submitted with transfer application | We do not charge a fee if an individual or partnership transfers their rights to an entity controlled by the same interest holders.<br><br>Payment of the fee is not a guarantee of consent.                                                                                                                                                                                                                                             |

| <b>Type of Fee<sup>(1)</sup></b> | <b>Amount</b>                                                                                                                                              | <b>Due Date</b>                        | <b>Remarks</b>                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Securities Offering Fee          | \$5,000 per Restaurant or any greater amount necessary to reimburse us for our reasonable costs and expenses in reviewing the proposed securities offering | When billed                            | <p>You may not conduct a public offering of your securities. You may offer your securities in a private offering with our consent. This fee covers our cost of reviewing your proposed offering materials. Our review is limited to the way the offering materials treat the subject of your and our relationship.</p> <p>Payment of the fee is not a guarantee of consent.</p> |
| Renewal Fee                      | The greater of 30% of our then-current franchise fee or \$15,000.                                                                                          | On signing renewal franchise agreement | Your renewal rights and obligations are described in Item 17.                                                                                                                                                                                                                                                                                                                   |
| Inspection and Testing           | Cost of inspection, if applicable, and cost of test                                                                                                        | When billed                            | If we have not previously approved a supplier you wish to use or if you wish to use or carry an item that we have not previously approved as meeting our specifications, you must apply for our consent and must pay the cost of any inspection and testing conducted under our supplier approval procedures.                                                                   |
| Indemnification                  | Varies                                                                                                                                                     | On demand                              | You must indemnify us when certain of your actions result in loss to us.                                                                                                                                                                                                                                                                                                        |
| Audit Fee                        | Cost of audit                                                                                                                                              | When billed                            | Payable only if we find that you have understated any amount owed to us by more than 2%.                                                                                                                                                                                                                                                                                        |
| Proprietary Software Fees        | Varies                                                                                                                                                     | When billed                            | If in the future we license any proprietary computer software to you, we may charge a reasonable license fee as well as a reasonable fee for upgrades, enhancements and replacements.                                                                                                                                                                                           |
| I.T. Tech and Support Fee        | \$1600/Month                                                                                                                                               | When billed                            | IT Help Desk support, software license fees, hardware warranties and hardware support                                                                                                                                                                                                                                                                                           |
| Insurance Fee                    | A reasonable amount based on our expenses                                                                                                                  | When billed                            | If you fail to maintain the required insurance, we may obtain it for you. If we do, we may charge you a fee, plus the cost of the insurance.                                                                                                                                                                                                                                    |
| Enforcement Fee                  | Our costs and attorneys fees                                                                                                                               | As incurred                            | Payable if you do not comply with your agreement.                                                                                                                                                                                                                                                                                                                               |

| <b>Type of Fee<sup>(1)</sup></b> | <b>Amount</b>                                                                                                                                                                    | <b>Due Date</b>                       | <b>Remarks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Liquidated Damages               | \$1,000 per violation for operational violations, \$250 per day of use of unauthorized products or services and \$200 per violation for financial and other reporting violations | 5 days following notice               | If you repeatedly violate our requirements in the Manuals, we may assess liquidated damages. We may also assess liquidated damages if your required financial or other required reports are more than 30 days past due. Our right to assess liquidated damages is not our only remedy and we may also pursue other remedies.                                                                                                                                                                    |
| Employment Fee                   | Employee's compensation for the 8 weeks immediately before their termination of employment with their former employer                                                            | Payable on employment of the employee | If you hire one of our managers or trainers, or a manager or trainer employed by one of our affiliates or franchisees, you must compensate the former employer. Consent to the employment of company managers or trainers can only be given by the Vice President of JDC and/or the Vice President of Legendary People. It is our policy that consent will be given only when an employee's replacement has been hired, trained, and put in the position. This process typically takes 56 days. |
| Inspection Fee                   | A reasonable fee based on our expenses                                                                                                                                           | On demand                             | If an inspection reveals deficiencies you fail to correct, we may (but need not) correct them for you and charge a fee for our expenses.                                                                                                                                                                                                                                                                                                                                                        |
| De-Identification Fee            | A reasonable fee based on our expenses                                                                                                                                           | On demand                             | If you fail to de-identify after the Franchise Agreement terminates or expires, we may make the necessary changes at your expense.                                                                                                                                                                                                                                                                                                                                                              |

**Notes:**

(1) Except as otherwise indicated in the preceding chart, all fees and expenses are imposed by us and are payable to us. The fees and expenses are non-refundable and may be subject to increases, but any increase for each fee will not exceed 10% of the previous year's fee. Increases may be based on changes in market conditions, the cost of providing services, and future policy changes.

(2) "Royalty Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Restaurant, whether for cash or credit and regardless of collection in the case of credit. Proceeds from the sale of coupons, gift cards, gift certificates or vouchers will not be included in Royalty Sales when the coupons, gift cards, gift certificates or vouchers are sold; rather, the retail price of services and products purchased with coupons, gift cards, gift certificates or vouchers will be included in Royalty Sales during the period in which the coupon, gift card, gift certificate or voucher is redeemed. You must include in Royalty Sales the proceeds related to coupons, gift cards, gift certificates, or vouchers sold or distributed by other Jaggers restaurants and honored by you in accordance with the Franchise Agreement. Royalty Sales does not include:

(a) Sums representing sales taxes collected directly from customers, based on present or future federal, state or local laws, that you collect in the operation of the Restaurant, and any other tax, excise or duty levied or assessed against you by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Restaurant, if the taxes are actually transmitted to the appropriate taxing authority;

(b) Tips or gratuities paid directly to your employees by customers or paid to you (in the form of a service charge or otherwise) and then turned over to by you to your employees in lieu of direct tips or gratuities;

(c) Returns to shippers or manufacturers;

(d) Proceeds from isolated sales of trade fixtures not constituting any part of the products and services offered for resale at the Restaurant or not having any material effect on the ongoing operation of the Restaurant;

(e) The value of goods or services, including any meals you reasonably provide to your employees as an incident to their employment, except to the extent you receive payment for the meals; and

(f) Any proceeds resulting from the sale of the Restaurant or your rights under the Franchise Agreement.

We may authorize other items to be excluded from Royalty Sales in our discretion. We may also revoke or withdraw an exclusion at any time in writing.

(3) With the exception of Royalty Fees, all other current fees in Item 6 are uniformly imposed and collected.

## ITEM 7

### **ESTIMATED INITIAL INVESTMENT**

#### **YOUR ESTIMATED INITIAL INVESTMENT (FRANCHISE AGREEMENT)**

| <b>Type of Expenditure</b>                                                                                                | <b>Amount<br/>Low – High</b> | <b>Method of<br/>Payment</b> | <b>When<br/>Due</b>                       | <b>To Whom<br/>Payment is Made</b> |
|---------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|-------------------------------------------|------------------------------------|
| Franchise Fee <sup>(1)</sup>                                                                                              | \$45,000                     | Lump Sum                     | Upon execution of the Franchise Agreement | Us                                 |
| Leasehold/Building Improvements (excluding land acquisition costs, site improvement costs and impact fees) <sup>(2)</sup> | \$1,500,000 to \$1,700,000   | As Arranged                  | As Invoiced                               | Landlord, Independent Contractors  |
| Architectural/Engineering/Site Evaluation <sup>(3)</sup>                                                                  | \$160,000 to \$175,000       | As Arranged                  | As Invoiced                               | Independent Contractors            |

| <b>Type of Expenditure</b>                                                   | <b>Amount<br/>Low – High</b>                                           | <b>Method of<br/>Payment</b> | <b>When<br/>Due</b>        | <b>To Whom<br/>Payment is Made</b> |
|------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------|----------------------------|------------------------------------|
| Builders Risk and OCP Insurance                                              | \$3,200 to \$8,000                                                     | As Arranged                  | As Invoiced                | Independent Carrier                |
| Performance Bonds <sup>(4)</sup>                                             | \$8,500 to \$22,500<br>(2% - 2 ½ % of Leasehold/Building Improvements) | As Arranged                  | Start of Construction      | Independent Carrier                |
| Furniture, Decor & Fixtures <sup>(5)</sup>                                   | \$70,000 to \$130,000                                                  | Lump Sum or Negotiable       | As Invoiced                | Vendors                            |
| Equipment <sup>(6)</sup>                                                     | \$680,000 to \$750,000                                                 | Lump Sum or Negotiable       | As Invoiced                | Vendors                            |
| Signs <sup>(7)</sup>                                                         | \$115,000 to \$250,000                                                 | Lump Sum or Negotiable       | As Invoiced                | Vendors                            |
| Insurance <sup>(8)</sup>                                                     | \$60,000 to \$140,000                                                  | As Arranged                  | As Invoiced                | Independent Carrier                |
| Initial Inventory <sup>(9)</sup>                                             | \$22,000 to \$35,000                                                   | As Arranged                  | As Invoiced                | Vendors                            |
| Supplies <sup>(10)</sup>                                                     | \$10,000 to \$20,000                                                   | Lump Sum or Negotiable       | Vendor's Terms/As Incurred | Vendors                            |
| Smallwares <sup>(11)</sup>                                                   | \$20,000 to \$25,000                                                   | Lump Sum or Negotiable       | Vendor's Terms/As Incurred | Vendors                            |
| Computer Hardware/ Software; POS System/Network Cabling Fees <sup>(12)</sup> | \$250,000 to \$315,000                                                 | Lump Sum or Negotiable       | Vendor's Terms/As Incurred | Vendors                            |
| Marketing and Promotional Materials <sup>(13)</sup>                          | \$1,000 to \$5,000                                                     | Cash                         | As Incurred                | Vendors, Us, or Holdings           |
| Training Costs/ Opening Assistance <sup>(14)</sup>                           | \$60,000 to \$150,000                                                  | As Arranged                  | As Incurred                | Vendors, Your Employees, and/or Us |
| Licenses, Permits, Incorporation <sup>(15)</sup>                             | \$25,000 to \$50,000                                                   | Cash                         | As Incurred                | Various Agencies                   |
| Utility and Telephone Deposits <sup>(16)</sup>                               | \$5,000 to \$50,000                                                    | Cash                         | As Incurred                | Landlord, Utilities, Telephone     |
| Other Pre-opening Costs Not Listed Above <sup>(17)</sup>                     | \$60,000 to \$116,000                                                  | As Arranged                  | As Incurred                | Your Employees and Various Vendors |
| Additional Funds (3 months) <sup>(18)</sup>                                  | \$180,000 to \$250,000                                                 | As Arranged                  | As Incurred                | Your Employees and Various Vendors |

| Type of Expenditure           | Amount<br>Low – High                   | Method of<br>Payment | When<br>Due | To Whom<br>Payment is Made |
|-------------------------------|----------------------------------------|----------------------|-------------|----------------------------|
| <b>TOTALS</b> <sup>(19)</sup> | \$3,274,700.00<br>to<br>\$4,236,500.00 |                      |             |                            |

**YOUR ESTIMATED INITIAL INVESTMENT**  
**(DEVELOPMENT AGREEMENT)**

| Type of Expenditure                                     | Amount<br>Low – High                   | Method of<br>Payment                                                                                                                                                                                                                                           | When<br>Due                                             | To Whom<br>Payment is Made |
|---------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------|
| Development Fee <sup>(20)</sup>                         | \$10,000                               | Lump Sum                                                                                                                                                                                                                                                       | Upon<br>execution of<br>the<br>Development<br>Agreement | Us                         |
| Initial Investment to Open<br>Initial Jagers Restaurant | \$3,274,700.00<br>to<br>\$4,236,500.00 | See above chart contained in this Item 7.                                                                                                                                                                                                                      |                                                         |                            |
| <b>TOTALS</b> <sup>(21)</sup>                           | \$3,284,700.00<br>to<br>\$4,246,500.00 | This is the total estimated initial investment to enter into a Development Agreement for the right to own and develop one Jagers Restaurant, as well as the cost to open and commence operations of your initial Jagers Restaurant for the first three months. |                                                         |                            |

**Notes:**

(1) You must pay us an initial franchise fee of \$45,000 upon execution of your Franchise Agreement. The initial franchise fee is not refundable.

(2) The typical Jagers Restaurant contains approximately 3,100 to 4,000 square feet. Restaurants are commercially zoned and may be freestanding or located in shopping centers. The cost of leasehold improvements will be affected by various factors like the location of the Restaurant and local market conditions. The estimates assume that the landlord will provide connections to adequate electrical, gas, water and sewage service. They do not include any allowance for landlord contributions to leasehold improvements. If your landlord contributes to the cost of finish-out, total leasehold improvement costs will be reduced. These figures are our best estimate based on rates that we have experienced and recent new project bids. These estimates may vary substantially based on your ability to negotiate with your landlord or general contractor, as well as on local commercial leasing and labor rates, the availability and prices of materials, and other local conditions.

These amounts do not include the following: (a) the cost of acquiring land, which varies widely across different parts of the country; you should contact a real estate professional such as a broker or

appraiser to determine local costs of land; (b) the cost of site improvements, which vary widely according to specific site conditions and local requirements; you should contact a contractor or engineer for these costs once you have identified a site for a Restaurant; and (c) impact fees which may be assessed by local governing authorities; you should contact the local municipality for these costs once you have identified a site for a restaurant.

(3) These amounts include the cost of a mandatory Phase I environmental audit. We will provide to you, without charge, our floor plan and the Jagers brand standard construction guidelines for a prototypical Restaurant (together, the “Preliminary Design Specifications”). You must obtain architectural, engineering, and design services from an architectural design firm that we approve to adapt your Restaurant premises to our standards and specifications. The estimate above includes costs of obtaining architectural and design services necessary for the construction of the Restaurant.

(4) These amounts are for a performance bond on building improvements only, although the actual performance bond will also cover the cost of site development.

(5) These amounts include the cost of the furniture, televisions, blinds, fixtures and decor items required for the Restaurant.

(6) This includes kitchen and bar equipment, sound system and coolers, freezers, hoods, safe, water heater, grease guard, and fire alarm system.

(7) These amounts represent your cost for interior and exterior signage, menu boards, menu panels, logo and descriptive signs. The cost of signage may vary significantly depending on the location of the Restaurant and market conditions.

(8) You must obtain the insurance coverage described in the Franchise Agreement. Your cost of insurance may vary depending on several factors like the insurer, the location of the Restaurant, the value of the equipment and improvements, and your claims history.

(9) We estimate that this amount will cover inventory needs for food, beverages and condiments for approximately the first two weeks of operations (which includes the training week and first week open to the public).

(10) We estimate that this amount will cover the cost of your stationery, business cards and paper goods for approximately the first month of operation.

(11) This amount includes your initial order of pans, utensils and dishes.

(12) We require that you use the point-of-sale and online ordering systems we specify, have high speed internet access with redundant connections from two providers or cellular backup, and an email account to receive communications from us. You will need to use the Holdings specified point of sale system (POS) and modules, apps, loyalty networks, payment systems, kitchen management systems, and front-of-house order entry terminals. The database for the POS system will be created and administered by the IT Help Desk, in line with the company-wide database. Additionally, you must have a Holdings provided back-office manager computer for all applications outside of the POS system.

(13) These amounts include your cost of pre-opening marketing and promotional materials. We may develop or acquire, and provide you with, proofs for marketing and promotional materials developed for use by us or our affiliates, which you will use to procure marketing and promotional materials from third parties. In connection with national promotions only, we or our affiliates will provide you with marketing and promotional materials (creative and printing), at cost plus a reasonable percentage markup

to cover administrative expenses. We must approve all marketing items, methods, and media you use, including all proposed coupon offers.

(14) We provide initial training for your Operating Principal, Single Unit Operator, and up to two additional managers of your first Restaurant at no additional charge but have the right to charge a fee if one of your affiliates has previously established a Jagers Restaurant. This chart assumes the Restaurant is your first and that you have no affiliate whose operations would entitle us to charge a fee for initial training. Therefore, these estimates are for the expenses you or your employees incur in the initial training program, like travel, lodging, meals and wages. These costs will vary depending upon your selection of salary levels, lodging and dining facilities, mode and distance of transportation. These estimates also include the travel costs and expenses of the opening support team members for which you are responsible and the daily fee (in an amount equal to their wages and meal expenses) for all members of the opening team in excess of one.

(15) This estimate includes environmental impact fees. You must obtain permits like the following: food service permit, health permit, sales tax permit, building permit, sign permit, and certificate of occupancy permit. The exact type and cost of these permits will likely vary from city to city.

(16) These amounts include the estimated cost of your utility and telephone deposits.

(17) These amounts include the estimated cost of salaries for kitchen and service employees and the related taxes and insurance, supplies for cleaning and safety, uniforms, utilities, miscellaneous out of pocket items, employee relocation, outside services, professional fees, recruiting fees and laundry services. Also included are costs for occupancy expense, if applicable.

(18) You will need additional funds to operate your Restaurant during the start-up phase. We have provided estimates of cash reserves (excluding post opening operating deficits, if any) needed for your security deposit and Working Capital, food, beverage and labor costs (including salaries for management and hourly employees and bonuses for management employees), and expenses for utilities, supplies, outside services, uniforms, marketing materials, occupancy expense, credit card charges, e-check processing fees, equipment rent, general liability insurance and professional fees during the start-up phase. These amounts do not include any estimates for debt service or living expenses if you are not the Single Unit Operator. We estimate the start-up phase to be three months from the date the Restaurant opens for business. You must pay the royalty, marketing and other related fees described in Item 6 of this Disclosure Document. These figures are estimates, and we cannot assure you that you will not have additional expenses starting the Restaurant. You should calculate your estimated expenses for these items based on the anticipated costs in your market and consider whether you will need additional cash reserves.

(19) We relied on our experience and that of Holdings to compile these estimates.

(20) The Development Fee for one Restaurant is \$10,000. If we enter into a Development Agreement with you, you will prepay \$10,000 of the initial franchise fee for each Restaurant to be developed as a development fee when the Development Agreement is signed. Each time you sign a Franchise Agreement, we may credit the \$10,000 you prepaid against the first installment of the initial franchise fee for that Restaurant. The Development Fee is not refundable.

(21) Please note that the Totals set forth in this row do not reflect the \$10,000 Development Fee that we may credit towards the Initial Franchise Fee for the first Restaurant.

Except as specifically stated above, none of the amounts stated above are refundable. Neither we nor any of our affiliates offer any financing for your initial franchise fee or any portion of your initial investment. (See Item 10).

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You are not currently required to purchase or lease the goods or services needed to establish and operate your Restaurant from us or our affiliates; however, you must purchase or lease certain goods and services according to our specifications and from suppliers approved by us. We or our affiliates are currently approved suppliers of help desk and hardware support and for no other goods or services.

#### **Required Purchases**

##### **Special Recipe and Proprietary Products**

We have acquired from Texas Roadhouse Delaware the right to use certain products that are prepared from highly confidential secret recipes. These products include various seasonings, mixes and sauces. You must purchase all of your requirements for these items and other proprietary items we may designate in the future from us or a supplier we designate. Currently, we have designated several unaffiliated manufacturers and/or distributors who supply these products to Jagers Restaurants.

##### **Proprietary Software**

If in the future we develop or acquire any proprietary software for use in Jagers Restaurants (the “Proprietary Software”), then we may require you to license the Proprietary Software from us or a supplier we designate. If we do, we may charge a reasonable license fee and a reasonable amount for upgrades, replacements, or enhancements.

#### **Purchases According to Specifications and/or from Approved Suppliers**

In addition to the purchases described above, you must purchase or lease certain items and services based on our specifications and/or from suppliers we approve, which may include us or our affiliates.

##### **Food and Beverage Items**

Except for the special recipe and proprietary products provided by our designated suppliers, you must obtain all food and beverage items, including ingredients, solely from suppliers we approve as demonstrating, to our continuing reasonable satisfaction, the ability to meet our then-current standards.

##### **Equipment, Furniture, Fixtures, and Related Items**

You must purchase or lease and install at the Restaurant all fixtures, furnishings, equipment, decor items, signs, and related items that we require. If you lease any of the described property from a third party, we must approve the lease in writing before it is signed. We may not approve the lease unless it allows you to assign your interest to us or one of our affiliates if the Franchise Agreement terminates or expires or if we acquire your interest under Section 17 of the Franchise Agreement and prohibits the lessor from imposing an assignment or related fee. You cannot install or have installed on the Restaurant premises any games, vending machines or other items that we have not first approved as meeting our standards and specifications.

##### **Point of Sale and Computer Systems**

You must use only the software and hardware we require for your point of sale (“POS”), kitchen (“Kitchen”) and back office (“BOH”) systems and must obtain them from the approved suppliers. You must install and maintain all computer hardware and software in compliance with our procedures specified in the Manuals or otherwise in writing. Among other things, you must purchase a support agreement for each piece of software and keep all original software licenses (Operating System, POS, BOH, Host System, MS Office, Virus Detection, and e-mail client) on-site, in a safe place, and readily available at all times. You must use our approved vendors (which include us or our affiliates) for help desk and hardware support.

You must use our approved supplier to install a private, high-speed network for Internet access (including data transmission, credit card and gift card processing) and must obtain and maintain Internet access with e-mail capability. Redundant connections (two different providers) are required. We may use a cellular connection as secondary if two landline providers are not available.

You must obtain any equipment necessary to participate in our electronic gift card program from suppliers we approve and must process all gift cards and credit cards through our approved suppliers.

Due to frequent technological advances, we may require changes to your POS, Online Ordering, Kitchen and BOH systems, as well as other information technology systems. Any such changes will be at your expense. There are no limitations on the frequency and cost of upgrades and/or updates that we may require you to make to your information technology systems and programs.

### **Catering, Delivery and On-Line or Telephone Orders**

You must comply with our specifications for off-site catering, delivery and on-line or telephone orders and must participate, at your expense, in any programs we may require for these services. You may use only those third-party delivery services we approve.

### **Marketing and Trademarked Materials**

For national promotions, we or Holdings may offer you marketing and promotional materials at the cost of production (including creative cost), plus a reasonable percentage to cover our administrative expenses.

You must purchase promotional materials incorporating our Marks and items identifying the Jagers System (like T-shirts, hats, mugs, sweatshirts, and pre-packaged food products) only from approved suppliers and only in accordance with our specifications and designs or with our prior approval.

All use of the Marks on any merchandise or materials (including marketing and promotional materials, signs, decorations, paper goods, menus, forms, and other items) must be pre-approved by us, and the Marks must be presented in the form, color, location, and manner we require. All marketing and promotional activities in any medium must be conducted in a dignified manner and all such activities and the marketing and promotional materials you use (including all television, radio, billboard, newsprint, direct mail, and internet marketing and web pages) must conform to our standards and requirements in the Manuals and our other writings. You must get our approval before you use any marketing and promotional materials and plans, and before you extend any coupon offers, if we have not prepared them or approved them during the 12-month period before you propose to use them.

You may not post, create branded handles or pages, or list information relating to the Restaurant on Facebook, Twitter, TikTok, Instagram, LinkedIn, or on any other social media site without our prior written consent. You must comply with any social media policy for franchisees we may adopt, and we may change any such policy at any time.

Franchisees may purchase minor interior decor items, memorabilia, opening trailer packages, and other similar items through third party vendors under arrangements that we or Holdings may offer to you, in order to secure special pricing or delivery terms. All items would be provided at cost plus a markup on certain items to cover third party administrative charges paid by us or Holdings. Shipping charges would be passed through at cost.

### **Music**

You must obtain, at your expense, copyright licenses for the recorded music we require you to play in the Restaurant from suppliers we approve.

### **Site Selection and Construction**

You must locate a site for the Restaurant that satisfies our site selection guidelines, obtain our written approval of the site before you acquire it, and obtain our consent to any contract of sale or lease for the Restaurant premises before you sign it. As a condition to our consent, you and the landlord must include terms substantially similar to the terms and conditions in the Lease Terms attached as an exhibit to the Franchise Agreement.

### **Insurance**

In addition to any insurance required under your lease for the Restaurant site or by the state and/or locality in which the Restaurant is located, you must obtain and maintain the following minimum insurance coverages required under the terms of the Franchise Agreement. We may change the types of insurance and coverage amounts you are required to obtain in our sole discretion.

| <b>Type</b>                            | <b>Amount</b>                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Commercial General Liability Insurance | Single limit - \$1,000,000 for Bodily Injury/Property Damage<br>Per Occurrence/\$2,000,000 Aggregate                                                                                                                                                                                                                                                                                                                                         |
| Employee Benefits Liability            | Minimum - \$300,000<br>Per Occurrence/\$300,000 Aggregate                                                                                                                                                                                                                                                                                                                                                                                    |
| Property Insurance                     | Amount adequate to cover any co-insurance deficiency                                                                                                                                                                                                                                                                                                                                                                                         |
| Umbrella Liability Insurance           | \$10,000,000 for employer's liability<br>\$10,000,000 over basic Comp./GL<br>\$10,000,000 - Products/Completed Operations Aggregate<br>Four or more common-owned Restaurants covered by the same policy: General Aggregate coverage shall be increased by \$1,000,000 for each Restaurant.<br>Eight or more common-owned Restaurants covered by the same policy: General Aggregate coverage shall be increased to a minimum of \$15,000,000. |
| Automobile Liability                   | Automobile Liability, including Non-owned and Hired Auto Liability, with a combined single limit of \$1,000,000 for Bodily Injury and Property Damage for any one accident                                                                                                                                                                                                                                                                   |
| Employment Practices Liability         | One to three common-owned Restaurants covered by the same policy: \$1,000,000 per claim and aggregate (i.e., third party discrimination)<br>Four or more common-owned Restaurants covered by the same policy: \$2,000,000 per claim and aggregate third party (i.e., guest discrimination)                                                                                                                                                   |

| Type                            | Amount                                                                                                                                                                                                                           |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                 | All EPL Policies must include 3 <sup>rd</sup> party coverage. The term “common-owned” means all restaurants owned by you and your Affiliates.                                                                                    |
| Business Income Coverage        | Amount sufficient to reimburse Franchisee for all direct and indirect loss of income and charges and costs arising out of all named perils insured against by Franchisee’s policies of property insurance for at least 180 days. |
| Workers’ Compensation Insurance | Amounts provided by applicable laws                                                                                                                                                                                              |
| Cyber Coverage                  | Single limit - \$1,000,000                                                                                                                                                                                                       |

All insurance must be placed with an insurance company with a minimum financial size category of VI, and a current policyholder minimum rating of “A-” as assigned by A.M. Best & Co., Inc. All policies, except Workers’ Compensation, must name us, Holdings, TXRH, and our and their parents, affiliates, successors and assigns, their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, and employees of each of them as additional insureds and must include a waiver of subrogation in favor of all parties.

### **Supplier Approval Procedure**

If we have approved suppliers for any item or service, you must obtain that item or service from our approved suppliers. Our criteria for supplier approval may be found in the Manuals. In general, suppliers must demonstrate, to our continuing reasonable satisfaction, their ability to meet our standards and specifications published in the Manuals and other written materials and that they have in place adequate quality controls and the capacity to supply your needs promptly and reliably over an extended period of time. If you wish to purchase, lease, or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We have to approve any supplier in writing before you make any purchases from that supplier. We may require that our representatives be permitted to inspect the supplier’s facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. You or the supplier must pay the cost of the inspection and the actual cost of the test. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. However, we will notify you within 30 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier.

We may change the number of approved or designated suppliers at any time and may designate ourselves, our affiliate, or a third party as the exclusive source for any particular item. We may profit from your purchases from approved or designated suppliers, and we and/or our affiliates may receive payments, fees, commissions, or reimbursements from approved or designated suppliers in respect of your purchases.

Even if we do not require you to use an approved supplier, we may give you information about suppliers we have used. For example, upon request, we may give you a list of the architects and engineers our affiliates currently use in the construction and remodeling of company-owned Restaurants, but in giving you this list, we are not promising or guaranteeing that their services will be the best for you.

None of our officers own any interest in any of our suppliers other than by virtue of ownership in our publicly traded parent company, TXRH, which wholly owns us and Holdings.

## **Purchasing Arrangements**

Currently, there are no purchasing or distribution cooperatives. We and our affiliate, Holdings, negotiate purchase arrangements, including price terms, with certain suppliers on behalf of the System. In doing so, we seek to promote the overall interests of the franchise network and our interests as the franchisor, by, among other things, managing pricing on high volume products.

Our affiliates will or may derive revenue from certain of your purchases with suppliers that were approved or designated by us. Holdings sometimes negotiates purchasing and procurement arrangements with suppliers that provide for the payment of rebates to Holdings and/or other of our affiliates based on the volume of purchases by all Restaurants from participating suppliers. During the 2024 fiscal year, these rebates totaled \$431,800 for Jagers Restaurants. Holdings credited the rebates it received in 2024 to the expense accounts of company-owned or franchised Restaurants in proportion to each Restaurant's purchases from the supplier who furnished a rebate.

We estimate that approximately 90% to 95% of your expenditures for leases and purchases (exclusive of land acquisition, lease, and development costs) in establishing and operating your Restaurant on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which must meet our standards or specifications).

When deciding whether to grant new franchises, we consider many factors, including compliance with the requirements described in this Item 8.

## **ITEM 9**

### **FRANCHISEE'S OBLIGATIONS**

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

Key:

FA - Franchise Agreement

DA - Development Agreement

|    | <b>Obligation</b>                                   | <b>Section in Agreement</b>                    | <b>Item in Disclosure Document</b> |
|----|-----------------------------------------------------|------------------------------------------------|------------------------------------|
| a. | Site selection and acquisition/lease                | FA Section 2<br>DA Section 5.1                 | Items 7 and 11                     |
| b. | Pre-opening purchases/leases                        | FA Sections 2.3 and 2.4                        | Items 5, 6, 7, 8 and 11            |
| c. | Site development and other pre-opening requirements | FA Section 2                                   | Items 5, 6, 7, 8 and 11            |
| d. | Initial and ongoing training                        | FA Section 6.7<br>DA Section 5.1               | Items 5, 6, 7 and 11               |
| e. | Opening                                             | FA Section 2                                   | Items 7 and 11                     |
| f. | Fees                                                | FA Sections 4 and 8<br>DA Sections 2 and 3.1.1 | Items 5 and 6                      |

|     | <b>Obligation</b>                                   | <b>Section in Agreement</b>                                                   | <b>Item in Disclosure Document</b> |
|-----|-----------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------|
| g.  | Compliance with standards and policies/Manuals      | FA Sections 2, 3, 6, 7, 8, 9, 10, 11 and 12<br>DA Sections 3.1.2.1 and 6.3    | Items 8, 11, 14 and 16             |
| h.  | Trademarks and proprietary information              | FA Sections 9 and 10; Exhibit F<br>DA Sections 1.2, 6.3, 8.2, 10and Exhibit E | Items 11, 13, 14 and 15            |
| i.  | Restrictions on products/services offered           | FA Section 7<br>DA Section 1.3.3                                              | Items 8 and 16                     |
| j.  | Warranty and customer service requirements          | FA Section 7                                                                  | Items 8 and 16                     |
| k.  | Territorial development and sales quotas            | DA Sections 1 and 3                                                           | Item 12                            |
| l.  | Ongoing product/service purchases                   | FA Section 7                                                                  | Items 6 and 8                      |
| m.  | Maintenance, appearance and remodeling requirements | FA Sections 2, 3, 7 and 14<br>DA Section 5.1.3                                | Items 8 and 11                     |
| n.  | Insurance                                           | FA Section 12                                                                 | Items 7 and 8                      |
| o.  | Advertising                                         | FA Section 8                                                                  | Items 5, 6, 8 and 11               |
| p.  | Indemnification                                     | FA Section 15<br>DA Section 11.2                                              | Item 6                             |
| q.  | Owner's participation/management/staffing           | FA Sections 6 and 14<br>DA Sections 6.3 and 6.4                               | Items 1, 11 and 15                 |
| r.  | Records and reports                                 | FA Sections 4, 7 and 11<br>DA Section 6.2                                     | Item 6                             |
| s.  | Inspections and audits                              | FA Sections 2, 7 and 11                                                       | Items 6, 8 and 11                  |
| t.  | Transfer                                            | FA Section 14.2 through 14.8<br>DA Sections 9.2 through 9.9                   | Items 6 and 17                     |
| u.  | Renewal or Extension of Rights                      | FA Section 3                                                                  | Items 6 and 17                     |
| v.  | Post-termination obligations                        | FA Section 18<br>DA Section 8                                                 | Items 6 and 17                     |
| w.  | Noncompetition covenants                            | FA Section 10 and Exhibit F<br>DA Section 10.3 and Exhibit E                  | Item 17                            |
| x.  | Dispute resolution                                  | FA Section 19<br>DA Section 17                                                | Item 17                            |
| y.  | Other: Privacy                                      | FA Section 6.12 and 11.6 and Exhibit "F"<br>(Data Processing Agreement)       | Item 11                            |
| z.  | Other: Purchase Option                              | FA Section 14                                                                 | Items 1 and 17                     |
| aa. | Other: Loyalty Programs                             | FA Section 6.14                                                               | Item 16                            |
| bb. | Other: Notice of Legal Action                       | FA Section 15.6                                                               | N/A                                |

## **ITEM 10**

### **FINANCING**

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

## **ITEM 11**

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

#### **Pre-Opening Obligations:**

Before you open your Restaurant, we will:

1. Give you our written site selection guidelines and the site selection assistance we deem advisable. (Franchise Agreement, Section 2.1; Development Agreement, Sections 5.1 and 5.2);
2. Provide the on-site evaluations we believe are necessary for site approval. (Franchise Agreement, Section 2.1);
3. Provide the design specifications for the Restaurant. You must adapt these plans at your expense for construction or remodeling of the Restaurant or prepare architectural and design plans for the Restaurant that meet our specifications. (Franchise Agreement, Section 2.3; Development Agreement, Section 5.1.3);
4. Provide you access to the Manuals, the current table of contents of which is attached as Exhibit C. The total number of pages in the Operating Manual is 176 pages. We may revise the contents of the Manuals at any time. (Franchise Agreement, Section 5.4; Development Agreement, Section 5.2);
5. At our discretion, provide to you for a reasonable amount marketing and promotional materials we acquire or develop for Local Store Marketing. We also have the right to review and approve all marketing and promotional materials that you propose to use. (Franchise Agreement, Section 5.5);
6. At our discretion, provide advice and written materials concerning techniques of managing and operating Jagers Restaurant from time to time developed by us. (Franchise Agreement, Section 5.3; Development Agreement, Sections 5.3 and 5.4);
7. At our discretion, make available to you at a reasonable cost for resale to your customers certain merchandise identifying the System, like pre-packaged food products and Jagers memorabilia you. (Franchise Agreement, Section 5.6);
8. Provide you a list of approved and designated suppliers. We do not currently direct, deliver or install items. We do not provide direct, deliver or install equipment, signs, fixtures, opening inventory and supplies. (Franchise Agreement, Section 7.4 and Exhibit A, Definition of Approved Supplier);
9. Provide an initial orientation program for your Operating Principal and an initial training program for your Single Unit Operator and assistant managers. (Franchise Agreement, Sections 5.1 and 6.7; Development Agreement, Section 5.1); and

10. Provide on-site opening assistance. (Franchise Agreement, Sections 5.2.; Development Agreement, Section 5.1).

**Post-Opening Obligations:**

During the operation of your Restaurant, we will:

1. Give you advice and written materials on the techniques of managing and operating the Restaurant. (Franchise Agreement, Section 5.3; Development Agreement, Sections 5.3 and 5.4);

2. At our discretion, make available to you at a reasonable cost for resale to your customers certain merchandise identifying the System, like pre-packaged food products and Jagers memorabilia. (Franchise Agreement, Section 5.6);

3. Provide to you updated lists of approved and designated suppliers as we deem appropriate. (Franchise Agreement, Section 7.4 and Exhibit A, Definition of Approved Supplier);

4. Provide additional training programs, seminars, meetings and other related activities which we may require your personnel to attend. (Franchise Agreement, Section 5.2 and 6.7);

5. At your reasonable request or as we determine to be appropriate, provide certain on-site remedial training for your Restaurant personnel. (Franchise Agreement, Section 6.7);

6. Provide marketing and promotional materials we develop for Local Store Marketing at a reasonable cost to you. (Franchise Agreement, Section 5.5);

7. Administer advertising and promotional programs and the Brand Development Fund and review local advertising materials. (Franchise Agreement, Section 8.2 through 8.6);

8. In our discretion, provide design services for a fee. (Franchise Agreement, Section 8.7);

9. Continue to provide access to the Manuals, which we may revise. (Franchise Agreement, Section 10.1; Development Agreement, Section 5.2); and

10. At our discretion and following your request or if we determine that additional supervision or assistance is needed, provide you with additional trained representatives on-site in your territory for additional, temporary support, with you being responsible for all salary, wages, travel, meals, and lodging expenses for such temporary support staff. (Development Agreement, Section 5.4).

**Site Selection and Typical Length of Time Before Opening**

You must select a site for the Restaurant that meets our site selection guidelines and must submit the proposed site to us for approval. We will provide you with information containing our written site selection guidelines and any other site selection counseling and assistance that we think is advisable. You must evaluate the demographics of the market area (including the population and income level of residents in the market area), and the size and other physical attributes of the location (including building height, pole sign and building sign requirements), proximity to residential neighborhoods and proximity to shopping centers, entertainment facilities and other businesses that attract consumers and generate traffic. You may also have to conduct aerial photography or secure aerial photographs.

We may also conduct an on-site evaluation of your proposed site. Factors we consider when evaluating your proposed site include the following, among others: demographics: population, median income, median age, median home value, visibility of a highway interchange, traffic, competitors, and

neighboring anchor tenants. Before we make any on-site evaluation, you must give us a description of the site, including evidence that the site satisfies our site selection guidelines, and all other information and materials that we may reasonably require, such as a letter of intent or other evidence that confirms your favorable prospects for obtaining the site and demographic profile information, including population, income levels and traffic counts within a trade area we designate (such as a 5 or 10-mile radius or any another size area we may require). You must give us this information no later than 60 days after the effective date of the Franchise Agreement. We will have 30 days after we receive this information to consent or not consent to your proposed site as the location for the Restaurant. If we do not consent to your proposed site, we are not responsible for any costs you may have incurred prior to our decision.

You must purchase or lease the site for the Restaurant, at your expense, within 90 days after we consent to the site. At least 10 business days before the proposed signing date, you must submit to us for review and obtain our consent to any contract of sale or lease for the site before you sign it.

We estimate that it will be approximately 9 to 12 months from the time you sign the Franchise Agreement to the time the Restaurant begins operations. This time may be shorter or longer depending on the time needed to obtain an approved site; to obtain financing; to obtain the permits and licenses; to complete construction or remodeling; and other relevant factors. You must open the Restaurant and begin business within 240 days after the effective date of the Franchise Agreement unless we give you a written extension. Before opening the Restaurant, your Operating Principal, Single Unit Operator and up to two additional managers must have completed the initial training described below.

Your failure to locate and acquire a site for the Restaurant that we approve, train your management team and open the Restaurant for business within the time and in the manner required is a material default under the Franchise Agreement for which you may be terminated. Your failure to open Jaggers Restaurants in the Development Area within the timeframes set forth in your Development Schedule is a material default under the Development Agreement for which you may be terminated. The site selection procedures and requirements, including our approval or disapproval of sites that you propose, are as set forth and governed by the terms of the Franchise Agreement. For Restaurants developed under a Development Agreement, you must adhere to the then-current site selection procedures and requirements as set forth in the then-current Franchise Agreement, and the sites proposed by you must meet our then-current site selection guidelines.

### **Pricing**

You have the sole responsibility for establishing your prices; *provided, however*, that (i) we reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices that you may charge for products or services; and (ii) you will not enter into any agreement, arrangement, or concerted practice with any other person whatsoever, in violation of any applicable law.

### **Training**

Your Operating Principal must complete our initial orientation program to our satisfaction. The initial orientation program is offered as needed and the training materials include the Manuals as well as videos, workbooks, development books and study guides.

## TRAINING PROGRAM

### *Initial Orientation Program <sup>(1)</sup>*

| <b>Subject</b>       | <b>Hours of Classroom Training</b> | <b>Hours of On-The-Job Training</b> | <b>Location</b>                                                                   |
|----------------------|------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------|
| Orientation          | 6                                  | 2                                   | Jagers Training Store, Louisville, Kentucky or other location(s) designated by us |
| Position Training    | 15                                 | 215                                 | Jagers Training Store, Louisville, Kentucky or other location(s) designated by us |
| Managerial Functions | 5                                  | 35                                  | Jagers Training Store, Louisville, Kentucky or other location(s) designated by us |
| Operations           | 10                                 | 60                                  | Jagers Training Store, Louisville, Kentucky or other location(s) designated by us |
| Validations          | 3                                  | 10                                  | Jagers Training Store, Louisville, Kentucky or other location(s) designated by us |

### *Initial Training Program <sup>(2)</sup>*

| <b>Subject</b> | <b>Hours of Classroom</b> | <b>Days On-The-Job Training</b> | <b>Training Hours per Day</b> | <b>Location</b>                                                                                       |
|----------------|---------------------------|---------------------------------|-------------------------------|-------------------------------------------------------------------------------------------------------|
| Prep           | 2                         | 4                               | 7                             | Restaurant operated by one of our affiliates in Louisville, Kentucky or at another location we select |
| Salad          | 2                         | 2                               | 7-8                           | Restaurant operated by one of our affiliates in Louisville, Kentucky or at another location we select |
| Fry            | 2                         | 3                               | 7-8                           | Restaurant operated by one of our affiliates in Louisville, Kentucky or at another location we select |
| KM/MOD         | 2                         | 15                              | 9-10                          | Restaurant operated by one of our affiliates in Louisville, Kentucky or at another location we select |

| Subject            | Hours of Classroom | Days On-The-Job Training | Training Hours per Day | Location                                                                                              |
|--------------------|--------------------|--------------------------|------------------------|-------------------------------------------------------------------------------------------------------|
| Grill              | 2                  | 3                        | 7-8                    | Restaurant operated by one of our affiliates in Louisville, Kentucky or at another location we select |
| Make               | 2                  | 5                        | 7-8                    | Restaurant operated by one of our affiliates in Louisville, Kentucky or at another location we select |
| Counter Service    | 3                  | 2                        | 7-8                    | Restaurant operated by one of our affiliates in Louisville, Kentucky or at another location we select |
| Drive Thru Service | 2                  | 2                        | 7-8                    | Restaurant operated by one of our affiliates in Louisville, Kentucky or at another location we select |
| Expo               | 3                  | 4                        | 6-7                    | Restaurant operated by one of our affiliates in Louisville, Kentucky or at another location we select |
| SA                 | 2                  | 2                        | 5-6                    | Restaurant operated by one of our affiliates in Louisville, Kentucky or at another location we select |
| DMO/DMO Prep       | 2                  | 2                        | 7-8                    | Restaurant operated by one of our affiliates in Louisville, Kentucky or at another location we select |
| Total              | 24 hours           | 44 days                  |                        |                                                                                                       |

**Notes:**

(1) Your Single Unit Operator must begin our initial management training program no later than six months before the Restaurant is scheduled to begin operations. Any assistant manager must begin the initial training program no later than 90 days before the Restaurant is scheduled to begin operations. Training must be completed to our satisfaction no later than 45 days before you open the Restaurant. A total of two to three people (including the Single Unit Operator) must be trained to manage the Restaurant. The initial training program is offered as needed during the year depending on the number of new franchisees entering the System, the number of persons needing training, and the scheduled opening of new Jagers Restaurants.

We, or someone we designate, will conduct the initial training program at a Company-owned Restaurant or at another location we select using MIT Training Materials, and Final Exam Materials and Learning Materials and training videos, which you must purchase. Training covers operational training, management training, kitchen management and general management.

(2) The initial training program is subject to change without notice to reflect updates in the materials, methods and manuals and changes in personnel. The preceding table is based on a standard 5-day work week training schedule; however, the initial training program may extend to 8 weeks. The training program is objective based. Each training position has certain objectives that must be achieved before a trainee is qualified in the position. Subjects taught and the time periods allocated for each subject may vary based on the experience of the people being trained.

We will determine whether your Single Unit Operator and any assistant manager have satisfactorily completed the required initial training. In our discretion, we may extend the initial training program for any trainee in order to satisfy ourselves of his or her capabilities. Such an extension may delay the opening

of your Restaurant. If anyone initially designated as a Single Unit Operator or assistant manager fails to satisfactorily complete our initial training program, or if we determine that they cannot satisfactorily complete the initial training program, you must designate a replacement. Any successor Single Unit Operator or assistant manager must also satisfactorily complete the initial training program. We may charge a reasonable fee for the initial training we provide to any replacement or successor Single Unit Operator or assistant manager and to any initial Single Unit Operator or assistant manager for any Restaurants other than the first Restaurant that you establish under the System unless we have approved you to provide the training.

If we approve you to provide training, you must conduct certain required training (including the initial training program for any Restaurant, other than your first, that you establish) at your expense. We may require you to have any person you train receive our training certification. We may also require you to pay us a reasonable fee to obtain training certification. Fees for training certification, additional training and seminars may vary based on whether the training certification, additional training, and/or seminar is conducted remotely using a digital learning platform or in person. Fees generally will reflect our cost of providing instructors to conduct the training, certification or seminar at then-current per diem rates (currently, \$500).

We may require your Single Unit Operator, assistant manager, and any other Restaurant personnel we designate to attend additional training programs and seminars we offer. We will provide the instructors and training materials for all these programs and seminars. We may charge a reasonable fee for additional training programs and seminars.

You must pay all expenses you and members of your organization incur for any training program, whether initial or additional. Expenses may include costs of travel, lodging, meals, and wages.

Nusa Cain, a member of our Global Operations Support team, oversees all coordination and administration of the training program. She has more than 25 years of experience in her role. Trainers may vary and change. We also draw upon the experience of the Single Unit Operator and other employees of the Restaurant at which the training is conducted.

## **Marketing and Advertising**

The total aggregate amount you are required to spend for Local Store Marketing (including any Minimum Cooperative Contribution) and to contribute to the Brand Development Fund will not exceed 3.5% of the Restaurant's monthly Royalty Sales, but we may change the allocation of the amounts required for Local Store Marketing and Fund contributions by giving you at least 30 days prior written notice. Franchisor will provide a breakdown of the expenditure of the advertising fees on an annual basis. Franchisor does not contribute any amount that is specific to any area or territory.

### **Local Store Marketing**

Unless and until we notify you of a change, you must spend 2% of the Royalty Sales of the Restaurant each month on marketing for the Restaurant in its Assigned Area. We may, but are not required to, contribute or spend any amount on marketing and advertising in your Assigned Area. All Local Store Marketing must satisfy our standards and be approved by us. You must give us a Local Store Marketing expenditure report, in the form we designate, to show that you have complied with the Local Store Marketing requirement for the previous month. The report is due by the 10th day following the end of the month (or the next business day if that day is not a business day). The report must include details of your expenditures and copies of paid invoices for those expenditures. Local Store Marketing must adhere to our Marketing Guide, and we may determine, at our sole discretion, if any of your expenditures do not satisfy the Local Store Marketing requirements.

Costs and expenditures you incur for any of the following cannot be included in your expenditures for Local Store Marketing unless we approve them in writing:

1. The cost of honoring any coupons;
2. Research expenditures;
3. Salaries and expenses of your employees, including salaries or expenses for attendance at marketing meetings or activities;
4. Charitable, political or other contributions or donations;
5. In-store materials consisting of fixtures or equipment;
6. Seminar and educational costs and expenses of your employees; and
7. Specialty items like uniforms, T-shirts, premiums, pins and awards, unless these items are part of a market-wide marketing program and then only to the extent that the cost of the items is not recovered by the promotion.

### **Coop Marketing**

We have the right, but not the obligation, to designate any geographical area in which two or more Restaurants are located for purposes of establishing a Marketing Cooperative (a “Cooperative”). We have not established any Cooperatives currently. If Cooperatives are established in the future, the members of the Cooperative will be all Restaurants in the Cooperative's designated geographical area, whether company-owned or franchised. Each Cooperative will be organized for the exclusive purposes of administering marketing programs and developing (subject to our approval) promotional materials for use by its members in local store marketing. We will determine in advance how each Cooperative will be organized and governed. If a Cooperative is established during the term of your Franchise Agreement, you must sign all documents we require and become a member of the Cooperative. As a member, you will make required contributions to the Cooperative in the amount required by the Cooperative's governing documents (“Minimum Cooperative Contribution”). We will apply your Minimum Cooperative Contribution to offset your required Local Store Marketing expenditure. You must also contribute to the Cooperative any additional amounts authorized by a vote of the Cooperative's members and approved by us (“Excess Cooperative Contribution”). Any Excess Cooperative Contribution will not be applied to offset your required Local Store Marketing expenditure. Cooperatives will be operated solely as conduits for the collection and expenditure of the Cooperative contributions and all Cooperative contributions will be maintained and administered under the Cooperative's governing documents. No marketing or promotional plans or materials may be used by the Cooperative or furnished to its members without our prior approval.

### **Brand Development Fund**

We plan to establish a Brand Development Fund to market and promote the Jagers Restaurant brand and the products and services offered by Jagers Restaurants (the “Brand Development Fund” or the “Fund”). Once established, you will be required to contribute 1.5% of Royalty Sales each month to the Fund at the same time and in the same manner as royalty payments. We, or our affiliates, will contribute to the Fund generally on the same basis as you do for Restaurants we or they operate.

The Brand Development Fund will be maintained and administered by us, or our designee as follows:

1. We will direct all brand development programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. The Brand

Development Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Restaurants operating under the System. We may use monies from the Brand Development Fund to present refresher training programs or to present at an annual meeting or other meetings of our franchisees. In administering the Brand Development Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contributions or to make ensure that any particular franchisee benefits directly or pro rata from the placement of marketing.

2. The Brand Development Fund may be used to satisfy the costs of creating, maintaining, administering, directing and preparing marketing and advertising, including the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; all forms of social media; public relations activities; employing creative agencies or contractors; and costs of our personnel and other departmental costs for marketing and advertising that we administer or prepare internally.

The Fund may be used to satisfy any and all costs of developing, maintaining, administering, directing and preparing advertising, marketing and promotions including, without limitation, payment or reimbursement of the costs of developing, maintaining and updating the Website; preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies to assist therein; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us (including the costs of preparing and customizing advertising materials and media for local use); provided, however, that we may change its practices regarding the use of the Fund from time to time without notice.

3. We may reimburse ourselves or our designee out of the Brand Development Fund for the reasonable administrative costs and expenses incurred in the administration or direction of the Brand Development Fund and advertising programs for the System. The Brand Development Fund and its earnings will not otherwise benefit us. The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fund contributions. Any contributions paid to the Brand Development Fund that are not spent in the year they are collected will be carried over to the following year. The intent will be to spend all funds collected in each calendar year.

4. If requested we will prepare an unaudited annual statement of the operation of the Fund and will make it available to you if you request it.

5. We reserve the right, upon 30 days' prior written notice, to defer, increase (subject to the maximum level permitted in the Franchise Agreement), reduce or suspend contributions to (and, if suspended, deferred or reduced, to reinstate such contributions) and to suspend operations of, the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Fund without interest in proportion to their respective contributions to the Fund during the preceding 12-month period.

We currently engage in local store marketing and use point of purchase advertising materials, direct mail, electronic and internet marketing/social media, public relations, and promotions, and print media. As the number of Restaurants in the System expands, we may begin using other forms of media, including television, radio, digital, social, and other advertising campaigns, including outdoor billboard advertising. The majority of our content and creative is developed by members of our staff or third-party consultants. No Brand Development funds will be used to solicit new franchise sales.

6. During the fiscal year ending December 31, 2024, a total of \$0.00 was received and spent by the Brand Development Fund.

## **Marketing Approvals**

We must approve all marketing (including social media and digital marketing) before you use it. You may not post, create branded handles or pages, or list information relating to the Restaurant on Facebook, Twitter, TikTok, Instagram, LinkedIn, or on any other social media site without our prior written consent. You must comply with our social media policy for franchisees, and we may change our policy over time.

## **Advisory Council**

We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Jagers Restaurants, marketing conducted by the Brand Development Fund, and any other matters that we deem appropriate. The advisory council will act solely in an advisory capacity and will not have decision-making authority. We will have the right to change, merge or dissolve any advisory council that we form.

## **Computer and Point of Sale Systems**

You must purchase the Jagers-authorized and required POS system (the “POS System”). The POS System consists of software, a Server PC, a Windows-compatible back-office server and computer, four or more touch screen terminals and six to seven kitchen display terminals, as well as thermal receipt printers, digital menu boards and a drive-thru system. Other recommended equipment may include UPS battery backup, line conditioners, surge protectors, back-office printer, etc. The POS System registers food and beverage orders and transmits the orders to the kitchen area display system. It also tracks server sales, credit cards, items sold, guest counts, check averages, product mix, and payroll and tip information and generates various daily reports pertaining to this information. Average cost per Restaurant for the POS System (including kitchen, menu board and drive-thru system) is approximately \$205,000. Before purchasing your POS System, you must contact us to discuss equipment placement, wiring, programming, menu and training, all of which must be approved by our IT department. Our IT department also approves all vendor substitutions that pertain to the POS System.

You also must have a back-office manager computer for all applications outside of the POS System, which must be the Jagers-authorized software. We will have independent access to the information generated and stored in the systems.

You must purchase Help Desk Support and hardware support from our IT department for the monthly IT Support Fee described in Item 6 or our pre-approved Help Desk provider/hardware vendor, for the maintenance and support of your hardware, POS software and basic operating software, including but not limited to the OS, MS Office applications, and other required operating software. The database for the POS System will be created and administered by the IT Help Desk, in line with the company-wide database. Additional support for approved optional back-office applications may require additional fees from our vendors. Network wiring may be installed through the IT Help Desk and will be contracted to an approved network cabling installer that uses only approved cables, connectors, conduit, and can certify a minimum 100Mbps network transmission speed over appropriate wiring that conforms to all local, state, and federal building codes. Alternatively, and with prior approval, a franchisee may contract a third party to install wiring that meets Holdings specifications.

We require that you participate in our electronic gift card program and obtain any equipment necessary to operate the approved system.

We currently require you to contract with the Jagers-authorized provider to install a private, high-speed network and obtain Internet access with e-mail capability to give us access to the information stored on your computer systems. The authorized provider will be our approved vendor for internet access that allows data transmission and credit card and gift card processing via our approved payment processor.

Our IT department will require you to periodically upgrade all required systems, including network hardware, POS System, kitchen area display system and supporting software. There are no contractual limitations on the cost or frequency of your obligation to upgrade or update any computer system or other technology.

You must afford us access to the information stored on your computer system at the times and in the manner we specify. There are no contractual limitations on our right to access this information. It is a material event of default under the Franchise Agreement if you fail to make this information accessible to us at all times throughout the term of the Agreement and we may assess you a reasonable charge for any failure to do so without limiting our other rights under the Agreement. We require that data usage be pulled from existing data usage policy. Data privacy should conform to data privacy standards set by JDC and are subject to change. In addition to our data usage policies, we may require that you to enter into a Data Processing Agreement that outlines your obligations with respect to personal data either (i) provided by or on behalf of us to you during your operation of the Restaurant, or (ii) obtained, developed, produced, or otherwise processed by you in connection with your operation of the Restaurant.

### **PCI Compliance**

You are required, at all times, to be compliant with the applicable Payment Card Industry Data Security Standards (“PCI-DSS”) and all related requirements, at your expense. You must verify to us your compliance with the PCI-DSS periodically, as we specify. For additional information regarding PCI-DSS, please visit the following website: <https://www.pcisecuritystandards.org/>. As additional reference, included in our Manuals is a responsibility and requirements matrix. In the event of notification of a credit card breach, you must notify us immediately and cooperate fully with us on all matters of the investigation up to and including media communication and incident resolution.

## **ITEM 12**

### **TERRITORY**

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

We offer a Franchise Agreement for a single Restaurant. Under the Franchise Agreement, we grant you a defined geographic area relating to the location of the Restaurant (the “Assigned Area”) within which you receive certain protections described more fully below. We may also offer a Development Agreement to qualified candidates (a “Developer”), under which the Developer is required to open multiple Restaurants in a Development Area within the time period specified in the Development Agreement. A separate Franchise Agreement is signed for each Restaurant established under a Development Agreement. A Developer’s rights and obligations in the Development Area are distinct and separate from its rights and obligations in an Assigned Area under a Franchise Agreement. When the Development Agreement expires, or if it is terminated, the only remaining territorial rights will be those rights in the Assigned Areas under any then-existing Franchise Agreements. We have the right to approve or disapprove the sites proposed to be developed under the Development Agreement, using our then-current site approval standards.

### **Franchise Agreement**

The Franchise Agreement gives you the right to operate a Jagers Restaurant at a single location that you select and we approve (the “Restaurant Site”). You must select the location for your Restaurant from within a geographic area that will be described in an exhibit to the Franchise Agreement (the “Designated Area”). The Designated Area is not exclusive or protected and has no relevance after the Restaurant Site has been selected and approved.

The specific street address of the Restaurant Site that you select, and we approve will be inserted in an exhibit to the Franchise Agreement. You must operate the Restaurant only at the Restaurant Site. When we approve the Restaurant Site, we will also identify the Assigned Area for the Restaurant. We determine each Assigned Area based on various market and economic factors that may include an evaluation of market demographics, the market penetration of the System, the presence of similar businesses in the market, the availability of appropriate sites, and growth trends in the market. We describe the Assigned Area in an exhibit to the Franchise Agreement by boundary streets or highways, city limit or county line boundaries, by an area encompassed within a radius of a specific distance or range of distances, or by other comparable methods. Assigned Areas are site specific. In some cases, the Assigned Area may be limited to the Restaurant Site itself. You may solicit sales or accept business from customers outside of your Assigned Area and, if approved by us, you may do so using other channels of distribution, such as the Internet and telemarketing.

If you are in compliance with the Franchise Agreement, then, with certain exceptions, during the term of the Franchise Agreement, we and our affiliates will not establish, or authorize anyone except you to establish, a Jagers Restaurant in the Assigned Area.

Your Assigned Area protection only extends to other Jagers Restaurants. Within and outside your Assigned Area, we and our affiliates and any other person or entity we authorize may:

- (1) establish (whether by development or acquisition) other businesses using different names and trademarks, including other restaurant businesses that offer products or services similar to those offered at Jagers Restaurants;
- (2) advertise and promote the System; and
- (3) produce, distribute, license, and sell any and all food, beverages, or other services and products (directly or indirectly, at wholesale, retail or otherwise) under the Jagers Marks or under other names or marks through any method of distribution other than a Jagers Restaurant. This includes the right to market these products and services through non-restaurant distribution channels (like supermarkets, catalogs, and the Internet) and other food service facilities (like kiosks, concessions, or multi-brand facilities). It also includes the right to appoint a third-party distributor for products we develop and that bear the Jagers Marks, regardless of the competitive impact.

We will not pay you any compensation for our business activities inside or outside the Assigned Area, including us soliciting or accepting business from inside the Assigned Area.

We and any other authorized person, including any other franchisee, also may fulfill customer orders in the Assigned Area by providing catering and delivery services or by any other means (if authorized), without any compensation to you.

Your Assigned Area does not include any "Reserved Area". A Reserved Area is any enclosed area of retail sales stores exceeding 250,000 square feet, food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, stadiums, arenas, military bases, ballparks, festivals, fairs and other mass gathering locations or events. We and our affiliates, and any other person or entity we authorize, have the right to operate, and license others to operate any food service facility, including a Jagers Restaurant, in any "Reserved Area" even if that Reserved Area is located in your Assigned Area.

We and our affiliates, and any other person or entity we authorize, also may operate, and license others to operate, Jagers Restaurants at any location outside the Assigned Area, including any location that is adjacent to the Assigned Area.

The continuation of your Assigned Area protection does not depend on your achievement of a certain sales volume, market penetration or other contingency, but you must remain in compliance with the Franchise Agreement.

You do not receive the right to acquire additional franchises within or outside of your Assigned Area unless you sign a Development Agreement or another Franchise Agreement with us. We do not grant rights of first refusal under any agreements.

### **Development Agreement**

If we enter into a Development Agreement with you, the agreement will include a specific defined territory within which you will be required to establish the Restaurants authorized by the Development Agreement (the “Development Area”). We determine the Development Area based on various market and economic factors similar to those we consider in determining Assigned Areas. There is no typical Development Area. A Development Area may be all or a portion of a city, a single or multi-county area, or some other geographic area, and will be described in the Development Agreement before you sign it.

The protections in the Development Area, and the exceptions to those protections, are the same as those described above for Assigned Areas.

If you are in default under the Development Agreement, then (in addition to our other remedies) we may eliminate your protections in the Development Area so that your Development Agreement becomes non-exclusive, reduce the size of the Development Area, reduce the number of Restaurants that you may establish, or accelerate the time period for establishing those Restaurants.

When the Development Agreement expires, or if it is terminated, you cannot develop additional Restaurants but may complete the development of and continue to operate Restaurants under Franchise Agreements that you and we have signed. Following the termination or expiration of the Development Agreement, your only territorial protection will be the Assigned Areas in your then-existing Franchise Agreements, and we may develop or authorize others to develop Restaurants in the former Development Area and exercise all rights not expressly granted to you under the Franchise Agreements.

Your Development Area protection only extends to other Jaggers Restaurants. Within and outside your Development Area, we and our affiliates and any other person or entity we authorize may:

- (1) establish (whether by development or acquisition) other businesses using different names and trademarks, including other restaurant businesses that offer products or services similar to those offered at Jaggers Restaurants;
- (2) advertise and promote the Jaggers System; and
- (3) produce, distribute, license and sell any and all food, beverages, or other services and products (directly or indirectly, at wholesale, retail or otherwise) under the Jaggers Marks or under other names or marks through any method of distribution other than a Jaggers Restaurant. This includes the right to market these products and services through non-restaurant distribution channels (like supermarkets, catalogs, and the Internet) and other food service facilities (like kiosks, concessions, or multi-brand facilities). It also includes the right to appoint a third-party distributor for products we develop and that bear the Jaggers Marks, regardless of the competitive impact.

We will not pay you any compensation for our business activities inside or outside the Development Area, including us soliciting or accepting business from inside the Development Area.

We and any other authorized person, including any other franchisee, also may fulfill customer orders in the Development Area by providing catering and delivery services or by any other means (if authorized), without any compensation to you.

### **Relocation**

You may not relocate a Restaurant unless we first give you our written consent. If you are unable to continue to operate your Jagers Restaurant at the Restaurant Site because of a force majeure event (described in the Franchise Agreement), then you may request our approval to relocate the Restaurant to another location in the Assigned Area. If we consent to the relocation of the Restaurant, you must follow the site selection and construction procedures in the Franchise Agreement. Any other request to relocate the Restaurant is subject to the same procedures.

### **Other Distribution Channels**

You may operate your Restaurant only from the approved Restaurant Site identified in the Franchise Agreement and may use the site for no other purpose than the operation of the Restaurant. Unless you receive our prior written consent, you may not offer and sell any products or services offered for sale at your Restaurant through any alternative method or channel of distribution whatsoever, at wholesale, retail, or otherwise.

### **Our Affiliates' Other Businesses**

All the territorial protections described above are limited. For example, and without limitation, our affiliates, Texas Roadhouse Development and Texas Roadhouse Holdings, currently are engaged in franchising and operating company Texas Roadhouse Restaurants (as applicable). Our affiliate, Bubba's Holdings LLC, currently is engaged in operating a chain of family friendly sports restaurants under the trademark "Bubba's 33". These competing restaurant concepts may be established within your Assigned Area or Development Area now or in the future and may compete with Jagers Restaurants. We have no system or method for resolving conflicts between you and franchisees of these existing (or other potential) competing concepts.

## **ITEM 13**

### **TRADEMARKS**

The Franchise Agreement gives you a license to operate the Restaurant under the Mark "Jagers" and to use any future Marks we authorize.

The following trademarks (the "Registered Marks") are registered on the Principal Register of the U.S. Patent and Trademark Office ("USPTO") and all required affidavits have been filed:

| <u>Trademark</u>                                  | <u>Federal Registration<br/>Number</u> | <u>Date of<br/>Registration</u> |
|---------------------------------------------------|----------------------------------------|---------------------------------|
| JAGGERS                                           | 3,621,154                              | May 12, 2009                    |
| JAGG CHICKEN BURGERS SALADS RS                    | 4,748,894                              | June 02, 2015                   |
| JAGGERS CHICKEN BURGERS SALADS (Vertical)         | 4,878,035                              | December 29, 2015               |
| JAGGERS                                           | 5,787,960                              | January 24, 2019                |
| JAGGERS and Design (Red with Single Black Stripe) | 6,241,574                              | January 05, 2021                |

We have a nonexclusive license from Texas Roadhouse Delaware giving us the right to use the Jagers System, the Registered Mark, and any future trademarks developed for use in the Jagers System

as previously defined as the Marks for the purpose of licensing them to our franchisees and fulfilling our obligations under the Franchise Agreements. The license is terminable only for material breach of the license agreement and only if we do not cure or begin to cure the breach within 10 days after notice. Except for the license agreement, we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

There is no presently effective determination of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which are relevant to their ownership, use or licensing.

Except as described below, we know of no superior prior rights or infringing use that could materially affect your use of the Marks.

You must immediately notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You must agree not to communicate with any person other than us, any designated affiliate and our or their counsel about any such infringement, challenge, or claim. We or our affiliate have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, arising out of any infringement, challenge or claim concerning any of the Marks. You must execute all instruments and documents and give us any assistance that in our counsel's opinion may be necessary or advisable to protect and maintain our interests or those of our affiliate in any such litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks. We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition. The Franchise Agreement does not require us to participate in your defense and/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.

You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must execute any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. You may not take any action that would prejudice or interfere with the validity of our or our affiliates' rights with respect to the Marks and may not contest the validity of our or our affiliates' interest in the Marks or assist others to do so.

Your license to use the Marks is non-exclusive. Except as described in Item 12, we have the right, among others:

- (1) to grant other licenses for use of the Marks;
- (2) to develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises without giving you any rights; and
- (3) to engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and/or sale of products and services and (b) the use in connection with such production, distribution, license, and sale, of the Marks and any and all trademarks, trade names, service marks and other identifying characteristics that we may develop or use now or in the future.

We may substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine that the substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense.

## **ITEM 14**

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

We do not own any patents that are material to the franchise. We and our affiliates claim copyright protection and proprietary rights in the original materials used in the Jagers System, including the Manuals, recipes, bulletins, correspondence and communications with franchisees, training, marketing and promotional materials, and other written materials relating to the operation of Jagers Restaurant and the Jagers System.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights or to defend you against claims arising from your use of the copyrighted item and are not required to indemnify you in a proceeding involving a licensed copyright. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

We treat all of this information as confidential trade secrets, and you must treat any of this information we communicate to you confidentially. You and your owners must agree not to communicate or use our confidential information for the benefit of anyone else during and after the term of the Franchise Agreement. You and your owners must also agree not to use our confidential information at all after the Franchise Agreement terminates or expires. You and your owners can disclose this confidential information only to your employees who need it to operate the Restaurant.

If you, your owners, or your employees develop any new concept, process, recipe, menu item, improvement, invention, or work of authorship in the operation or promotion of the Restaurant, you must promptly notify us and give us all necessary information about the work product, without compensation. Any such work product will inure to our benefit and will become our property, and you and your owners must assign us your rights in the work product and cooperate with us to protect our interest. We may use or disclose the work product to other franchisees and to our affiliates, successors, and assigns, as we deem appropriate.

## **ITEM 15**

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

You must appoint as your Operating Principal one of your owners who satisfies our standards and to whom we consent. Your Operating Principal will have primary responsibility for supervising the Jagers Restaurant business and must be given the authority to make the decisions that are needed to operate the business effectively and efficiently. Whether through ownership of a majority interest in you or through one of the other means permitted by the Franchise Agreement, your Operating Principal must maintain control of you and its voting and financial interests in you may not be pledged, mortgaged, or encumbered or subject to any voting agreement, proxy, purchase right or option.

Your Operating Principal must satisfactorily complete our initial orientation program.

You must appoint the same Operating Principal for all Franchise Agreements (and any Development Agreement) that you or your affiliates sign with us. We reserve the right to vary these requirements by consent.

If your Operating Principal is not able to continue to serve in the position or no longer qualifies to serve as Operating Principal, you must promptly notify us. You also must propose a replacement Operating Principal who satisfies the criteria set forth in the Franchise Agreement. We have the right to consent, or to withhold consent, to any proposed Operating Principal and no replacement may be appointed without our consent. If we require, you must provide for interim management until a qualified replacement Operating Principal is designated.

You must also designate a Single Unit Operator for the Restaurant. The Single Unit Operator has day-to-day responsibility for the Restaurant's operation in compliance with our standards must devote his or her substantial full time and best efforts to the operation of the Restaurant (the "Single Unit Operator"). The Single Unit Operator must meet our qualifications and must satisfactorily complete the initial training program. If a Single Unit Operator can no longer serve in the position or does not continue to meet our requirements for the position, you must replace that person.

In addition to the Single Unit Operator, you must appoint at least one (and not more than two) assistant managers who satisfy our qualifications and satisfactorily complete our initial training program.

If you and your affiliates operate more than one Jaggers Restaurant (whether or not under a Development Agreement) you must have in place a management structure that we find to be sufficient to operate all Restaurants in compliance with their respective franchise agreements, the Manuals, and the System. This may require you to create and fill certain above Restaurant-level executive, financial and operational positions with one or more full-time managers dedicated to the Jaggers Restaurant business and/or to appoint one or more full time managers with responsibility for overseeing multiple Jaggers Restaurants in compliance with our specifications (each, a "Multi-Unit Manager"). If appointed, each Multi-Unit Manager will be subject to our consent and will be required to satisfy our qualifications.

Your Single Unit Operator and assistant managers (and any Multi-Unit Manager) also may be required to sign agreements restricting the unauthorized use or disclosure of our confidential information.

## **ITEM 16**

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

You must offer and sell all, and only, the menu items, products, and services we require, using the method, manner and style of distribution we require. This may include dine-in, carry-out, catering and delivery, as we expressly authorize in writing. You must comply with our specifications for off-site catering, delivery and on-line or telephone orders and must participate, at your expense, in any programs we may require for these services. You may use only those third-party delivery services we approve.

You must discontinue any menu items, products, or services and any method, manner, or style of distribution that we may disapprove in writing at any time. There are no limits on our right to change the authorized products and services.

We may make available to you and may require you to purchase from us for resale to your customers certain merchandise, like pre-packaged Jaggers food products and Jaggers memorabilia in amounts necessary to meet your customer demand.

You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention program that we implement for all or part of the Jaggers System at your expense, and you must sign the forms and take any action that we require for you to participate in such programs. You must honor coupons, gift cards, gift certificates, or vouchers sold or distributed by other Jaggers Restaurants and include the related proceeds in Royalty Sales. You must utilize a vendor we

approve for gift card processing. Any coupon offer you propose must be approved by us before you may extend the offer.

## ITEM 17

### RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

#### THE FRANCHISE RELATIONSHIP

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

|    | Provision                                      | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----|------------------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | Length of the franchise term                   | Section 3.1                    | 10 years from the Opening Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| b. | Renewal or extension of the term               | Section 3.2                    | 2 additional 5-year terms.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| c. | Requirements for franchisee to renew or extend | Sections 3.2.1-3.2.8           | <p>Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renew including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document.</p> <p>To renew you must: give advance written notice; repair and replace equipment and related items and update Restaurant premises; not be in breach of any agreement with us or our affiliates and have timely satisfied your obligations; have the right to remain in possession of Restaurant premises; pay renewal fee; sign then-current franchise agreement (which may materially differ from your original franchise agreement); sign general release; and comply with then-current qualification and training requirements.</p> |
| d. | Termination by franchisee                      | Not Applicable                 | There is no contractual termination right. You may be permitted to terminate the franchise agreement under applicable law if we materially fail to perform. Provisions regarding termination by the franchisee are subject to applicable state law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| e. | Termination by franchisor without cause        | Not Applicable                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| f. | Termination by franchisor with cause           | Section 17.1                   | We may terminate on your default. Uncured defaults under a Franchise Agreement is cause for termination of the Development Agreement. Uncured defaults under a Development Agreement is no cause for termination of the Franchise                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

|    | Provision                             | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----|---------------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                       |                                | Agreement, unless the default is also a default under the terms of the Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| g. | “Cause” defined - curable defaults    | Section 17.2                   | <p>You have a right to cure certain defaults after we give you notice of the default and within the time period established by the Franchise Agreement:</p> <p>5 days for payment defaults and for sale of unauthorized products or services or operation from an unauthorized location;<br/> 7 days for failure to have the required insurance;<br/> 24 hours for unauthorized use of the Marks;<br/> 30 days for submission of false sales reports or financial records (unless due to gross negligence or intentional misconduct); and/or<br/> 30 days for failure to construct or remodel the Restaurant as required, to obtain execution of required confidentiality and noncompetition covenants, to maintain standards, to obtain any required approval or consent from us and failure to cure any other default that is susceptible of cure.</p>                                                                                                                                                                                                                                                                                                                                       |
| h. | “Cause” defined – noncurable defaults | Section 17.2                   | <p>The following defaults may not be cured:</p> <p>You become insolvent, make a general assignment for benefit of creditors, file or have filed against you a petition under federal bankruptcy or similar state laws, have an outstanding judgment against you for over 30 days, or execution is levied against your business or property;<br/> You are dissolved;<br/> You fail to acquire a Restaurant Site within the time required, fail to open when required, or abandon or lose right to the Restaurant premises;<br/> You or any Owner is convicted of a felony or other crime that may adversely affect the System or Marks;<br/> You or any Owner fails to comply with the in-term non-competition covenant or the confidentiality covenant;<br/> The Restaurant poses a threat to public health or safety;<br/> You knowingly maintain false books or records or are grossly negligent;<br/> You or any Owner materially breach your representations or warranties to us;<br/> You fail to timely propose a qualified replacement or successor Operating Principal or Restaurant Manager;<br/> You or an Owner transfers any interest in violation of the Franchise Agreement;</p> |

|    | Provision                                                            | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----|----------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                                      |                                | 3 defaults are committed in a 12-month period; and/or<br>You or your affiliate defaults under any other agreement with us and fails to timely cure.                                                                                                                                                                                                                                                                                                |
| i. | Franchisee's obligations on termination/non-renewal                  | Section 18                     | You must:<br>Stop operating the Restaurant and using the Marks and System;<br>Deidentify the business;<br>Pay all amounts due us or our affiliates;<br>Return all Manuals and other proprietary materials;<br>Comply with confidentiality and non-compete requirements; and<br>On expiration without renewal, at our option, sell or assign to us your rights in the Restaurant equipment and fixtures and your rights in the Restaurant premises. |
| j. | Assignment of contract by Franchisor                                 | Section 14.1                   | We may transfer our rights without restriction.                                                                                                                                                                                                                                                                                                                                                                                                    |
| k. | "Transfer" by franchisee - defined                                   | Section 14.2.1                 | Includes any direct or indirect interest in you, the Franchise Agreement or the assets of the Restaurant.                                                                                                                                                                                                                                                                                                                                          |
| l. | Franchisor approval of transfer by franchisee                        | Section 14.2.2                 | You and your Owners must obtain our consent before any transfer. We will not unreasonably withhold our consent.                                                                                                                                                                                                                                                                                                                                    |
| m. | Conditions for Franchisor approval of transfer                       | Section 14.2.2                 | Any or all of the following:<br><br>You must pay all amounts due us or our affiliates, not be in default, sign a general release, pay a transfer fee, and demonstrate the terms of sale do not negatively affect the continuing viability of the business.<br><br>Transferee must meet our criteria, attend training, sign then-current Franchise Agreement, and upgrade the Restaurant.                                                           |
| n. | Franchisor's right of first refusal to acquire franchisee's business | Section 14.5                   | We have the option to purchase the interest being transferred on the same terms and conditions as in a <u>bona fide</u> third-party offer.                                                                                                                                                                                                                                                                                                         |

|    | <b>Provision</b>                                                       | <b>Section in Franchise Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| o. | Franchisor's option to purchase franchisee's business                  | Section 18.3<br><br>Section 14.8      | If the Franchise Agreement expires without renewal, we may elect to exercise our post-term options to acquire the Restaurant assets and premises described in (i) above.<br><br>At any time on or after the earlier of the 3-year anniversary of the Effective Date or a Triggering Event (as defined in the Franchise Agreement), Franchisor shall have the right and option, but no obligation, to purchase the assets of the Restaurant in accordance with the terms set forth in Section 14.8. |
| p. | Death or disability of franchisee                                      | Section 14.6                          | If an Owner who is a natural person dies or is permanently disabled, the distributee must be approved by us, or the franchise must be transferred to someone approved by us within 12 months after death or within 6 months after notice of permanent disability.                                                                                                                                                                                                                                  |
| q. | Non-competition covenants during the term of the franchise             | Section 10.4.1                        | You and your Owners are prohibited from operating or having an interest in a Competitive Business.                                                                                                                                                                                                                                                                                                                                                                                                 |
| r. | Non-competition covenants after the franchise is terminated or expires | Section 10.4.2                        | You and your Owners are prohibited for 2 years from operating or having an interest in a Competitive Business located at the Restaurant Site, within the Assigned Area, or within a 3-mile radius of any Jagers Restaurant or other Jagers food service facility in existence or under construction upon termination or expiration.                                                                                                                                                                |
| s. | Modification of the agreement                                          | Sections 10.1 and 19.2.               | Franchise Agreement may not be modified unless you and we agree in writing. You must comply with Manuals as amended.                                                                                                                                                                                                                                                                                                                                                                               |
| t. | Integration/merger clause                                              | Section 19.2                          | Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable. We may not disclaim representations made in the disclosure document.                                                                                                                                                                                       |
| u. | Dispute resolution by arbitration or mediation                         | Sections 19.7                         | All disputes must be mediated before a judicial proceeding is commenced, except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving our Marks or Confidential Information, subject to state law.                                                                                                                                                                                                                                                   |
| v. | Choice of forum                                                        | Section 19.10                         | Subject to applicable state law, mediation at our headquarters in Louisville, Kentucky. Subject to applicable state law, venue for all proceedings arising out of the Franchise Agreement is the state courts sitting in Jefferson County, Kentucky and the federal district court for the Western District of Kentucky, except actions for monies owed,                                                                                                                                           |

|    | Provision     | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|---------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |               |                                | <p>injunctive relief and involving real estate, which may be brought in any court of competent jurisdiction.</p> <p>In addition to the provisions noted in this chart, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of jury trial and waiver of punitive or exemplary damages. We recommend that you carefully review all of these provisions, and the entire contract, with a lawyer.</p> |
| w. | Choice of law | Section 19.10                  | The Franchise Agreement is to be interpreted and construed under Kentucky law (except for Kentucky choice of law rules). Provisions regarding choice of law are subject to applicable state law.                                                                                                                                                                                                                                                            |

**This table lists certain important provisions of the Development Agreement. You should read these provisions in the Development Agreement attached to this disclosure document.**

| Provision                                        | Section in Development Agreement | Summary                                                                                                                                                                                                                                                   |
|--------------------------------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Length of the term                            | Section 4                        | The earlier of 10 years from the date we sign the Development Agreement or the date on which you complete your development obligations.                                                                                                                   |
| b. Renewal or extension of the term              | Section 3.1                      | You may request an extension of the Development Schedule. If we consent, the extension will be for 180 days.                                                                                                                                              |
| c. Requirements for developer to renew or extend | Section 3.1                      | You must make a written request for our consent to an extension of the Development Schedule and pay a \$10,000 extension fee.                                                                                                                             |
| d. Termination by developer                      | Not Applicable                   | There is no contractual termination right. You may be permitted to terminate the franchise agreement under applicable law if we materially fail to perform. Provisions regarding termination by the developer are subject to applicable state law.        |
| e. Termination by franchisor without cause       | Not Applicable                   |                                                                                                                                                                                                                                                           |
| f. Termination by franchisor with cause          | Sections 7                       | Following certain defaults, we may terminate the Development Agreement, or we may terminate or modify your territorial rights, reduce the size of your Territory or reduce the number of Restaurants you may develop rather than terminate the Agreement. |

| Provision                                 | Section in Development Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| g. "Cause" defined – curable defaults     | Section 7.3                      | <p>The following defaults may be cured within the time periods listed below:</p> <p>90 days for failure to comply with the Development Schedule;</p> <p>5 days for payment default;</p> <p>30 days for failure to obtain executed confidentiality and related covenants from non-guarantor Owners and other required personnel;</p> <p>24 hours for unauthorized use of the Marks or material impairment of the associated goodwill; and/or</p> <p>Excluding non-curable defaults, 30 days for any for any other default under the Agreement.</p> <p>A default under any Franchise Agreement is also a default under the Development Agreement. If the default is curable, you must cure it within the cure period established under the Franchise Agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                |
| h. "Cause" defined – non-curable defaults | Section 7.2                      | <p>The Development Agreement will terminate with notice upon:</p> <p>Insolvency, bankruptcy, winding-up, dissolution, liquidation, receivership, composition with creditors, levy of execution against your assets, or final judgment against you that is unsatisfied for 30 days or more (unless bond is filed);</p> <p>The conviction of you, your Operating Principal or any Owner of a felony or other offense or crime of moral turpitude or one that we determine is likely to adversely affect the System, the Marks or the associated goodwill;</p> <p>If we determine there is an imminent threat to public health or safety from the construction, maintenance or operation of any Restaurant;</p> <p>If you fail to timely propose a qualified replacement or successor Operating Principal;</p> <p>If you or any Guarantor materially breaches any applicable representation, warranty or covenant regarding your organization, ownership or financial position;</p> <p>If you or any Owner breaches any applicable restriction on transfer;</p> <p>If you or any Owner fails to comply with the confidentiality or non-competition covenants or</p> |

| Provision                                             | Section in Development Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       |                                  | <p>the covenants regarding ownership of System-related developments;</p> <p>If you are in default 3 times in any 12-month period, whether or not such defaults are cured; and/or</p> <p>If there is a default under any other agreement with us or our Affiliates (including any Franchise Agreement) that is not cured within any applicable cure period under the agreement.</p>                                                                                                                                                                                                                                                                                             |
| i. Developer's obligations on termination/non-renewal | Section 8                        | <p>Stop development of any Restaurant for which a Franchise Agreement has not been signed;</p> <p>Comply with post-term restrictions, including those against use and disclosure of Confidential Information and competition; and/or</p> <p>Pay all outstanding amounts owed, including any costs of enforcing your obligations.</p>                                                                                                                                                                                                                                                                                                                                           |
| j. Assignment of contract by franchisor               | Section 9.1                      | We may transfer our rights without restriction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| k. "Transfer" by developer – defined                  | Section 9.2                      | Includes any direct or indirect interest in you, in any subsidiary you form to sign a Franchise Agreement, in the Development Agreement, or in the Restaurants.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| l. Franchisor's approval of transfer by developer     | Section 9.2                      | You and your Owners must obtain our consent before any transfer. We will not unreasonably withhold our consent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| m. Conditions for franchisor's approval of transfer   | Sections 9.2                     | <p>Any or all the following:</p> <p>You must: pay all amounts due us or our affiliates, not be in default, have established at least 50% of the Restaurants to be developed and transfer to the same buyer all rights under the associated Franchise Agreements; sign (with your Owners) a general release, and pay our costs associated with the transfer. We must also conclude that the terms of sale do not negatively affect our rights and interests.</p> <p>Transferee must: meet our criteria (including no association with a Competitive Business), satisfy training requirements, and sign then-current Development Agreement, which its owners must guarantee.</p> |

| <b>Provision</b>                                                                      | <b>Section in Development Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| n. Franchisor's right of first refusal to acquire developer's business                | Section 9.5                             | If you wish to sell your business or if your Owners wish to sell a Controlling Interest in you, you must first notify us and give us the first right to purchase.                                                                                                                                                |
| o. Franchisor's option to purchase developer's business                               | Section 9.5                             | See n. above.                                                                                                                                                                                                                                                                                                    |
| p. Death or disability of developer                                                   | Section 9.6                             | If an Owner who is a natural person dies or is permanently disabled, the distributee must be approved by us, or the franchise must be transferred to someone approved by us within 12 months after death or within 6 months after notice of permanent disability.                                                |
| q. Non-competition covenants during the term of the Development Agreement             | Section 10.3.1                          | You and your Owners are prohibited from operating or having an interest in a Competitive Business.                                                                                                                                                                                                               |
| r. Non-competition covenants after the Development Agreement is terminated or expires | Section 10.3.2                          | You and your Owners are prohibited for 2 years from operating or having an interest in a Competitive Business located, within the Territory, or within a 3-mile radius of any Jagers Restaurant or other Jagers food service facility in existence or under construction upon termination or expiration.         |
| s. Modification of the agreement                                                      | Section 16.2                            | Development Agreement may not be modified unless you and we agree in writing.                                                                                                                                                                                                                                    |
| t. Integration/merger clause                                                          | Section 16.1                            | Only the terms of the Development Agreement and other related written agreements are binding (subject to state law). Any representations or promises made outside the disclosure document and Development Agreement may not be enforceable. We may not disclaim representations made in the disclosure document. |
| u. Dispute resolution by arbitration or mediation                                     | Section 17.1                            | All disputes must be mediated before a judicial proceeding is commenced, except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving our Marks or Confidential Information.                                                                                       |

| <b>Provision</b>   | <b>Section in Development Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| v. Choice of forum | Section 17.2                            | <p>Subject to applicable state law, mediation at our headquarters in Louisville, Kentucky. Subject to applicable state law, venue for all proceedings arising out of the Development Agreement is the state courts sitting in Jefferson County, Kentucky and the federal district court for the Western District of Kentucky, except actions for monies owed, injunctive relief and involving real estate, which may be brought in any court of competent jurisdiction.</p> <p>In addition to the provisions noted in this chart, the Development Agreement contains a number of provisions that may affect your legal rights, including a waiver of jury trial and waiver of punitive or exemplary damages. We recommend that you carefully review all these provisions, and the entire contract, with a lawyer.</p> |
| w. Choice of law   | Section 17.3                            | The Development Agreement is to be interpreted and construed under Kentucky law (except for Kentucky choice of law rules). Provisions regarding choice of law are subject to applicable state law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

## **ITEM 18**

### **PUBLIC FIGURES**

We do not use any public figure to promote the 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 that you are considering buying; or (2) a franchisor supplements the information provided in Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised 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 the franchisor's management by contacting Jaggers Development Corporation, Legal Department, at (502)

426-9984 or [legal@texasroadhouse.com](mailto:legal@texasroadhouse.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

**TABLE NO. 1**  
**SYSTEMWIDE OUTLET SUMMARY**  
**FOR YEARS ENDED**  
**December 27, 2022, December 26, 2023, and December 31, 2024<sup>(1)</sup>**

| <b>Column 1</b>    | <b>Column 2</b> | <b>Column 3</b>                         | <b>Column 4</b>                       | <b>Column 5</b>   |
|--------------------|-----------------|-----------------------------------------|---------------------------------------|-------------------|
| <b>Outlet Type</b> | <b>Year</b>     | <b>Outlets at the Start of the Year</b> | <b>Outlets at the End of the Year</b> | <b>Net Change</b> |
| Franchised         | 2022            | 0                                       | 0                                     | 0                 |
|                    | 2023            | 0                                       | 2                                     | +2                |
|                    | 2024            | 2                                       | 4                                     | +2                |
| Company-Owned      | 2022            | 4                                       | 5                                     | +1                |
|                    | 2023            | 5                                       | 8                                     | +3                |
|                    | 2024            | 8                                       | 9                                     | +1                |
| Total Outlets      | 2022            | 4                                       | 5                                     | +1                |
|                    | 2023            | 5                                       | 10                                    | +5                |
|                    | 2024            | 10                                      | 13                                    | +3                |

**Note:**

(1) All numbers are as of the end of our fiscal years.

**TABLE NO. 2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(OTHER THAN THE FRANCHISOR)**  
**FOR YEARS ENDED**  
**DECEMBER 27, 2022, DECEMBER 26, 2023, and DECEMBER 31, 2024<sup>(1)</sup>**

| Column 1 | Column 2 | Column 3            |
|----------|----------|---------------------|
| State    | Year     | Number of Transfers |
| Totals   | 2022     | 0                   |
|          | 2023     | 0                   |
|          | 2024     | 0                   |

**Note:**

- (1) All numbers are as of the end of our fiscal years.

**TABLE NO. 3**  
**STATUS OF FRANCHISED OUTLETS**  
**FOR YEARS ENDED**  
**DECEMBER 27, 2022, DECEMBER 26, 2023, and DECEMBER 31, 2024<sup>(1)</sup>**

| Col. 1         | Col. 2 | Col. 3                   | Col. 4         | Col. 5       | Col. 6       | Col. 7                   | Col. 8                           | Col. 9                     |
|----------------|--------|--------------------------|----------------|--------------|--------------|--------------------------|----------------------------------|----------------------------|
| State          | Year   | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations- Other Reasons | Outlets at End of the Year |
| North Carolina | 2022   | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|                | 2023   | 0                        | 1              | 0            | 0            | 0                        | 0                                | 1                          |
|                | 2024   | 1                        | 2              | 0            | 0            | 0                        | 0                                | 3                          |
| Texas          | 2022   | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|                | 2023   | 0                        | 1              | 0            | 0            | 0                        | 0                                | 1                          |
|                | 2024   | 1                        | 0              | 0            | 0            | 0                        | 0                                | 1                          |
| <b>Totals</b>  | 2022   | 0                        | 0              | 0            | 0            | 0                        | 0                                | 0                          |
|                | 2023   | 0                        | 2              | 0            | 0            | 0                        | 0                                | 2                          |
|                | 2024   | 2                        | 2              | 0            | 0            | 0                        | 0                                | 4                          |

**Note:**

- (1) All numbers are as of the end of our fiscal years.

**TABLE NO. 4**  
**STATUS OF COMPANY-OWNED OUTLETS**  
**FOR YEARS ENDED**  
**DECEMBER 27, 2022, DECEMBER 26, 2023, and DECEMBER 31, 2024<sup>(1)</sup>**

| Col. 1<br>State | Col. 2<br>Year | Col. 3<br>Outlets at Start<br>of the Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Outlets<br>Reacquired<br>From<br>Franchisee | Col. 6<br>Outlets<br>Closed | Col. 7<br>Outlets<br>Sold to<br>Franchisee | Col. 8<br>Outlets at<br>End of the<br>Year |
|-----------------|----------------|-------------------------------------------|-----------------------------|-------------------------------------------------------|-----------------------------|--------------------------------------------|--------------------------------------------|
| Indiana         | 2022           | 3                                         | 1                           | 0                                                     | 0                           | 0                                          | 4                                          |
|                 | 2023           | 4                                         | 1                           | 0                                                     | 0                           | 0                                          | 5                                          |
|                 | 2024           | 5                                         | 1                           | 0                                                     | 0                           | 0                                          | 6                                          |
| Kentucky        | 2022           | 1                                         | 0                           | 0                                                     | 0                           | 0                                          | 1                                          |
|                 | 2023           | 1                                         | 2                           | 0                                                     | 0                           | 0                                          | 3                                          |
|                 | 2024           | 3                                         | 0                           | 0                                                     | 0                           | 0                                          | 3                                          |
| <b>Totals</b>   | 2022           | 4                                         | 1                           | 0                                                     | 0                           | 0                                          | 5                                          |
|                 | 2023           | 5                                         | 3                           | 0                                                     | 0                           | 0                                          | 8                                          |
|                 | 2024           | 8                                         | 1                           | 0                                                     | 0                           | 0                                          | 9                                          |

**Notes:**

(1) All numbers are as of the end of our fiscal years.

**TABLE NO. 5**  
**PROJECTED OPENINGS AS OF DECEMBER 31, 2024<sup>(1)</sup>**

| Column 1<br>State | Column 2<br>Franchise Agreements<br>Signed But Outlet Not<br>Opened | Column 3<br>Projected New<br>Franchised Outlet In<br>The Next Fiscal Year | Column 4<br>Projected New Company-<br>Owned Outlet In the Next<br>Fiscal Year |
|-------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------------------------|
|                   |                                                                     |                                                                           |                                                                               |
| Indiana           | 0                                                                   | 0                                                                         | 0                                                                             |
| Kentucky          | 0                                                                   | 0                                                                         | 2                                                                             |
| North Carolina    | 0                                                                   | 1                                                                         | 0                                                                             |
| Texas             | 1                                                                   | 1                                                                         | 0                                                                             |
| <b>Totals</b>     | 1                                                                   | 2                                                                         | 2                                                                             |

**Notes:**

(1) All Company-owned Restaurants to be established in 2025 will be owned or controlled by Holdings.

### **List of Current Franchisees**

A list of the names, addresses and telephone numbers of our current franchisees and their outlets as of December 31, 2024, is attached as Exhibit D to this Disclosure Document.

### **List of Former Franchisees**

Exhibit D also lists the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had a Restaurant franchise terminated, canceled, not renewed, or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks before the 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.

### **Purchase of Previously Owned Franchise**

If you are purchasing a previously owned Restaurant, we will provide you additional information on the previously owned Restaurant in an addendum to this Disclosure Document.

### **Confidentiality Clauses**

During the last 3 fiscal years, we have not signed any agreements with franchisees that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experience.

### **Trademark-Specific Franchisee Organizations**

We are not currently aware of any trademark-specific franchisee organizations associated with the franchise system which we have created, sponsored, or endorsed, or any independent franchisee organizations that have asked to be included in this disclosure document.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Exhibit A-2 contains the following audited consolidated financial statements of our parent, Texas Roadhouse, Inc., and a copy of its Guarantee of Performance of our obligations to you under the Franchise Agreement. Our financial statements are not separately audited but comprise an element of our parent's consolidated financial statements.

#### **Audited Statements of Texas Roadhouse, Inc. and Subsidiaries**

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets as of December 31, 2024 and December 26, 2023

Consolidated Statements of Income for the Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

Consolidated Statements of Cash Flows for the Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

Notes to Consolidated Financial Statements

## **ITEM 22**

### **CONTRACTS**

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

1. Development Agreement and State Amendments (Exhibit B-1)
2. Franchise Agreement and State Amendments (Exhibit B-2)
3. Form of General Release (Exhibit G)

## **ITEM 23**

### **RECEIPTS**

Two copies of a Receipt for this Disclosure Document are attached as the last two pages of this booklet. Please sign, date and return one copy to us; retain the other copy for your files. Please act promptly; we cannot communicate with you any further until we receive your signed Receipt.

**EXHIBIT A-1**

**STATE APPENDICES TO THE DISCLOSURE DOCUMENT**

## APPENDICES TO DISCLOSURE DOCUMENT

We must provide you the following information about certain state laws, and how they may affect your franchise contracts. By providing you this information, we are not agreeing that the laws apply to your franchise contract or waiving our right to challenge the validity or enforceability of the state law in the future. We are giving you this information solely for purposes of satisfying our disclosure obligations.

### CALIFORNIA

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Disclosure Document/and or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

A. Item 3 of the Disclosure Document is supplemented by the following language:

Neither we nor any person or franchise broker in Item 2 of the Franchise 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 such persons from membership in such association or exchange.

B. Item 17 of the Franchise Disclosure Document is supplemented by the following language:

- a. 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.
- b. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- c. 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.
- d. The franchise agreement requires application of the laws of Kentucky. This provision may not be enforceable under California law.
- e. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

2. 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](http://www.dfpi.ca.gov).

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

4. You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

5. Corporations Code 31512 provides that: “Any conditions, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or any rule or order hereunder is void.” The franchise agreement requires a shortened status of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

6. 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.

7. **Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.**

8. California’s Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

9. 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. See NASAA STATEMENT OF POLICY REGARDING THE USE OF FRANCHISE QUESTIONNAIRES AND ACKNOWLEDGMENTS. <https://www.nasaa.org/wp-content/uploads/2022/11/sop-franchise-questionnaires.pdf>

## **ILLINOIS**

1. The Cover Page, Item 17.v., and Item 17.w. (Franchise Agreement chart) are supplemented by the following:

“If the Franchise Agreement requires (i) litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act (“Act”) and (ii) that it be governed by a state’s law, other than the State of Illinois, to the extent that such law conflicts with the Act, Illinois law will govern.”

## **MARYLAND**

1. The Summary column for Item 17.v., “Choice of Forum” (Franchise Agreement chart) is amended as follows:

“A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Except for any rights a franchisee has under the Maryland Franchise Registration and Disclosure Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held at our headquarters in Louisville, Kentucky. Except as otherwise required by the Maryland Franchise Registration and Disclosure Law, venue for all proceedings arising under the Franchise Agreement is the Jefferson County, unless otherwise brought by us.”

2. Item 17.c., “Requirements for you to renew or extend” and Item 17.m., “Conditions for Franchisor approval of transfer” (Franchise Agreement chart) are amended by the addition of the following:

“The Code of Maryland Regulations COMAR 02.02.08.16L., states that 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. This may affect the enforceability of certain provisions in the Franchise Agreement relating to renewal, sale, assignment or transfer of the Franchise Agreement.”

3. Item 17 is amended to add the following note at the end of that Item:

“Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

4. Item 5 is amended to add the following note at the end of that Item:

“Based on the Franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the Development Agreement opens.”

## **NEW YORK**

1. Item 3, “Litigation” is hereby amended by deleting the next to last paragraph in that Item and replacing it with the following language:

“Other than this one action:

(a) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has pending any administrative,

criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable allegations.

(b) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the date of this disclosure document, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved a violation of any franchise, anti-fraud or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, misappropriation of property or comparable allegations.

(c) Neither we, any predecessor any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, 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.”

2. Item 4, “Bankruptcy” is hereby deleted in its entirety and the following language substituted in lieu thereof:

“Neither we, nor any affiliate or predecessor or current officer or general partner have during the 10 year period immediately before the date of this Disclosure Document (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of Jagers Development Corporation held this position with the company or partnership.”

3. Item 17, “Renewal, Termination, Transfer and Dispute Resolution” is amended in the franchise agreement table as follows:

(a) By adding the following in the “Summary” column opposite category d., “Termination by you”:

“To the extent required by the New York General Business Law, you may terminate the Agreement on any grounds available by law.”

(b) By adding the following in the “Summary” column opposite category w., “Choice of law”:

“The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.”

**VIRGINIA**

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Jaggers Development Corporation is supplemented by the following:

“Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

2. Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$3,274,700 and \$4,236,500. This amount exceeds the franchisor’s stockholders’ equity as of December 31, 2024.

**ADDENDUM TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA**

**CALIFORNIA LAW MODIFICATIONS**

The California Department of Corporations requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. California Business and Professions Code 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.
- b. The Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- c. The Agreement contains a covenant not to compete which extends beyond the expiration or termination of the franchise. This provision may not be enforceable under California law.
- d. The Agreement requires application of the laws of Kentucky. This provision may not be enforceable under California law.
- e. The Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- f. California's Franchise Investment Law (Corporations Code Section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.
- g. 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.
- h. The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit is deferred until that unit is open.

Any questions concerning this notice should be directed to the Department of Financial Protection and Innovation, 320 West 4<sup>th</sup> Street, Suite 750, Los Angeles, California 90013, (213) 576-7500 or (866) 275-2677, [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

**ADDENDUM TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MICHIGAN**

**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 protections 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 subfranchisor.
  - (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 disclosure on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.**

Any questions concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W. Ottawa Street, G. Mennen Williams Building, 1<sup>st</sup> Floor, Lansing, Michigan 48913; (517)-373-7117.

**ADDENDUM TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MARYLAND**

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

**ADDENDUM TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF WASHINGTON**

**WASHINGTON LAW MODIFICATIONS**

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 RCW 19.100.220(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.

**EXHIBIT A-2**

**TEXAS ROADHOUSE, INC., AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AND GUARANTY**



KPMG LLP  
Suite 2400  
400 West Market Street  
Louisville, KY 40202

The Board of Directors  
Texas Roadhouse Inc.:

### **Independent Auditors' Acknowledgement**

We agree to the inclusion in the Franchise Disclosure Document dated March 21, 2025 issued by Jagers Development Corporation of our report, dated February 28, 2025, relating to the consolidated financial statements of Texas Roadhouse, Inc. as of December 31, 2024 and December 26, 2023, and for each of the years in the three-year period ended December 31, 2024.

*KPMG LLP*

Louisville, Kentucky  
March 21, 2025

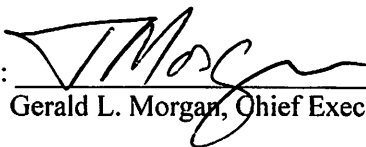
## GUARANTEE OF PERFORMANCE

For value received, Texas Roadhouse, Inc., a Delaware corporation (the "Guarantor"), located at 6040 Dutchmans Lane, Louisville, Kentucky 40205, absolutely and unconditionally guarantees to assume the duties and obligations of Jagers Development Corporation, located at 6040 Dutchmans Lane, Louisville, Kentucky 40205 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Louisville, Kentucky on the 31st day of March 2025.

Guarantor:

Texas Roadhouse, Inc.,  
a Delaware corporation

By:   
Gerald L. Morgan, Chief Executive Officer

## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors  
Texas Roadhouse, Inc.:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Texas Roadhouse, Inc. and subsidiaries (the Company) as of December 31, 2024 and December 26, 2023, the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and December 26, 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### *Potential indicators of impairment of long-lived assets*

As discussed in Note 2 to the consolidated financial statements, the Company assesses long-lived assets, primarily related to restaurants held and used in the business, including property and equipment and right-of-use assets, for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a restaurant, or asset group, may not be recoverable. Trailing 12-month cash flows under predetermined amounts at the individual restaurant level are the Company's primary indicator that the carrying amount of a restaurant may not be recoverable. Property and equipment, net of accumulated depreciation, and the operating lease right-of-use assets, net as of December 31, 2024 were \$1,617.7 million and \$769.9 million, respectively.

We identified the assessment of the Company's determination of potential indicators of impairment of long-lived assets as a critical audit matter. Subjective auditor judgement was required to evaluate the events or circumstances

indicating the carrying amount of an asset group may not be recoverable, including the determination of the cash flow thresholds and the utilization of trailing 12-month cash flows to identify a potential impairment trigger.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's long-lived asset impairment process, including controls relating to determination and identification of potential indicators of impairment. We evaluated the Company's methodology of using trailing 12-month cash flow results under predetermined thresholds at the individual restaurant level as a potential indicator of impairment. Specifically, we evaluated the Company's assessment of the factors considered, including the cash flows at the individual restaurant level and the cash flow thresholds used in the Company's analysis. We tested that those restaurants with trailing 12-month cash flows were evaluated for potential impairment triggers, and we compared trailing 12-month cash flows used in the Company's analysis to historical financial data. We also assessed other events and circumstances that could have been indicative of a potential impairment trigger by reviewing management's development reports and related meeting minutes and the board of directors meeting minutes.

/s/ KPMG LLP

We have served as the Company's auditor since 1998.

Louisville, Kentucky  
February 28, 2025

**Texas Roadhouse, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
(in thousands, except share and per share data)

|                                                                                                                                                                                   | December 31, 2024 | December 26, 2023 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Assets</b>                                                                                                                                                                     |                   |                   |
| Current assets:                                                                                                                                                                   |                   |                   |
| Cash and cash equivalents                                                                                                                                                         | \$ 245,225        | \$ 104,246        |
| Receivables, net of allowance for doubtful accounts of \$7 at December 31, 2024 and \$35 at December 26, 2023                                                                     | 193,170           | 175,474           |
| Inventories, net                                                                                                                                                                  | 40,756            | 38,320            |
| Prepaid income taxes                                                                                                                                                              | —                 | 3,262             |
| Prepaid expenses and other current assets                                                                                                                                         | 37,417            | 35,172            |
| Total current assets                                                                                                                                                              | 516,568           | 356,474           |
| Property and equipment, net of accumulated depreciation of \$1,223,064 at December 31, 2024 and \$1,078,855 at December 26, 2023                                                  | 1,617,673         | 1,474,722         |
| Operating lease right-of-use assets, net                                                                                                                                          | 769,865           | 694,014           |
| Goodwill                                                                                                                                                                          | 169,684           | 169,684           |
| Intangible assets, net of accumulated amortization of \$23,147 at December 31, 2024 and \$20,929 at December 26, 2023                                                             | 1,265             | 3,483             |
| Other assets                                                                                                                                                                      | 115,724           | 94,999            |
| Total assets                                                                                                                                                                      | \$ 3,190,779      | \$ 2,793,376      |
| <b>Liabilities and Stockholders' Equity</b>                                                                                                                                       |                   |                   |
| Current liabilities:                                                                                                                                                              |                   |                   |
| Current portion of operating lease liabilities                                                                                                                                    | \$ 28,172         | \$ 27,411         |
| Accounts payable                                                                                                                                                                  | 144,791           | 131,638           |
| Deferred revenue-gift cards                                                                                                                                                       | 401,198           | 373,913           |
| Accrued wages                                                                                                                                                                     | 101,981           | 68,062            |
| Income taxes payable                                                                                                                                                              | 2,986             | 112               |
| Accrued taxes and licenses                                                                                                                                                        | 56,824            | 42,758            |
| Other accrued liabilities                                                                                                                                                         | 92,178            | 101,540           |
| Total current liabilities                                                                                                                                                         | 828,130           | 745,434           |
| Operating lease liabilities, net of current portion                                                                                                                               | 826,300           | 743,476           |
| Restricted stock and other deposits                                                                                                                                               | 9,288             | 8,893             |
| Deferred tax liabilities, net                                                                                                                                                     | 8,184             | 23,104            |
| Other liabilities                                                                                                                                                                 | 145,154           | 114,958           |
| Total liabilities                                                                                                                                                                 | 1,817,056         | 1,635,865         |
| Texas Roadhouse, Inc. and subsidiaries stockholders' equity:                                                                                                                      |                   |                   |
| Preferred stock (\$0.001 par value, 1,000,000 shares authorized; no shares issued or outstanding)                                                                                 | —                 | —                 |
| Common stock (\$0.001 par value, 100,000,000 shares authorized, 66,574,626 and 66,789,464 shares issued and outstanding at December 31, 2024 and December 26, 2023, respectively) | 67                | 67                |
| Retained earnings                                                                                                                                                                 | 1,358,280         | 1,141,595         |
| Total Texas Roadhouse, Inc. and subsidiaries stockholders' equity                                                                                                                 | 1,358,347         | 1,141,662         |
| Noncontrolling interests                                                                                                                                                          | 15,376            | 15,849            |
| Total equity                                                                                                                                                                      | 1,373,723         | 1,157,511         |
| Total liabilities and equity                                                                                                                                                      | \$ 3,190,779      | \$ 2,793,376      |

See accompanying Notes to Consolidated Financial Statements.

**Texas Roadhouse, Inc. and Subsidiaries**

**Consolidated Statements of Income**

(in thousands, except per share data)

|                                                                                              | <b>Fiscal Year Ended</b>     |                              |                              |
|----------------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|
|                                                                                              | <b>December 31,<br/>2024</b> | <b>December 26,<br/>2023</b> | <b>December 27,<br/>2022</b> |
| <b>Revenue:</b>                                                                              |                              |                              |                              |
| Restaurant and other sales                                                                   | \$ 5,341,853                 | \$ 4,604,554                 | \$ 3,988,791                 |
| Franchise royalties and fees                                                                 | 31,479                       | 27,118                       | 26,128                       |
| <b>Total revenue</b>                                                                         | <b>5,373,332</b>             | <b>4,631,672</b>             | <b>4,014,919</b>             |
| <b>Costs and expenses:</b>                                                                   |                              |                              |                              |
| Restaurant operating costs (excluding depreciation and amortization shown separately below): |                              |                              |                              |
| Food and beverage                                                                            | 1,785,119                    | 1,593,852                    | 1,378,192                    |
| Labor                                                                                        | 1,764,740                    | 1,539,124                    | 1,319,959                    |
| Rent                                                                                         | 80,560                       | 72,766                       | 66,834                       |
| Other operating                                                                              | 795,657                      | 690,848                      | 596,305                      |
| Pre-opening                                                                                  | 28,090                       | 29,234                       | 21,883                       |
| Depreciation and amortization                                                                | 178,157                      | 153,202                      | 137,237                      |
| Impairment and closure, net                                                                  | 1,226                        | 275                          | 1,600                        |
| General and administrative                                                                   | 223,264                      | 198,382                      | 172,712                      |
| <b>Total costs and expenses</b>                                                              | <b>4,856,813</b>             | <b>4,277,683</b>             | <b>3,694,722</b>             |
| <b>Income from operations</b>                                                                | <b>516,519</b>               | <b>353,989</b>               | <b>320,197</b>               |
| <b>Interest income (expense), net</b>                                                        | <b>6,774</b>                 | <b>2,984</b>                 | <b>(124)</b>                 |
| <b>Equity income from investments in unconsolidated affiliates</b>                           | <b>1,197</b>                 | <b>1,351</b>                 | <b>1,239</b>                 |
| <b>Income before taxes</b>                                                                   | <b>524,490</b>               | <b>358,324</b>               | <b>321,312</b>               |
| <b>Income tax expense</b>                                                                    | <b>80,145</b>                | <b>44,649</b>                | <b>43,715</b>                |
| <b>Net income including noncontrolling interests</b>                                         | <b>444,345</b>               | <b>313,675</b>               | <b>277,597</b>               |
| <b>Less: Net income attributable to noncontrolling interests</b>                             | <b>10,753</b>                | <b>8,799</b>                 | <b>7,779</b>                 |
| <b>Net income attributable to Texas Roadhouse, Inc. and subsidiaries</b>                     | <b>\$ 433,592</b>            | <b>\$ 304,876</b>            | <b>\$ 269,818</b>            |
| <b>Net income per common share attributable to Texas Roadhouse, Inc. and subsidiaries:</b>   |                              |                              |                              |
| Basic                                                                                        | \$ 6.50                      | \$ 4.56                      | \$ 3.99                      |
| Diluted                                                                                      | \$ 6.47                      | \$ 4.54                      | \$ 3.97                      |
| <b>Weighted average shares outstanding:</b>                                                  |                              |                              |                              |
| Basic                                                                                        | 66,752                       | 66,893                       | 67,643                       |
| Diluted                                                                                      | 67,011                       | 67,149                       | 67,920                       |
| <b>Cash dividends declared per share</b>                                                     | <b>\$ 2.44</b>               | <b>\$ 2.20</b>               | <b>\$ 1.84</b>               |

See accompanying Notes to Consolidated Financial Statements.

**Texas Roadhouse, Inc. and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**  
(tabular amounts in thousands, except share data)

|                                                                          | Shares      | Par Value | Additional Paid-in Capital | Retained Earnings | Total Texas Roadhouse, Inc. and Subsidiaries | Noncontrolling Interests | Total        |
|--------------------------------------------------------------------------|-------------|-----------|----------------------------|-------------------|----------------------------------------------|--------------------------|--------------|
| Balance, December 28, 2021                                               | 69,382,418  | \$ 69     | \$ 114,504                 | \$ 943,551        | \$ 1,058,124                                 | \$ 15,360                | \$ 1,073,484 |
| Net income                                                               | —           | —         | —                          | 269,818           | 269,818                                      | 7,779                    | 277,597      |
| Distributions to noncontrolling interest holders                         | —           | —         | —                          | —                 | —                                            | (7,775)                  | (7,775)      |
| Acquisition of noncontrolling interest                                   | —           | —         | (1,395)                    | —                 | (1,395)                                      | (340)                    | (1,735)      |
| Dividends declared (\$1.84 per share)                                    | —           | —         | —                          | (124,137)         | (124,137)                                    | —                        | (124,137)    |
| Shares issued under share-based compensation plans including tax effects | 474,771     | —         | —                          | —                 | —                                            | —                        | —            |
| Indirect repurchase of shares for minimum tax withholdings               | (149,873)   | —         | (13,576)                   | —                 | (13,576)                                     | —                        | (13,576)     |
| Repurchase of shares of common stock                                     | (2,734,005) | (2)       | (123,057)                  | (89,800)          | (212,859)                                    | —                        | (212,859)    |
| Share-based compensation                                                 | —           | —         | 36,663                     | —                 | 36,663                                       | —                        | 36,663       |
| Balance, December 27, 2022                                               | 66,973,311  | \$ 67     | \$ 13,139                  | \$ 999,432        | \$ 1,012,638                                 | \$ 15,024                | \$ 1,027,662 |
| Net income                                                               | —           | —         | —                          | 304,876           | 304,876                                      | 8,799                    | 313,675      |
| Distributions to noncontrolling interest holders                         | —           | —         | —                          | —                 | —                                            | (7,974)                  | (7,974)      |
| Dividends declared (\$2.20 per share)                                    | —           | —         | —                          | (147,182)         | (147,182)                                    | —                        | (147,182)    |
| Shares issued under share-based compensation plans including tax effects | 391,793     | —         | —                          | —                 | —                                            | —                        | —            |
| Indirect repurchase of shares for minimum tax withholdings               | (120,614)   | —         | (12,688)                   | —                 | (12,688)                                     | —                        | (12,688)     |
| Repurchase of shares of common stock, including excise taxes             | (455,026)   | —         | (34,681)                   | (15,531)          | (50,212)                                     | —                        | (50,212)     |
| Share-based compensation                                                 | —           | —         | 34,230                     | —                 | 34,230                                       | —                        | 34,230       |
| Balance, December 26, 2023                                               | 66,789,464  | \$ 67     | \$ —                       | \$ 1,141,595      | \$ 1,141,662                                 | \$ 15,849                | \$ 1,157,511 |
| Net income                                                               | —           | —         | —                          | 433,592           | 433,592                                      | 10,753                   | 444,345      |
| Distributions to noncontrolling interest holders                         | —           | —         | —                          | —                 | —                                            | (10,361)                 | (10,361)     |
| Acquisition of noncontrolling interest, net of deferred taxes            | —           | —         | (3,297)                    | —                 | (3,297)                                      | (865)                    | (4,162)      |
| Dividends declared (\$2.44 per share)                                    | —           | —         | —                          | (162,864)         | (162,864)                                    | —                        | (162,864)    |
| Shares issued under share-based compensation plans including tax effects | 358,077     | —         | —                          | —                 | —                                            | —                        | —            |
| Indirect repurchase of shares for minimum tax withholdings               | (111,253)   | —         | (17,608)                   | —                 | (17,608)                                     | —                        | (17,608)     |
| Repurchase of shares of common stock, including excise taxes             | (461,662)   | —         | (26,150)                   | (54,043)          | (80,193)                                     | —                        | (80,193)     |
| Share-based compensation                                                 | —           | —         | 47,055                     | —                 | 47,055                                       | —                        | 47,055       |
| Balance, December 31, 2024                                               | 66,574,626  | \$ 67     | \$ —                       | \$ 1,358,280      | \$ 1,358,347                                 | \$ 15,376                | \$ 1,373,723 |

See accompanying Notes to Consolidated Financial Statements.

**Texas Roadhouse, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(in thousands)

|                                                                                   | Fiscal Year Ended    |                      |                      |
|-----------------------------------------------------------------------------------|----------------------|----------------------|----------------------|
|                                                                                   | December 31,<br>2024 | December 26,<br>2023 | December 27,<br>2022 |
| <b>Cash flows from operating activities:</b>                                      |                      |                      |                      |
| Net income including noncontrolling interests                                     | \$ 444,345           | \$ 313,675           | \$ 277,597           |
| Adjustments to reconcile net income to net cash provided by operating activities: |                      |                      |                      |
| Depreciation and amortization                                                     | 178,157              | 153,202              | 137,237              |
| Deferred income taxes                                                             | (13,803)             | 3,115                | 9,456                |
| Loss on disposition of assets                                                     | 3,572                | 3,783                | 5,206                |
| Impairment and closure costs                                                      | 845                  | 200                  | 1,770                |
| Equity income from investments in unconsolidated affiliates                       | (1,197)              | (1,351)              | (1,239)              |
| Distributions of income received from investments in unconsolidated affiliates    | 1,133                | 689                  | 1,022                |
| Provision for doubtful accounts                                                   | (28)                 | (14)                 | 33                   |
| Share-based compensation expense                                                  | 47,055               | 34,230               | 36,663               |
| Changes in operating working capital, net of acquisitions:                        |                      |                      |                      |
| Receivables                                                                       | (17,668)             | (24,420)             | 11,062               |
| Inventories                                                                       | (2,436)              | 105                  | (6,099)              |
| Prepaid expenses and other current assets                                         | (2,245)              | (5,612)              | (6,540)              |
| Other assets                                                                      | (20,097)             | (22,617)             | 5,775                |
| Accounts payable                                                                  | 13,142               | 23,083               | 5,408                |
| Deferred revenue—gift cards                                                       | 27,285               | 37,347               | 33,799               |
| Accrued wages                                                                     | 33,919               | 13,518               | (10,172)             |
| Prepaid income taxes and income taxes payable                                     | 6,136                | 1,514                | 5,953                |
| Accrued taxes and licenses                                                        | 14,393               | 6,581                | 1,889                |
| Other accrued liabilities                                                         | 2,842                | (3,460)              | 2,147                |
| Operating lease right-of-use assets and lease liabilities                         | 8,085                | 6,313                | 5,268                |
| Other liabilities                                                                 | 30,194               | 25,103               | (4,510)              |
| Net cash provided by operating activities                                         | 753,629              | 564,984              | 511,725              |
| <b>Cash flows from investing activities:</b>                                      |                      |                      |                      |
| Capital expenditures—property and equipment                                       | (354,341)            | (347,034)            | (246,121)            |
| Acquisitions of franchise restaurants, net of cash acquired                       | —                    | (39,153)             | (33,069)             |
| Proceeds from sale of investments in unconsolidated affiliates                    | —                    | 627                  | 316                  |
| Proceeds from sale of property and equipment                                      | 1,441                | 2,110                | 2,269                |
| Proceeds from sale leaseback transactions                                         | 15,999               | 16,283               | 12,871               |
| Net cash used in investing activities                                             | (336,901)            | (367,167)            | (263,734)            |
| <b>Cash flows from financing activities:</b>                                      |                      |                      |                      |
| Payments on revolving credit facility                                             | —                    | (50,000)             | (50,000)             |
| Distributions to noncontrolling interest holders                                  | (10,361)             | (7,974)              | (7,775)              |
| Acquisitions of noncontrolling interests                                          | (5,279)              | —                    | (1,735)              |
| Proceeds from restricted stock and other deposits, net                            | 366                  | 405                  | 307                  |
| Indirect repurchase of shares for minimum tax withholdings                        | (17,608)             | (12,688)             | (13,576)             |
| Repurchase of shares of common stock, including excise taxes as applicable        | (80,003)             | (49,993)             | (212,859)            |
| Dividends paid to shareholders                                                    | (162,864)            | (147,182)            | (124,137)            |
| Net cash used in financing activities                                             | (275,749)            | (267,432)            | (409,775)            |
| Net increase (decrease) in cash and cash equivalents                              | 140,979              | (69,615)             | (161,784)            |
| Cash and cash equivalents—beginning of period                                     | 104,246              | 173,861              | 335,645              |
| Cash and cash equivalents—end of period                                           | \$ 245,225           | \$ 104,246           | \$ 173,861           |
| <b>Supplemental disclosures of cash flow information:</b>                         |                      |                      |                      |
| Interest paid, net of amounts capitalized                                         | \$ 891               | \$ 1,119             | \$ 1,547             |
| Income taxes paid                                                                 | \$ 87,333            | \$ 39,861            | \$ 25,910            |
| Capital expenditures included in current liabilities                              | \$ 34,509            | \$ 47,550            | \$ 34,689            |

See accompanying Notes to Consolidated Financial Statements.

## **Texas Roadhouse, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements**

**(Tabular amounts in thousands, except share and per share data)**

#### **(1) Description of Business**

Texas Roadhouse, Inc. and subsidiaries in which we have a controlling interest (collectively, the "Company," "we," "our," and/or "us"), is a growing restaurant company operating predominantly in the casual dining segment. Our late founder, W. Kent Taylor, started the business in 1993 with the opening of the first Texas Roadhouse restaurant in Clarksville, Indiana.

The Company maintains three restaurant concepts operating as Texas Roadhouse, Bubba's 33, and Jagers. As of December 31, 2024, we owned and operated 666 restaurants and franchised an additional 118 restaurants in 49 states, one U.S. territory, and ten foreign countries. Of the 118 franchise restaurants, there were 60 domestic and 58 international restaurants, including one in a U.S. territory. As of December 26, 2023, we owned and operated 635 restaurants and franchised an additional 106 restaurants in 49 states and ten foreign countries. Of the 106 franchise restaurants, 58 were domestic and 48 were international restaurants.

#### **(2) Summary of Significant Accounting Policies**

##### ***Principles of Consolidation***

The accompanying consolidated financial statements present the financial position, results of operations, and cash flows of the Company. All significant intercompany balances and transactions have been eliminated in consolidation.

As of December 31, 2024 and December 26, 2023, we owned a majority interest in 19 and 20 company restaurants, respectively. The operating results of these majority-owned restaurants are consolidated and the portion of income attributable to noncontrolling interests is recorded in the line item net income attributable to noncontrolling interests in our consolidated statements of income.

As of December 31, 2024 and December 26, 2023, we owned a 5.0% to 10.0% equity interest in 20 domestic franchise restaurants. These unconsolidated restaurants are accounted for using the equity method. Our investments in these unconsolidated affiliates are included in other assets in our consolidated balance sheets, and our percentage share of net income earned by these unconsolidated affiliates is recorded in the line item equity income from investments in unconsolidated affiliates in our consolidated statements of income.

##### ***Fiscal Year***

We utilize a 52 or 53 week accounting period that typically ends on the last Tuesday in December. We utilize a 13 week accounting period for quarterly reporting purposes, except in years containing 53 weeks when the fourth quarter contains 14 weeks. Fiscal year 2024 was 53 weeks in length and fiscal years 2023 and 2022 were 52 weeks in length. In fiscal year 2024, the additional week increased restaurant and other sales by \$114.7 million and increased net income by approximately 5% in our consolidated statements of income.

##### ***Use of Estimates***

We have made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reporting of revenue and expenses during the period to prepare these consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP"). Significant items subject to such estimates and assumptions include the valuation of property and equipment, goodwill, lease liabilities and right-of-use assets, obligations related to insurance reserves, legal reserves, income taxes, and gift card breakage and fees. Actual results could differ from those estimates.

## **Texas Roadhouse, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements**

**(Tabular amounts in thousands, except share and per share data)**

#### ***Segment Reporting***

Operating segments are defined as components of a company that engage in business activities from which it may earn revenue and incur expenses, and for which separate financial information is available and is regularly reviewed by the chief operating decision maker ("CODM") to assess the performance of the individual segments and make decisions about resources to be allocated to the segments. The Company's operating segments have been identified in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") ASC 280, *Segment Reporting*, as amended by ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure*.

We have identified Texas Roadhouse, Bubba's 33, Jaggers, and our retail initiatives as separate operating segments. In addition, we have identified Texas Roadhouse and Bubba's 33 as reportable segments. For further discussion of segment reporting, refer to Note 19.

#### ***Cash and Cash Equivalents***

We consider all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents also include receivables from credit card companies as these balances are highly liquid in nature and are settled within two to three business days. These amounted to \$49.4 million and \$27.8 million at December 31, 2024 and December 26, 2023, respectively.

#### ***Receivables***

Receivables consist principally of amounts due from retail gift card providers, certain franchise restaurants for reimbursement of labor costs, pre-opening, and other expenses, and franchise restaurants for royalties and advertising fees.

Receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable. We determine the allowance based on historical collection experience, adjusted for current and forecasted economic conditions and other factors such as credit risk or industry trends, and the age of receivables. We review our allowance for doubtful accounts quarterly. Past due balances over 120 days are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

#### ***Inventories***

Inventories, consisting principally of food, beverages, and supplies, are valued at the lower of cost (first-in, first-out) or net realizable value.

#### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Expenditures for major renewals and betterments are capitalized while expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed on property and equipment, including assets located on leased properties, over the shorter of the estimated useful lives of the related assets or the underlying lease term using the straight-line method. In most cases, assets on leased properties are depreciated over a period of time which includes both the initial term of the lease and one or more option periods.

**Texas Roadhouse, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements**

**(Tabular amounts in thousands, except share and per share data)**

The estimated useful lives are:

|                                      |               |
|--------------------------------------|---------------|
| Land improvements                    | 10 - 25 years |
| Buildings and leasehold improvements | 10 - 25 years |
| Furniture, fixtures and equipment    | 3 - 10 years  |

The cost of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as indefinite-lived assets and included in Property and equipment, net.

***Cloud Computing Arrangements***

The Company capitalizes cloud computing implementation costs and amortizes these costs on a straight-line basis over the term of the related service agreement, including renewal periods that are reasonably certain to be exercised. Capitalized cloud computing implementation costs were \$5.9 million and \$3.0 million, net of accumulated amortization, as of December 31, 2024 and December 26, 2023, respectively. These costs are included in prepaid expenses and other current assets and other assets in our consolidated balance sheets. Related amortization expense was \$3.9 million, \$1.4 million, and \$1.0 million for the years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively, and is included in general and administrative expenses in our consolidated statements of income.

***Leases***

We recognize operating lease right-of-use assets and operating lease liabilities for real estate leases, including our restaurant leases and Support Center lease, as well as certain restaurant equipment leases based on the present value of the lease payments over the lease term. At lease inception, we include option periods that we are reasonably certain to exercise in the lease term. To determine if an option is reasonably certain to be exercised, we analyze the economic penalties that would be imposed from a failure to renew a lease, including the loss of our investment in leasehold improvements or the loss of future cash flows. We estimate the present value of lease payments based on our incremental borrowing rate which considers our estimated credit rating for a secured or collateralized instrument and corresponds to the underlying lease term. In addition, operating lease right-of-use assets are reduced for accrued rent and increased for any initial direct costs recognized at lease inception. For real estate and restaurant equipment leases commencing in 2019 and later, we account for lease and non-lease components as a single lease component. Reductions of the right-of-use asset and the changes in the lease liability are included within the changes in operating lease right-of-use assets and lease liabilities in our consolidated statements of cash flows.

Certain of our operating leases contain predetermined fixed escalations of the minimum rent over the lease term. For these leases, we recognize the related total rent expense on a straight-line basis over the lease term. We may receive rent concessions or leasehold improvement incentives upon opening a restaurant that is subject to a lease which we consider when determining straight-line rent expense. We also may receive rent holidays, which would begin on the possession date and end when the store opens, during which no cash rent payments are typically due under the terms of the lease. Rent holidays are included in the lease term when determining straight-line rent expense.

Certain of our operating leases contain clauses that provide for additional contingent rent based on a percentage of sales greater than certain specified target amounts. We recognize contingent rent expense as variable rent expense prior to the achievement of the specified target that triggers the contingent rent, provided achievement of the target is considered probable. In addition, certain of our operating leases have variable escalations of the minimum rent that depend on an index or rate. For these leases, we recognize operating lease right-of-use assets and operating lease liabilities based on the index or rate at the commencement date. Any subsequent changes to the index or rate are recognized as variable rent expense when the escalation is determinable.

Sale-leasebacks are transactions through which we sell previously acquired land at fair value and subsequently enter into a lease agreement on the same land. The resulting lease agreement is evaluated to determine classification as an operating or finance lease and is recorded based on the lease classification. Refer to Note 8 for further discussion of leases.

## **Texas Roadhouse, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements**

**(Tabular amounts in thousands, except share and per share data)**

#### ***Goodwill***

Goodwill represents the excess of cost over fair value of assets of businesses acquired. In accordance with ASC 350, *Intangibles—Goodwill and Other* ("ASC 350"), goodwill is not subject to amortization and is evaluated for impairment on an annual basis, or sooner if an event or other circumstance indicates that goodwill may be impaired. The annual assessment date is the first day of our fourth quarter.

ASC 350 requires that goodwill be tested for impairment at the reporting unit level, or the level of internal reporting that reflects the way in which an entity manages its businesses. A reporting unit is defined as an operating segment, or one level below an operating segment. Our goodwill reporting units are at the concept or operating segment level.

As stated in ASC 350, an entity may first assess qualitative factors in order to determine if it is necessary to perform the quantitative test. In 2024 and 2023, we elected to perform a qualitative assessment for our annual review of goodwill. This review included evaluating factors such as macroeconomic conditions, industry and market considerations, cost factors, changes in management or key personnel, sustained decreases in share price, and the overall financial performance of the Company's reporting units at the concept level. As a result of the qualitative assessment, no indicators of impairment were identified, and no additional indicators of impairment were identified through the end of the fiscal year that would require additional testing.

In 2024, 2023, and 2022, we determined there was no goodwill impairment. Refer to Note 7 for additional information related to goodwill and intangible assets.

#### ***Other Assets***

Other assets consist primarily of deferred compensation plan assets, capitalized cloud computing implementation costs, investments in unconsolidated affiliates, and deposits. For further discussion of the deferred compensation plan, refer to Note 15 and Note 16.

#### ***Impairment or Disposal of Long-lived Assets***

In accordance with ASC 360, *Property, Plant, and Equipment*, long-lived assets to be held and used in the business, such as property and equipment, operating lease right-of-use assets, and intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of this evaluation, we define the asset group at the individual restaurant level. When we evaluate the restaurants, cash flows are the primary indicator of impairment.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the restaurant to estimated undiscounted future cash flows expected to be generated by the restaurant. Under our policies, trailing 12-month cash flow results under a predetermined amount at the individual restaurant level signals potential impairment. In our evaluation of restaurants that do not meet the cash flow threshold, we estimate future undiscounted cash flows from operating the restaurant over its remaining useful life, which can be for a period of over 20 years. In the estimation of future cash flows, we consider the period of time the restaurant has been open, the trend of operations over such period, and future periods and expectations of future sales growth. Assumptions about important factors such as the trend of future operations and sales growth are limited to those that are supportable based upon the plans for the restaurant and actual results at comparable restaurants.

If the carrying amount of the restaurant exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount exceeds the estimated fair value of the assets. We generally measure fair value by discounting estimated future cash flows. When fair value is measured by discounting estimated future cash flows, the assumptions used are consistent with what we believe hypothetical market participants would use. We also use a discount rate that is commensurate with the risk inherent in the projected cash flows. The adjusted carrying amounts of assets to be held and used are depreciated over their remaining useful life. Refer to Note 17 for further discussion of amounts recorded as part of our impairment analysis.

## **Texas Roadhouse, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements**

**(Tabular amounts in thousands, except share and per share data)**

#### ***Insurance Reserves***

We self-insure a significant portion of expected losses related to employee health, workers' compensation, general liability, employment practices liability, cybersecurity, and property claims. This includes our wholly-owned captive insurance company which covers certain lines of coverage. We use third-party insurance with varying retention levels to limit our exposure to significant losses.

We record a liability for unresolved claims and for an estimate of incurred but not reported claims based on historical experience. The estimated liability is based on a number of assumptions and factors regarding economic conditions, the frequency and severity of claims, and claim development history and settlement practices. Our assumptions are reviewed, monitored, and adjusted when warranted by changing circumstances.

#### ***Revenue Recognition***

We recognize revenue in accordance with ASC 606, *Revenue from Contracts with Customers*, which requires an entity to allocate the transaction price received from customers to each separate and distinct performance obligation and recognize revenue as these performance obligations are satisfied. We recognize revenue from company restaurant sales when food and beverage products are sold. Restaurant sales include gross food and beverage sales, net of promotions and discounts, for all company restaurants. Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from restaurant sales in the consolidated statements of income.

We record deferred revenue for gift cards that have been sold but not yet redeemed. When the gift cards are redeemed, we recognize restaurant sales and reduce deferred revenue. For some of the gift cards that are sold we have determined that, based on our historic gift card redemption patterns, the likelihood of redemption is remote. For these gift cards, we record a breakage adjustment as a component of restaurant and other sales in the consolidated statements of income and reduce deferred revenue by the amount never expected to be redeemed. We use historic gift card redemption patterns to determine the breakage rate to utilize and recognize the expected breakage amount in a manner generally consistent with the actual redemption pattern of the associated gift card. We review the breakage rate on an annual basis, or sooner if circumstances indicate that the rate may have significantly changed and update the rate as needed. In addition, we incur fees on all gift cards that are sold through third-party retailers. These fees are also deferred and generally recorded consistent with the actual redemption pattern of the associated gift cards and are recorded as a component of restaurant and other sales in the consolidated statements of income.

We also recognize revenue from our franchising of Texas Roadhouse and Jagers restaurants. This includes franchise royalties and domestic marketing and advertising fees, initial and upfront franchise fees, domestic and international development agreements, and supervisory and administrative service fees. We recognize franchise royalties and domestic marketing and advertising fees as franchise restaurant sales occur. For initial and upfront franchise fees and fees from development agreements, because the services we provide related to these fees do not contain separate and distinct performance obligations from the franchise right, these fees are recognized on a straight-line basis over the term of the associated franchise agreement. We recognize fees from supervision and administrative services as incurred.

#### ***Income Taxes***

We account for income taxes in accordance with ASC 740, *Income Taxes*, under which deferred assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between financial statement carrying values of assets and liabilities and their respective tax bases. We recognize both interest and penalties on unrecognized tax benefits as part of income tax expense. A valuation allowance is established to reduce the carrying value of deferred tax assets if it is considered more likely than not that such assets will not be realized. Any change in the valuation allowance would be charged to income in the period such determination was made. For all years presented, no valuation allowances have been recorded.

## Texas Roadhouse, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(Tabular amounts in thousands, except share and per share data)

#### **Advertising**

We have a domestic system-wide marketing and advertising fund. We maintain control of the marketing and advertising fund and, as such, have consolidated the fund's activity for all the years presented. Domestic company and franchise restaurants are required to remit a designated portion of sales to the advertising fund. Advertising contributions related to company restaurants are expensed as incurred and recorded as a component of other operating costs in our consolidated statements of income. Advertising contributions received from our franchisees are recorded as a component of franchise royalties and fees in our consolidated statements of income. The associated advertising expenses are recorded as incurred within general and administrative expenses in our consolidated statements of income.

Other costs related to local restaurant area marketing initiatives are included in other operating costs in our consolidated statements of income. These costs and the company restaurant advertising contribution amounted to \$31.8 million, \$28.3 million, and \$25.0 million for the years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively.

#### **Pre-opening Expenses**

Pre-opening expenses, which are charged to operations as incurred, consist of expenses incurred before the opening of a new or relocated restaurant and consist principally of opening team and training team compensation and benefits, travel expenses, rent, food, beverage, and other initial supplies and expenses.

#### **Fair Value of Financial Instruments**

Fair value is defined as the price that we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants on the measurement date. ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This includes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs in measuring fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date.

|         |                                                                                                                            |
|---------|----------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Inputs based on quoted prices in active markets for identical assets.                                                      |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the assets, either directly or indirectly. |
| Level 3 | Inputs that are unobservable for the asset.                                                                                |

Fair value measurements are separately disclosed by level within the fair value hierarchy. Refer to Note 16 for further discussion of fair value measurement.

#### **Recently Adopted Accounting Pronouncements**

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure*. This ASU primarily provides enhanced disclosures about significant segment expenses including requiring segment disclosures to include a description of other segment items by reportable segment and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. The ASU also requires all annual disclosures currently required by Topic 280 to be included in interim periods as well as the title of the CODM and an explanation of how the CODM uses the reported measure of segment profit or loss in assessing performance and allocating resources. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We adopted this guidance during the fourth quarter of the 2024 fiscal year and provided additional detail and disclosures in our segment reporting disclosures. Refer to Note 19 for further discussion of segment reporting.

## Texas Roadhouse, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

(Tabular amounts in thousands, except share and per share data)

#### Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU primarily provides enhanced disclosures about an entity's income tax including requiring consistent categories and greater disaggregation of the information included in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The amendments in this update are effective for fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025. We are currently assessing the impact of this new standard on our income tax disclosures and expect to provide additional detail and disclosures under this new guidance.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU primarily provides enhanced disclosures about the components of expenses within the income statement including purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The amendments in this update are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. We are currently assessing the impact of this new standard on our disclosures and expect to provide additional detail and disclosures under this new guidance.

#### (3) Revenue

The following table disaggregates our revenue by major source:

|                            | Fiscal Year Ended   |                     |                     |
|----------------------------|---------------------|---------------------|---------------------|
|                            | December 31, 2024   | December 26, 2023   | December 27, 2022   |
| Restaurant and other sales | \$ 5,341,853        | \$ 4,604,554        | \$ 3,988,791        |
| Franchise royalties        | 28,342              | 24,169              | 23,058              |
| Franchise fees             | 3,137               | 2,949               | 3,070               |
| Total revenue              | <u>\$ 5,373,332</u> | <u>\$ 4,631,672</u> | <u>\$ 4,014,919</u> |

The following table presents a rollforward of deferred revenue-gift cards:

|                                                | Fiscal Year Ended |                   |
|------------------------------------------------|-------------------|-------------------|
|                                                | December 31, 2024 | December 26, 2023 |
| Beginning balance                              | \$ 373,913        | \$ 335,403        |
| Gift card activations, net of third-party fees | 479,244           | 420,047           |
| Gift card redemptions and breakage             | (451,959)         | (381,537)         |
| Ending balance                                 | <u>\$ 401,198</u> | <u>\$ 373,913</u> |

We recognized restaurant sales of \$234.0 million for the year ended December 31, 2024 related to amounts in deferred revenue as of December 26, 2023. We recognized restaurant sales of \$209.2 million for the year ended December 26, 2023 related to amounts in deferred revenue as of December 27, 2022.

#### (4) Acquisitions

On December 28, 2022, the first day of the 2023 fiscal year, we completed the acquisition of eight franchise Texas Roadhouse restaurants located in Maryland and Delaware, including four in which we previously held a 5.0% equity interest. Pursuant to the terms of the acquisition agreements, we paid a total purchase price of \$39.1 million, net of cash acquired. The transactions in which we held an equity interest were accounted for as step acquisitions, and we recorded a gain of \$0.6 million on our previous investments in equity income from investments in unconsolidated affiliates in the consolidated statements of income.

**Texas Roadhouse, Inc. and Subsidiaries**  
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**(Tabular amounts in thousands, except share and per share data)**

These transactions were accounted for using the acquisition method as defined in ASC 805, *Business Combinations*. These acquisitions are consistent with our long-term strategy to increase net income and earnings per share.

The following table summarizes the consideration paid for these acquisitions and the estimated fair value of the assets acquired and the liabilities assumed at the acquisition date, which are adjusted for final measurement-period adjustments.

|                                                     |                  |
|-----------------------------------------------------|------------------|
| Inventory                                           | \$ 410           |
| Property and equipment                              | 17,763           |
| Operating lease right-of-use assets                 | 4,775            |
| Goodwill                                            | 20,067           |
| Intangible assets                                   | 1,700            |
| Other assets                                        | 293              |
| Deferred revenue-gift cards                         | (1,164)          |
| Current portion of operating lease liabilities      | (110)            |
| Operating lease liabilities, net of current portion | (4,665)          |
|                                                     | <u>\$ 39,069</u> |

Intangible assets represent reacquired franchise rights which are being amortized over a weighted-average useful life of 2.2 years. We expect all of the goodwill will be deductible for tax purposes and believe the resulting amount of goodwill reflects the benefit of sales and unit growth opportunities as well as the benefit of the assembled workforce of the acquired restaurants.

**(5) Long-term Debt**

We maintain a revolving credit facility (the "credit facility") with a syndicate of commercial lenders led by JPMorgan Chase Bank, N.A. and PNC Bank, N.A. The credit facility is an unsecured, revolving credit agreement and has a borrowing capacity of up to \$300.0 million with the option to increase by an additional \$200.0 million subject to certain limitations, including approval by the syndicate of commercial lenders. The credit facility has a maturity date of May 1, 2026.

We are required to pay interest on outstanding borrowings at the Term Secured Overnight Financing Rate ("SOFR"), plus a fixed adjustment of 0.10% and a variable adjustment of 0.875% to 1.875% depending on our consolidated leverage ratio.

As of December 31, 2024, we had no outstanding borrowings under the credit facility and had \$296.8 million of availability, net of \$3.2 million of outstanding letters of credit. As of December 26, 2023, we had no outstanding borrowings under the credit facility and had \$295.3 million of availability, net of \$4.7 million of outstanding letters of credit.

The interest rate for the credit facility as of December 31, 2024 and December 26, 2023 was 5.47% and 6.23%, respectively.

The lenders' obligation to extend credit pursuant to the credit facility depends on us maintaining certain financial covenants, including a minimum consolidated fixed charge coverage ratio and a maximum consolidated leverage ratio. The credit facility permits us to incur additional secured or unsecured indebtedness, except for the incurrence of secured indebtedness that in the aggregate is equal to or greater than \$125.0 million and 20% of our consolidated tangible net worth. We were in compliance with all financial covenants as of December 31, 2024.

**Texas Roadhouse, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements**

(Tabular amounts in thousands, except share and per share data)

**(6) Property and Equipment, Net**

Property and equipment were as follows:

|                                           | December 31, 2024   | December 26, 2023   |
|-------------------------------------------|---------------------|---------------------|
| Land and improvements                     | \$ 174,027          | \$ 165,919          |
| Buildings and leasehold improvements      | 1,523,169           | 1,369,400           |
| Furniture, fixtures, and equipment        | 1,027,644           | 908,489             |
| Construction in progress                  | 98,662              | 93,527              |
| Liquor licenses                           | 17,235              | 16,242              |
|                                           | 2,840,737           | 2,553,577           |
| Accumulated depreciation and amortization | (1,223,064)         | (1,078,855)         |
| Total property and equipment, net         | <u>\$ 1,617,673</u> | <u>\$ 1,474,722</u> |

For the year ended December 31, 2024, there was no interest capitalized in connection with restaurant construction. For the years ended December 26, 2023 and December 27, 2022, the amount of interest capitalized in connection with restaurant construction was \$0.5 million and \$1.3 million, respectively.

**(7) Goodwill and Intangible Assets**

All of our goodwill and intangible assets reside within the Texas Roadhouse reportable segment. The gross carrying amounts of goodwill and intangible assets were as follows:

|                                 | Goodwill          | Intangible Assets |
|---------------------------------|-------------------|-------------------|
| Balance as of December 27, 2022 | \$ 148,732        | \$ 5,607          |
| Additions                       | 20,952            | 900               |
| Amortization expense            | —                 | (3,024)           |
| Balance as of December 26, 2023 | \$ 169,684        | \$ 3,483          |
| Additions                       | —                 | —                 |
| Amortization expense            | —                 | (2,218)           |
| Balance as of December 31, 2024 | <u>\$ 169,684</u> | <u>\$ 1,265</u>   |

As of December 31, 2024, the gross carrying amount and accumulated amortization of the intangible assets were \$24.4 million and \$23.1 million, respectively. As of December 26, 2023, the gross carrying amount and accumulated amortization of the intangible assets were \$24.4 million and \$20.9 million, respectively.

Intangible assets consist of reacquired franchise rights. We amortize reacquired franchise rights on a straight-line basis over the remaining term of the franchise operating agreements, which varies by franchise agreement. Amortization expense for the next three years is expected to range from zero to \$1.2 million. Refer to Note 4 for discussion of the acquisitions completed for the year ended December 26, 2023.

**Texas Roadhouse, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements**

(Tabular amounts in thousands, except share and per share data)

**(8) Leases**

We recognize right-of-use assets and lease liabilities for both real estate and equipment leases that have a term in excess of one year. As of December 31, 2024 and December 26, 2023, these amounts were as follows:

|                                                     | December 31, 2024 |                 |                   |
|-----------------------------------------------------|-------------------|-----------------|-------------------|
|                                                     | Real estate       | Equipment       | Total             |
| Operating lease right-of-use assets                 | \$ 764,135        | \$ 5,730        | \$ 769,865        |
| Current portion of operating lease liabilities      | 26,501            | 1,671           | 28,172            |
| Operating lease liabilities, net of current portion | 823,240           | 3,060           | 826,300           |
| Total operating lease liabilities                   | <u>\$ 849,741</u> | <u>\$ 4,731</u> | <u>\$ 854,472</u> |

|                                                     | December 26, 2023 |                 |                   |
|-----------------------------------------------------|-------------------|-----------------|-------------------|
|                                                     | Real estate       | Equipment       | Total             |
| Operating lease right-of-use assets                 | \$ 686,271        | \$ 7,743        | \$ 694,014        |
| Current portion of operating lease liabilities      | 25,812            | 1,599           | 27,411            |
| Operating lease liabilities, net of current portion | 740,446           | 3,030           | 743,476           |
| Total operating lease liabilities                   | <u>\$ 766,258</u> | <u>\$ 4,629</u> | <u>\$ 770,887</u> |

**Texas Roadhouse, Inc. and Subsidiaries**  
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(Tabular amounts in thousands, except share and per share data)

Information related to our real estate operating leases for the fiscal years ended December 31, 2024 and December 26, 2023 were as follows:

| <b>Real estate costs</b> | <b>Fiscal Year Ended</b> |                          |
|--------------------------|--------------------------|--------------------------|
|                          | <b>December 31, 2024</b> | <b>December 26, 2023</b> |
| Operating lease          | \$ 82,739                | \$ 75,068                |
| Variable lease           | 7,007                    | 5,079                    |
| <b>Total lease costs</b> | <b>\$ 89,746</b>         | <b>\$ 80,147</b>         |

| <b>Real estate lease liabilities maturity analysis</b> | <b>December 31, 2024</b> |
|--------------------------------------------------------|--------------------------|
| 2025                                                   | \$ 79,801                |
| 2026                                                   | 80,985                   |
| 2027                                                   | 82,040                   |
| 2028                                                   | 83,220                   |
| 2029                                                   | 84,257                   |
| Thereafter                                             | 1,061,956                |
| <b>Total</b>                                           | <b>1,472,259</b>         |
| Less interest                                          | 622,518                  |
| <b>Total discounted operating lease liabilities</b>    | <b>\$ 849,741</b>        |

| <b>Real estate leases other information</b>                                  | <b>Fiscal Year Ended</b> |                          |
|------------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                              | <b>December 31, 2024</b> | <b>December 26, 2023</b> |
| Cash paid for amounts included in measurement of operating lease liabilities | \$ 74,654                | \$ 68,755                |
| Right-of-use assets obtained in exchange for new operating lease liabilities | \$ 104,548               | \$ 83,310                |
| Weighted-average remaining lease term (years)                                | 17.35                    | 17.71                    |
| Weighted-average discount rate                                               | 6.53 %                   | 6.49 %                   |

Operating lease payments exclude \$48.0 million of future minimum lease payments for executed real estate leases of which we have not yet taken possession. In addition to the above operating leases, as of December 31, 2024, we had two finance leases with a right-of-use asset balance and lease liability balance of \$1.9 million and \$2.8 million, respectively. As of December 26, 2023, we had two finance leases with a right-of-use asset balance and lease liability balance of \$2.0 million and \$2.8 million, respectively. The right-of-use asset balance is included as a component of other assets and the lease liability balance as a component of other liabilities in the consolidated balance sheets.

In 2024, we entered into five sale leaseback transactions that generated proceeds of \$16.0 million and no gain or loss was recognized on these transactions. In 2023, we entered into six sale leaseback that generated proceeds of \$16.3 million and no gain or loss was recognized on these transactions. The resulting operating leases are included in the operating lease right-of-use assets and lease liabilities noted above.

**Texas Roadhouse, Inc. and Subsidiaries**

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**(Tabular amounts in thousands, except share and per share data)**

**(9) Income Taxes**

Components of our income tax expense for the years ended December 31, 2024, December 26, 2023, and December 27, 2022 were as follows:

|                    | Fiscal Year Ended |                   |                   |
|--------------------|-------------------|-------------------|-------------------|
|                    | December 31, 2024 | December 26, 2023 | December 27, 2022 |
| Current:           |                   |                   |                   |
| Federal            | \$ 63,816         | \$ 21,694         | \$ 15,549         |
| State              | 28,992            | 19,105            | 18,120            |
| Foreign            | 1,140             | 735               | 590               |
| Total current      | 93,948            | 41,534            | 34,259            |
| Deferred:          |                   |                   |                   |
| Federal            | (11,096)          | 4,518             | 9,664             |
| State              | (2,707)           | (1,403)           | (208)             |
| Total deferred     | (13,803)          | 3,115             | 9,456             |
| Income tax expense | \$ 80,145         | \$ 44,649         | \$ 43,715         |

Our pre-tax income is substantially derived from domestic restaurants.

A reconciliation of the statutory federal income tax rate to our effective tax rate for December 31, 2024, December 26, 2023, and December 27, 2022 is as follows:

|                                                     | Fiscal Year Ended |                   |                   |
|-----------------------------------------------------|-------------------|-------------------|-------------------|
|                                                     | December 31, 2024 | December 26, 2023 | December 27, 2022 |
| Tax at statutory federal rate                       | 21.0 %            | 21.0 %            | 21.0 %            |
| State and local tax, net of federal benefit         | 3.6               | 3.6               | 3.7               |
| FICA tip tax credit                                 | (8.7)             | (11.1)            | (10.5)            |
| Work opportunity tax credit                         | (0.5)             | (1.0)             | (1.3)             |
| Share-based compensation                            | (0.9)             | (0.5)             | (0.1)             |
| Net income attributable to noncontrolling interests | (0.4)             | (0.4)             | (0.4)             |
| Officers compensation                               | 0.6               | 0.6               | 0.7               |
| Other                                               | 0.6               | 0.3               | 0.5               |
| Total                                               | 15.3 %            | 12.5 %            | 13.6 %            |

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(Tabular amounts in thousands, except share and per share data)

Components of deferred tax liabilities, net were as follows:

|                                    | December 31, 2024 | December 26, 2023 |
|------------------------------------|-------------------|-------------------|
| Deferred tax assets:               |                   |                   |
| Deferred revenue—gift cards        | \$ 35,915         | \$ 32,999         |
| Insurance reserves                 | 11,768            | 8,351             |
| Other reserves                     | 2,027             | 1,884             |
| Share-based compensation           | 7,635             | 5,241             |
| Operating lease liabilities        | 212,341           | 191,422           |
| Deferred compensation              | 26,241            | 21,697            |
| Tax credit carryforwards           | —                 | 45                |
| Other assets                       | 4,430             | 3,907             |
| Total deferred tax asset           | 300,357           | 265,546           |
| Deferred tax liabilities:          |                   |                   |
| Property and equipment             | (91,161)          | (90,638)          |
| Goodwill and intangibles           | (8,693)           | (9,116)           |
| Operating lease right-of-use asset | (191,065)         | (171,999)         |
| Other liabilities                  | (17,622)          | (16,897)          |
| Total deferred tax liability       | (308,541)         | (288,650)         |
| Net deferred tax liability         | \$ (8,184)        | \$ (23,104)       |

We have not provided a valuation allowance for any of our deferred tax assets as their realization is more likely than not.

A reconciliation of the beginning and ending liability for unrecognized tax benefits was as follows:

|                                                    |          |
|----------------------------------------------------|----------|
| Balance at December 27, 2022                       | \$ 3,925 |
| Additions to tax positions related to prior years  | 964      |
| Additions to tax positions related to current year | 139      |
| Reductions due to statute expiration               | (246)    |
| Reductions due to exam settlement                  | —        |
| Balance at December 26, 2023                       | 4,782    |
| Additions to tax positions related to prior years  | 317      |
| Additions to tax positions related to current year | 383      |
| Reductions due to statute expiration               | —        |
| Reductions due to exam settlement                  | (221)    |
| Balance at December 31, 2024                       | \$ 5,261 |

As of December 31, 2024 and December 26, 2023, the amount of unrecognized tax benefits that would impact the effective tax rate if recognized was \$2.9 million and \$2.5 million, respectively.

As of December 31, 2024 and December 26, 2023, the total amount of accrued penalties and interest related to uncertain tax provisions was recognized as a part of income tax expense and these amounts were not material.

All entities for which unrecognized tax benefits exist as of December 31, 2024 possess a December tax year-end. As a result, as of December 31, 2024, the tax years ended December 26, 2023, December 27, 2022, and December 28, 2021 remain subject to examination by all tax jurisdictions. As of December 31, 2024, no audits were in process by a tax jurisdiction that, if completed during the next twelve months, would be expected to result in a material change to our unrecognized tax benefits. Additionally, as of December 31, 2024, no event occurred that is likely to result in a significant increase or decrease in the unrecognized tax benefits through December 30, 2025.

**Texas Roadhouse, Inc. and Subsidiaries**

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**(Tabular amounts in thousands, except share and per share data)**

**(10) Preferred Stock**

Our Board of Directors (the "Board") is authorized, without further vote or action by the holders of common stock, to issue from time to time up to an aggregate of 1,000,000 shares of preferred stock in one or more series. Each series of preferred stock will have the number of shares, designations, preferences, voting powers, qualifications, and special or relative rights or privileges as shall be determined by the Board, which may include, but are not limited to, dividend rights, voting rights, redemption and sinking fund provisions, liquidation preferences, conversion rights, and preemptive rights. There were no shares of preferred stock outstanding as of December 31, 2024 and December 26, 2023.

**(11) Stock Repurchase Program**

On March 17, 2022, our Board approved a stock repurchase program for the repurchase of up to \$300.0 million of our common stock. This stock repurchase program has no expiration date. All repurchases to date under our stock repurchase programs have been made through open market transactions. The timing and the amount of any repurchases are determined by management under parameters approved by the Board, based on an evaluation of our stock price, market conditions, and other corporate considerations, including complying with Rule 10b5-1 trading arrangements under the Securities Exchange Act of 1934, as amended.

For the year ended December 31, 2024, we paid \$79.8 million, excluding excise taxes, to repurchase 461,662 shares of our common stock. For the year ended December 26, 2023, we paid \$50.0 million, excluding excise taxes, to repurchase 455,026 shares of our common stock. As of December 31, 2024, we had \$37.1 million remaining under our authorized stock repurchase program. Refer to Note 20 for further discussion of our authorized stock repurchase program.

**(12) Earnings Per Share**

The share and net income per share data for all periods presented are based on the historical weighted-average shares outstanding. The diluted earnings per share calculations show the effect of the weighted-average restricted stock units outstanding from our equity incentive plans. Performance stock units are not included in the diluted earnings per share calculation until the performance-based criteria have been met. Refer to Note 14 for further discussion of our equity incentive plans.

For all periods presented, the weighted-average shares of nonvested stock units that were outstanding but not included in the computation of diluted earnings per share because they would have had an anti-dilutive effect were not significant.

The following table sets forth the calculation of earnings per share and weighted average shares outstanding as presented in the accompanying consolidated statements of income:

|                                                                   | Fiscal Year Ended    |                      |                      |
|-------------------------------------------------------------------|----------------------|----------------------|----------------------|
|                                                                   | December 31,<br>2024 | December 26,<br>2023 | December 27,<br>2022 |
| Net income attributable to Texas Roadhouse, Inc. and subsidiaries | \$ 433,592           | \$ 304,876           | \$ 269,818           |
| Basic EPS:                                                        |                      |                      |                      |
| Weighted-average common shares outstanding                        | 66,752               | 66,893               | 67,643               |
| Basic EPS                                                         | \$ 6.50              | \$ 4.56              | \$ 3.99              |
| Diluted EPS:                                                      |                      |                      |                      |
| Weighted-average common shares outstanding                        | 66,752               | 66,893               | 67,643               |
| Dilutive effect of nonvested stock units                          | 259                  | 256                  | 277                  |
| Shares-diluted                                                    | 67,011               | 67,149               | 67,920               |
| Diluted EPS                                                       | \$ 6.47              | \$ 4.54              | \$ 3.97              |

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**(13) Commitments and Contingencies**

The estimated cost of completing capital project commitments at December 31, 2024 and December 26, 2023 was \$243.6 million and \$237.4 million, respectively.

As of December 31, 2024 and December 26, 2023, we are contingently liable for \$9.4 million and \$10.4 million, respectively, for seven lease guarantees. These amounts represent the maximum potential liability of future payments under the guarantees. In the event of default, the indemnity and default clauses in our assignment agreements govern our ability to pursue and recover damages incurred. No liabilities have been recorded as of December 31, 2024 or December 26, 2023, as the likelihood of default was deemed to be less than probable and the fair value of the guarantees is not considered significant.

During the year ended December 31, 2024, we bought our beef primarily from four suppliers. Although there are a limited number of beef suppliers, we believe that other suppliers could provide a similar product on comparable terms. We have no material minimum purchase commitments with our vendors that extend beyond a year.

Occasionally, we are a defendant in litigation arising in the ordinary course of business, including "slip and fall" accidents, employment related claims, dram shop statutes related to our service of alcohol, and claims from guests or employees alleging illness, injury or food quality, health, or operational concerns. None of these types of litigation, most of which are covered by insurance, has had a material effect on us and, as of the date of this report, we are not party to any litigation that we believe could have a material adverse effect on our business.

**(14) Share-based Compensation**

On May 13, 2021, our shareholders approved the Texas Roadhouse, Inc. 2021 Long-Term Incentive Plan (the "Plan"). The Plan provides for the granting of various forms of equity awards including options, stock appreciation rights, full value awards, and performance-based awards.

The Company provides restricted stock units ("RSUs") to employees as a form of share-based compensation. A RSU is the conditional right to receive one share of common stock upon satisfaction of the vesting requirement. In addition to RSUs, the Company provides performance stock units ("PSUs") to certain members of management as a form of share-based compensation. A PSU is the conditional right to receive one share of common stock upon meeting a performance obligation along with the satisfaction of the vesting requirement.

The following table summarizes share-based compensation expense recorded in the accompanying consolidated statements of income:

|                                        | Fiscal Year Ended    |                      |                      |
|----------------------------------------|----------------------|----------------------|----------------------|
|                                        | December 31,<br>2024 | December 26,<br>2023 | December 27,<br>2022 |
| Labor expense                          | \$ 16,277            | \$ 11,470            | \$ 10,656            |
| General and administrative expense     | 30,778               | 22,760               | 26,007               |
| Total share-based compensation expense | \$ 47,055            | \$ 34,230            | \$ 36,663            |

We recognize expense for RSUs and PSUs over the vesting term based on the grant date fair value of the award. We record forfeitures as they occur. Activity for our share-based compensation by type of grant for the fiscal year ended December 31, 2024 is presented below.

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*Summary Details for RSUs*

|                                  | Shares    | Weighted-Average<br>Grant Date Fair<br>Value | Weighted-Average<br>Remaining Contractual<br>Term (years) | Aggregate<br>Intrinsic Value |
|----------------------------------|-----------|----------------------------------------------|-----------------------------------------------------------|------------------------------|
| Outstanding at December 26, 2023 | 442,327   | \$ 98.41                                     |                                                           |                              |
| Granted                          | 306,099   | 158.64                                       |                                                           |                              |
| Forfeited                        | (22,733)  | 123.05                                       |                                                           |                              |
| Vested                           | (314,803) | 99.10                                        |                                                           |                              |
| Outstanding at December 31, 2024 | 410,890   | \$ 141.43                                    | 0.9                                                       | \$ 74,052                    |

As of December 31, 2024, with respect to unvested RSUs, there was \$25.1 million of unrecognized compensation cost that is expected to be recognized over a weighted-average period of 0.9 years. The vesting terms of all RSUs range from 1.0 to 5.0 years. The total intrinsic value of RSUs vested during the years ended December 31, 2024, December 26, 2023, and December 27, 2022 was \$49.9 million, \$37.8 million, and \$37.1 million, respectively. The excess tax benefit associated with vested RSUs for the years ended December 31, 2024, December 26, 2023, and December 27, 2022 was \$4.4 million, \$1.7 million, and \$0.4 million, respectively, which was recognized in the income tax provision.

*Summary Details for PSUs*

|                                   | Shares   | Weighted-Average<br>Grant Date Fair<br>Value | Weighted-Average<br>Remaining Contractual<br>Term (years) | Aggregate<br>Intrinsic Value |
|-----------------------------------|----------|----------------------------------------------|-----------------------------------------------------------|------------------------------|
| Outstanding at December 26, 2023  | 35,700   | \$ 94.61                                     |                                                           |                              |
| Granted                           | 28,600   | 118.30                                       |                                                           |                              |
| Performance shares adjustment (1) | 9,274    | 94.17                                        |                                                           |                              |
| Forfeited                         | —        | —                                            |                                                           |                              |
| Vested                            | (43,274) | 94.17                                        |                                                           |                              |
| Outstanding at December 31, 2024  | 30,300   | \$ 117.46                                    | 0.1                                                       | \$ 5,460                     |

(1) Additional shares from the January 2023 PSU grant that vested in January 2024 due to exceeding the initial 100% target.

We grant PSUs to certain members of management subject the achievement of certain earnings targets, which determine the number of units to vest at the end of the vesting period. Share-based compensation expense is recognized for the number of units expected to vest at the end of the period and is expensed beginning on the grant date and through the performance period. For each grant, PSUs vest after meeting the performance and service conditions. The total intrinsic value of PSUs vested during the years ended December 31, 2024, December 26, 2023, and December 27, 2022 was \$6.4 million, \$3.3 million, and \$5.4 million, respectively.

On January 8, 2025, approximately 41,000 shares vested related to the January 2024 PSU grant and are expected to be distributed in February 2025. As of December 31, 2024, with respect to unvested PSUs, there was \$0.1 million of unrecognized compensation cost that is expected to be recognized over a weighted-average period of 0.1 years. The allowable excess tax benefit associated with vested PSUs for the years ended December 31, 2024, December 26, 2023, and December 27, 2022 was not significant.

**(15) Employee Benefit Plans**

We have a defined contribution benefit plan ("401(k) Plan") that is available to our Support Center employees and managers in our restaurants who meet certain compensation and eligibility requirements. The 401(k) Plan allows participating employees to defer the receipt of a portion of their compensation and contribute such amount to one or more investment options and the Company matches a certain percentage of the employee contributions. For the year ended December 31, 2024, company contributions totaling \$8.4 million and \$2.1 million were recorded in labor expense

## Texas Roadhouse, Inc. and Subsidiaries

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and general and administrative expense, respectively, within the consolidated statements of income. For the year ended December 26, 2023, company contributions totaling \$7.1 million and \$1.8 million were recorded in labor expense and general and administrative expense, respectively, within the consolidated statements of income.

We also have a deferred compensation plan which allows highly compensated employees to defer a portion of their compensation and contribute such amounts to one or more investment funds held in a rabbi trust. Beginning in 2023, we implemented a company match of a certain percentage of the employee contributions to the deferred compensation plan. For the years ended December 31, 2024 and December 26, 2023, company contributions totaling \$1.6 million and \$1.5 million were recorded in labor expense and general and administrative expense, respectively, within the consolidated statements of income. Refer to Note 16 for further discussion on the fair value measurement of the deferred compensation plan assets and liabilities.

#### (16) Fair Value Measurement

At December 31, 2024 and December 26, 2023, the fair values of cash and cash equivalents, accounts receivable, and accounts payable approximated their carrying values based on the short-term nature of these instruments. There were no transfers among levels within the fair value hierarchy during the year ended December 31, 2024.

The following table presents the fair values for our financial assets and liabilities measured on a recurring basis:

|                                        | Fair Value Measurements |                   |                   |
|----------------------------------------|-------------------------|-------------------|-------------------|
|                                        | Level                   | December 31, 2024 | December 26, 2023 |
| Deferred compensation plan—assets      | 1                       | \$ 101,071        | \$ 81,316         |
| Deferred compensation plan—liabilities | 1                       | \$ (101,071)      | \$ (81,222)       |

We report the accounts of the deferred compensation plan in other assets and the corresponding liability in other liabilities in our consolidated balance sheets. These investments are considered trading securities and are reported at fair value based on quoted market prices. The realized and unrealized holding gains and losses related to these investments, as well as the offsetting compensation expense, are recorded in general and administrative expense in the consolidated statements of income.

#### (17) Impairment and Closure Costs

We recorded impairment and closure costs of \$1.2 million, \$0.3 million and \$1.6 million for the years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively.

Impairment and closure costs in 2024 included \$0.8 million related to the impairment of a building at a previously relocated store and \$0.4 million related to ongoing closure costs for stores which have been relocated.

Impairment and closure costs in 2023 included \$0.3 million related to ongoing closure costs for stores which have been relocated.

Impairment and closure costs in 2022 included \$1.7 million related to the impairment of the land, building, and operating lease right-of-use assets at three restaurants, two of which were relocated and \$0.6 million related to ongoing closure costs. This was partially offset by a \$0.7 million gain on the sale of land and building that was previously classified as assets held for sale.

#### (18) Related Party Transactions

As of December 31, 2024, December 26, 2023 and December 27, 2022, we had four franchise restaurants and one majority-owned company restaurant owned in part by a current officer of the Company. We recognized revenue of \$2.1 million, \$2.0 million, and \$1.8 million for the years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively, related to the four franchise restaurants.

## **Texas Roadhouse, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements**

**(Tabular amounts in thousands, except share and per share data)**

#### **(19) Segment Information**

Our CODM is the Chief Executive Officer. The CODM assesses the performance of the business and allocates resources at the concept level and as a result we have identified Texas Roadhouse, Bubba's 33, Jagers, and our retail initiatives as separate operating segments. Our reportable segments are Texas Roadhouse and Bubba's 33. The Texas Roadhouse reportable segment includes the results of our company and franchise Texas Roadhouse restaurants. The Bubba's 33 reportable segment includes the results of our company Bubba's 33 restaurants. Our remaining operating segments, which include the results of our company and franchise Jagers restaurants and the results of our retail initiatives, are included in Other. In addition, corporate-related assets, depreciation and amortization, and capital expenditures are also included in Other.

The CODM uses restaurant margin as the primary financial measure for assessing the performance of our segments. Restaurant margin represents restaurant and other sales less restaurant-level operating costs, including food and beverage costs, labor, rent, and other operating costs. Restaurant margin is also used by our CODM to evaluate core restaurant-level operating efficiency and performance, assist in the evaluation of operating trends over time, and in making capital allocation decisions. Capital allocation decisions include approving new store openings and the refurbishment or relocation of existing restaurants.

In calculating restaurant margin, we exclude certain non-restaurant-level costs that support operations, including pre-opening and general and administrative expenses, but do not have a direct impact on restaurant-level operational efficiency and performance. We exclude pre-opening expenses as they occur at irregular intervals and would impact comparability to prior period results. We exclude depreciation and amortization expenses, substantially all of which relate to restaurant-level assets, as it represents a non-cash charge for the investment in our restaurants. We exclude impairment and closure expenses as we believe this provides a clearer perspective of the Company's ongoing operating performance and a more useful comparison to prior period results. Restaurant margin as presented may not be comparable to other similarly titled measures of other companies in our industry.

Restaurant and other sales for all operating segments are derived primarily from food and beverage sales. We do not rely on any major customer as a source of sales and the customers and assets of our reportable segments are located predominantly in the United States. There are no material transactions between reportable segments.

**Texas Roadhouse, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements**

**(Tabular amounts in thousands, except share and per share data)**

The following tables reconcile our segment results to our consolidated results reported in accordance with GAAP:

|                                                                       | <b>Fiscal Year Ended December 31, 2024</b> |                   |                 |                   |
|-----------------------------------------------------------------------|--------------------------------------------|-------------------|-----------------|-------------------|
|                                                                       | <b>Texas<br/>Roadhouse</b>                 | <b>Bubba's 33</b> | <b>Other</b>    | <b>Total</b>      |
| Restaurant and other sales                                            | \$ 5,012,707                               | \$ 297,608        | \$ 31,538       | \$ 5,341,853      |
| Restaurant operating costs (excluding depreciation and amortization): |                                            |                   |                 |                   |
| Food and Beverage                                                     | 1,691,302                                  | 83,701            | 10,116          | 1,785,119         |
| Labor                                                                 | 1,646,437                                  | 108,306           | 9,997           | 1,764,740         |
| Rent                                                                  | 72,060                                     | 7,677             | 823             | 80,560            |
| Other Operating                                                       | 737,909                                    | 51,502            | 6,246           | 795,657           |
| Restaurant margin                                                     | <u>\$ 864,999</u>                          | <u>\$ 46,422</u>  | <u>\$ 4,356</u> | <u>\$ 915,777</u> |
| Depreciation and amortization                                         | \$ 149,934                                 | \$ 16,447         | \$ 11,776       | \$ 178,157        |
| Segment assets                                                        | 2,488,679                                  | 255,320           | 446,780         | 3,190,779         |
| Capital expenditures                                                  | 304,259                                    | 38,557            | 11,525          | 354,341           |

|                                                                       | <b>Fiscal Year Ended December 26, 2023</b> |                   |                 |                   |
|-----------------------------------------------------------------------|--------------------------------------------|-------------------|-----------------|-------------------|
|                                                                       | <b>Texas<br/>Roadhouse</b>                 | <b>Bubba's 33</b> | <b>Other</b>    | <b>Total</b>      |
| Restaurant and other sales                                            | \$ 4,331,823                               | \$ 247,195        | \$ 25,536       | \$ 4,604,554      |
| Restaurant operating costs (excluding depreciation and amortization): |                                            |                   |                 |                   |
| Food and Beverage                                                     | 1,514,421                                  | 71,101            | 8,330           | 1,593,852         |
| Labor                                                                 | 1,438,802                                  | 92,241            | 8,081           | 1,539,124         |
| Rent                                                                  | 65,519                                     | 6,624             | 623             | 72,766            |
| Other Operating                                                       | 641,923                                    | 43,287            | 5,638           | 690,848           |
| Restaurant margin                                                     | <u>\$ 671,158</u>                          | <u>\$ 33,942</u>  | <u>\$ 2,864</u> | <u>\$ 707,964</u> |
| Depreciation and amortization                                         | \$ 126,719                                 | \$ 14,210         | \$ 12,273       | \$ 153,202        |
| Segment assets                                                        | 2,290,213                                  | 232,086           | 271,077         | 2,793,376         |
| Capital expenditures                                                  | 306,599                                    | 27,908            | 12,527          | 347,034           |

|                                                                       | <b>Fiscal Year Ended December 27, 2022</b> |                   |               |                   |
|-----------------------------------------------------------------------|--------------------------------------------|-------------------|---------------|-------------------|
|                                                                       | <b>Texas<br/>Roadhouse</b>                 | <b>Bubba's 33</b> | <b>Other</b>  | <b>Total</b>      |
| Restaurant and other sales                                            | \$ 3,762,884                               | \$ 211,690        | \$ 14,217     | \$ 3,988,791      |
| Restaurant operating costs (excluding depreciation and amortization): |                                            |                   |               |                   |
| Food and Beverage                                                     | 1,306,658                                  | 66,237            | 5,297         | 1,378,192         |
| Labor                                                                 | 1,239,257                                  | 76,178            | 4,524         | 1,319,959         |
| Rent                                                                  | 60,837                                     | 5,712             | 285           | 66,834            |
| Other Operating                                                       | 555,935                                    | 36,629            | 3,741         | 596,305           |
| Restaurant margin                                                     | <u>\$ 600,197</u>                          | <u>\$ 26,934</u>  | <u>\$ 370</u> | <u>\$ 627,501</u> |
| Depreciation and amortization                                         | \$ 112,546                                 | \$ 13,012         | \$ 11,679     | \$ 137,237        |
| Capital expenditures                                                  | 204,662                                    | 30,625            | 10,834        | 246,121           |

**Texas Roadhouse, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements**

**(Tabular amounts in thousands, except share and per share data)**

A reconciliation of restaurant margin to income from operations is presented below. We do not allocate interest income (expense), net and equity income from investments in unconsolidated affiliates to reportable segments.

|                               | <b>Fiscal Year Ended</b>     |                              |                              |
|-------------------------------|------------------------------|------------------------------|------------------------------|
|                               | <b>December 31,<br/>2024</b> | <b>December 26,<br/>2023</b> | <b>December 27,<br/>2022</b> |
| Restaurant margin             | \$ 915,777                   | \$ 707,964                   | \$ 627,501                   |
| Add:                          |                              |                              |                              |
| Franchise royalties and fees  | 31,479                       | 27,118                       | 26,128                       |
| Less:                         |                              |                              |                              |
| Pre-opening                   | 28,090                       | 29,234                       | 21,883                       |
| Depreciation and amortization | 178,157                      | 153,202                      | 137,237                      |
| Impairment and closure, net   | 1,226                        | 275                          | 1,600                        |
| General and administrative    | 223,264                      | 198,382                      | 172,712                      |
| Income from operations        | <u>\$ 516,519</u>            | <u>\$ 353,989</u>            | <u>\$ 320,197</u>            |

**(20) Subsequent Events**

On January 1, 2025, we completed the acquisition of 13 domestic franchise restaurants. Pursuant to the terms of the acquisition agreements, we paid an aggregate purchase price of approximately \$78 million. We expect to complete the preliminary purchase price allocations relating to these transactions in the first quarter of fiscal year 2025.

On February 19, 2025, our Board approved a stock repurchase program for the repurchase of up to \$500.0 million of our common stock. This new stock repurchase program commenced on February 24, 2025 and any repurchases under such plan will be made by the Company through open market transactions. This stock repurchase program has no expiration date and replaces the previous stock repurchase program of \$300 million which was approved on March 17, 2022.

**EXHIBIT B-1**

**DEVELOPMENT AGREEMENT AND STATE AMENDMENTS**

**JAGGERS®**  
**DEVELOPMENT AGREEMENT**



**Between**  
**JAGGERS DEVELOPMENT CORPORATION**  
**and**

\_\_\_\_\_  
**(Developer)**

**Dated** \_\_\_\_\_

**JAGGERS  
DEVELOPMENT AGREEMENT  
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## JAGGERS DEVELOPMENT CORPORATION

### DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “**Agreement**”) is made and entered into between **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“**Franchisor**”), and \_\_\_\_\_, a \_\_\_\_\_ (“**Developer**”). The “**Effective Date**” of this Agreement is the date this Agreement is executed by Franchisor.

#### RECITALS:

A. Franchisor has the right to use and license the use of a distinctive System and identifying Marks relating to the establishment and operation of fast-casual restaurants featuring burgers, hand-breaded chicken tenders and chicken sandwiches and fresh-made salads served with signature sauces and dressings made-from-scratch (each, a “**Jaggers Restaurant**” or “**Restaurant**”).

B. Developer desires to enter into, or has entered into, a certain Franchise Agreement with Franchisor to obtain a license to use the System and the Marks to operate a franchised business pursuant to the terms and conditions of that certain Franchise Agreement (as defined below), and Developer wishes to obtain certain rights to develop Jaggers Restaurants in the geographic area described in Exhibit B to this Agreement (the “**Territory**”) under Franchise Agreements executed in accordance with this Agreement.

**NOW, THEREFORE**, the parties, in consideration of the mutual undertakings and commitments set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

#### 1. GRANT

##### 1.1 Grant of Development Rights.

1.1.1 Subject to the terms and conditions of this Agreement and for the Term, Franchisor grants to Developer, and Developer accepts, the right and obligation to develop in the Territory the number of Jaggers Restaurants specified in the development schedule attached as Exhibit C to this Agreement (the “**Development Schedule**”). Such development rights shall be exercised in accordance with Section 3 of this Agreement and the Development Schedule.

1.1.2 This Agreement is not a franchise agreement and Developer acknowledges that this Agreement does not grant Developer any right or license to operate a Jaggers Restaurant or any right to use the Marks and that any such rights are only granted pursuant to a Franchise Agreement as contemplated in Section 3.1 below. Developer further agrees that any and all advertising and marketing (including, without limitation, any website or other listing on the Internet, and any social media usage) must comply with the applicable provisions of the Franchise Agreement. The rights granted under this Agreement belong solely to Developer; Developer may not share, divide, subfranchise, sublicense or otherwise transfer these rights, except in accordance with the transfer provisions of this Agreement. Developer has no right under this Agreement to sublicense or subfranchise others to operate a business or a Jaggers Restaurant or to use the System or Marks.

##### 1.2 Developer’s Rights in the Territory.

1.2.1 This Agreement grants Developer certain development rights within the Territory. During the Term, so long as the Developer has not breached any of the terms and conditions of this Agreement, the Franchisor will not modify the Territory, or own or operate, or grant any Person other than Developer the right to operate, a Jaggers Restaurant in the Territory, except: (i) as otherwise set forth in Section 1.3 below or otherwise in this Agreement, or (ii) if Franchisor purchases, merges with, acquires, or affiliates with another business, Franchisor may continue to operate, franchise, or license the acquired business anywhere, including in the Territory, under the Marks or any other Trademark, pursuant to the terms

and conditions contained herein. Franchisor reserves to itself all other rights not expressly granted to Developer under this Agreement.

1.2.2 The rights granted to Developer under this Agreement are limited to the right to develop, and upon execution of the applicable Franchise Agreement, operate, Jaggers Restaurants under and in strict accordance with the Development Schedule and the other requirements and obligations set forth in this Agreement, and do not include any right to: (i) sell products, services, and proprietary products identified by the Marks at any location other than the Jaggers Restaurants developed hereunder and operated in accordance with the applicable Franchise Agreement, (ii) sell products or services through alternative channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (iii) sell products or services identified by the Marks to any Person for resale or further distribution, or (iv) exclude, control, or impose conditions on Franchisor's development or operation of franchised, Franchisor-owned, or Franchisor's Affiliate-owned Jaggers Restaurants at any time or at any location. Developer may not use the word "JAGGERS" or any of the other Marks as part of the name of its corporation, partnership, limited liability company, or other entity.

1.3 Reserved Rights. Except for the restrictions described in Section 1.2.1, there is no restriction on Franchisor's right to license use of the Marks and/or the System. The rights granted in this Agreement pertain only to the development of Jaggers Restaurants in the Territory. Developer acknowledges and agrees that Franchisor and all of its Affiliates (and the Franchisor's and its Affiliates' respective successors and assigns) retain all of the Franchisor's rights, titles, and interests in and to the Marks, System, and the JAGGERS® business, other than those rights, titles, and interests expressly granted to Developer in this Agreement. Accordingly, Franchisor, its Affiliates, and any other authorized Person shall have the right, among others:

1.3.1 to operate, and license to others the right to operate, Jaggers Restaurants or any other business whatsoever (including, without limitation, any Competitive Businesses and/or any other business identified by the Marks) for or at any location outside the Territory, including locations that are adjacent to or in close proximity with the Territory;

1.3.2 to operate, and license to others the right to operate, Jaggers Restaurants and other food facilities in any Reserved Area, including Reserved Areas located within the Territory;

1.3.3 within and outside the Territory to: (a) develop and establish other business systems (including systems that distribute products or services similar to those offered at Jaggers Restaurants and restaurants or other businesses that Franchisor or its Affiliates may acquire or be acquired by, merge or consolidate with) using names or marks other than the Marks and to grant licenses to use those systems; (b) solicit customers, advertise and promote the System in connection with the services and products, promotional and marketing efforts, and related items; (c) engage, directly or indirectly, in any other channels or methods of distribution, including, without limitation, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all food, beverages, or other services and products, under the Marks or under other names or marks through any method of distribution other than a Jaggers Restaurant including, but not limited to, non-restaurant distribution channels (such as supermarkets, catalogs, and the Internet) and other food service facilities (such as kiosks, concessions, or multi-brand facilities), pre-packaged retail sales and to appoint a third party distributor for products developed by Franchisor and bearing the Marks, regardless of the competitive impact; and (d) purchase, be purchased, merge, acquire, be acquired, or affiliate with a Competitive Business or non-competitive franchise network, chain, or any other business or Person, regardless of the location of the competitor, business, or Person, and to operate, franchise, or license such businesses as Jaggers Restaurants operating under the System and Marks or under any other Trademarks, copyrights, Intellectual Property Rights or proprietary materials of Franchisor, following such purchase, merger, acquisition, or affiliation, regardless of the location of these businesses, whether such businesses are within or outside of the Territory.

## **2. FEES**

2.1 Development Fee. Upon the execution of this Agreement, in consideration of the Developer receiving the opportunity to develop the Jaggers Restaurants, Developer shall pay to Franchisor an amount equal to

\_\_\_\_\_ (\$\_\_\_\_\_) (reflecting Ten Thousand Dollars (\$10,000) multiplied by the number of Restaurants to be developed under this Agreement) (the “**Development Fee**”). The Development Fee is fully earned upon receipt and non-refundable. Notwithstanding the foregoing, as and when a Franchise Agreement for a Restaurant is executed in accordance with this Agreement, Franchisor will credit the portion of the Development Fee attributable to such Restaurant against the first installment of the initial franchise fee payable under the Franchise Agreement for the Restaurant (the “**Development Fee Credit**”).

2.2 Initial Franchise Fee; Royalty. The initial franchise fee for each Restaurant developed under this Agreement is Forty-Five Thousand Dollars (\$45,000), payable upon execution of the Franchise Agreement. For each Franchise Agreement that Developer executes pursuant to this Agreement, Developer shall pay to Franchisor a royalty fee equal to five percent (5%) of monthly Royalty Sales. The Developer shall not be entitled to a refund of any part thereof, regardless of the date of expiration or termination of this Agreement. The Development Fee Credit shall be applied to the Developer’s first installment of the Initial Franchise Fee with respect to the first Franchise Agreement executed upon the date hereof, which is due upon execution of this Agreement.

2.3 Taxes. Developer shall pay to Franchisor any sales, use, excise, privilege, occupation, franchise, consumer or other transactional tax (“**Transaction Tax**”) that Franchisor is required or permitted by law to collect from Developer for the sale, lease or other provision of goods or services under this Agreement. Developer shall also pay to Franchisor an amount equal to all federal, state, local, or foreign Transaction Tax or any other taxes or amounts, however designated, imposed on Franchisor or required to be withheld by Developer in connection with the receipt or accrual of any amounts payable by Developer to Franchisor under this Agreement or any related agreement, excluding only taxes imposed on Franchisor for the privilege of conducting business and calculated with respect to Franchisor’s net income, capital, net worth, gross receipts, or some other basis or combination thereof (but not excluding any gross receipts taxes imposed on Franchisor for payments by Developer intended to reimburse Franchisor for expenditures incurred for Developer’s benefit or on behalf of Developer). Any such payment shall be in an amount necessary to provide Franchisor with after tax receipts (taking into account any additional payments required hereunder), equal to the same amount Franchisor would have received under this Agreement if such additional tax liability or withholding had not been imposed or required.

2.4 Payments.

2.4.1 All payments made pursuant to this Agreement will be paid to Franchisor and deposited, wire transferred or transferred by other means (including by electronic fund transfers from a designated bank account maintained and funded by Developer in amounts sufficient to satisfy all payments under this Agreement) to such bank account(s) as Franchisor will designate. Developer will use Developer’s best efforts to assure that Franchisor will be timely paid and will execute all documents, instruments and agreements that may be required to make payments in the manner designated by Franchisor.

2.4.2 Any payment or report not actually received by Franchisor on or before the date due will be deemed overdue. Time is of the essence with respect to all payments to be made by Developer to Franchisor. All unpaid obligations under this Agreement will bear interest beginning five (5) days after the date due until paid at the rate of eighteen percent (18%) per annum. Notwithstanding anything to the contrary contained herein, no provision of this Agreement will require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable Legal Requirements. If any excess of interest in such respect is herein provided for, or will be adjudicated to be so provided in this Agreement, the provisions of this paragraph will govern and prevail, and Developer will not be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable Legal Requirements will be deemed charged, required or permitted, any such excess will be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess will be repaid to the party that paid such interest.

### 3. EXERCISE OF DEVELOPMENT RIGHTS

#### 3.1 Conditions for Exercising Development Rights.

3.1.1 Developer shall exercise its development rights only by entering into (or by causing a Subsidiary Franchisee to enter into) separate Franchise Agreements for each Jaggers Restaurant to be developed under this Agreement. The Franchise Agreement for the first Jaggers Restaurant to be developed under this Agreement will be the form of Franchise Agreement being offered by Franchisor as of the Effective Date of this Agreement. The Franchise Agreement for each subsequent Restaurant to be developed under this Agreement shall be the form of Franchise Agreement then being used by Franchisor, except that (a) the initial franchise fee and royalty fee shall be determined as provided in Section 2.2 above, and (b) each Franchise Agreement shall have an initial term of ten (10) years from the opening date of the Restaurant, with two (2) five (5)-year successive renewal options exercisable subject to the renewal conditions set forth in the Franchise Agreement. The term “**Franchise Agreement**” shall include all Franchise Agreements executed pursuant to this Agreement.

3.1.2 This Agreement does not give Developer a right or license for any Jaggers Restaurant, but rather, sets forth the terms and conditions which, if fully satisfied, will entitle Developer to obtain licenses for Jaggers Restaurants in the Territory pursuant to the Franchise Agreements. Developer must apply to Franchisor for the franchise to operate each Jaggers Restaurant in the Territory in accordance with the Development Schedule. Franchisor will grant Developer the franchise if Franchisor determines, in its discretion, that Developer satisfies each of the following conditions:

3.1.2.1 Operational Conditions. Developer is in compliance with this Agreement and Developer and its Affiliates are in compliance with all other agreements between them and Franchisor and its Affiliates. Developer and its Affiliates are operating the existing Jaggers Restaurants (if any) in accordance with the applicable Franchise Agreements and are capable of operating the proposed Jaggers Restaurant in accordance with this Agreement, the applicable Franchise Agreement, and Franchisor’s standards, specifications, and procedures set forth in the Manuals or otherwise in writing.

3.1.2.2 Financial Conditions. Developer and all Guarantors satisfy Franchisor’s then-current financial criteria and Developer and its Affiliates are not in default, and have not been in default, of any monetary obligations owed to Franchisor or its Affiliates.

3.1.2.3 Legal Conditions. Developer has submitted to Franchisor all information and documents requested by Franchisor as a basis for the issuance of the Franchise Agreement.

3.2 Development Schedule. The Development Schedule attached to this Agreement as Exhibit C establishes the schedule for opening each of the Jaggers Restaurants to be developed during the Term of this Agreement. Time is of the essence for the development of each Jaggers Restaurant in accordance with the Development Schedule and any failure by Developer to strictly comply with the Development Schedule shall be a material default and this Agreement may be terminated pursuant to Section 7.2.10.

### 4. TERM

The term of this Agreement will begin on the Effective Date and, unless sooner terminated, will expire on the earlier of: (i) \_\_\_\_ (\_\_\_\_) years from the Effective Date, or (ii) the date on which Developer has completed its development obligations under the Development Schedule (the “**Term**”).

## 5. DUTIES OF FRANCHISOR

### 5.1 Training and Opening Assistance.

5.1.1 Franchisor will schedule the Initial Orientation Program for Developer's Operating Principal within sixty (60) days after the Effective Date and prior to the signing of the first Franchise Agreement. Developer will be responsible for any and all travel expenses, room, board and wages of its Operating Principal incurred in connection with the Initial Orientation Program. In addition, Franchisor will provide the training and opening assistance for each Restaurant developed under this Agreement in accordance with the provisions of the Franchise Agreement.

5.1.2 Upon execution of the Franchise Agreement for the proposed Jagers Restaurant, the terms and conditions of the Franchise Agreement regarding site selection, leasing and purchasing, construction, build-out, and remodeling of the Jagers Restaurant will control.

5.1.3 Developer must construct and equip each Restaurant developed under the Development Schedule in strict adherence with Franchisor's then-current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, design, and layout of the applicable premises for the Jagers Restaurant.

5.2 Initial Set-Up. Franchisor shall provide Developer with access to one (1) set of Franchisor's Manuals.

5.3 Operating Assistance and Guidance. Franchisor may, at its discretion, provide general, periodic operating and business guidance regarding the operation of Jagers Restaurants in the Territory. At Franchisor's discretion, guidance may be provided in person or by telephone or other electronic methods.

5.4 Additional Assistance and Support. In the event Developer requests additional assistance or Franchisor determines that additional supervision is needed, Franchisor may provide additional trained representatives (the "**Franchisor Support Team**") on-site in the Territory for temporary support. Developer shall be solely responsible for all salary, wages, travel, meals and lodging expenses of the Franchisor Support Team.

## 6. DEVELOPER'S ORGANIZATION, OWNERSHIP, MANAGEMENT AND LEGAL COMPLIANCE

6.1 Organization and Ownership Information. Developer represents, warrants and covenants that as of the Effective Date:

6.1.1 Developer is duly organized and validly existing under all applicable Legal Requirements.

6.1.2 Developer is duly authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification.

6.1.3 Developer's corporate charter, by-laws, articles of incorporation, written partnership agreement, written limited liability company operating agreement or other governing documents will at all times provide that the activities of Developer are confined exclusively to the establishment and operation of the Restaurants to be developed hereunder, unless otherwise consented to in writing by Franchisor, and will contain no term that is contrary to or inconsistent with any provision of this Agreement, as determined by Franchisor in its sole discretion.

6.1.4 The execution of this Agreement and the performance of the transactions contemplated hereby are within Developer's corporate power if Developer is a corporation, or if Developer is a partnership or limited liability company or unlimited liability corporation, permitted under Developer's written partnership or limited liability company or unlimited liability corporation agreement or other organizational documents, and have been duly authorized by Developer.

6.1.5 Copies of Developer's organizational documents and all required consents to the execution and performance of this Agreement have been furnished to Franchisor prior to the execution of this Agreement. Developer will, from time to time, provide to Franchisor copies of any proposed amendment to such organizational documents and annually, within forty-five (45) days following the end of each calendar year and at such other times as Franchisor may reasonably request in writing, shall provide to Franchisor then-current copies of Developer's organizational documents.

6.1.6 The ownership interests in Developer are accurately and completely described in Exhibit D attached hereto. If Developer is a corporation, Developer shall maintain at all times a current list of all Owners of record and all beneficial owners of any class of voting securities in Developer or, if Developer is a partnership, limited liability company or unlimited liability corporation or other form of legal entity, Developer shall maintain at all times a current list of all Owners of an interest in the entity. Developer shall promptly notify Franchisor of any ownership change in writing, including, without limitation, annually, within forty-five (45) days following the end of each calendar year, and at such other times as Franchisor may reasonably request in writing, and Developer shall provide to Franchisor any changes which are necessary to accurately and completely describe the then-current ownership interests in Developer. Developer shall make its list of Owners available to Franchisor upon written request.

6.1.7 A corporate Developer shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each share certificate shall have conspicuously endorsed upon it a statement satisfactory to Franchisor that it is held subject to all restrictions upon assignments imposed by this Agreement. The written partnership or limited liability company agreement of a partnership or limited liability company Developer, shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon assignments by this Agreement.

## 6.2 Financial Covenants.

6.2.1 Developer agrees that it will maintain sufficient working capital to fulfill its obligations under this Agreement and the Franchise Agreements executed pursuant to this Agreement. Developer further agrees that it shall provide Franchisor with any and all loan or other documents regarding the financing of its Jagers Restaurant business that Franchisor may request.

6.2.2 Developer and each Guarantor have provided Franchisor with their most recent financial statements. Such financial statements present fairly the financial position of Developer and each of the Guarantors, as applicable. Each of the financial statements are certified as true and correct and have been prepared in conformity with GAAP applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature which are not reflected as liabilities on the financial statements. Annually, within forty-five (45) days following the end of each calendar year, and at such other times as Franchisor may reasonably request in writing, Developer shall provide to Franchisor current audited financial statements of Developer and each Guarantor, prepared in accordance with GAAP, certified by an authorized representative of Developer and such Guarantors (as applicable) to be true, complete and correct.

6.2.3 Each Guarantor shall jointly and severally guarantee Developer's performance of this Agreement pursuant to the terms and conditions of the Guarantee attached to this Agreement, and shall otherwise bind themselves to the terms of this Agreement as stated therein. This Agreement will be contingent upon the execution by each Guarantor of the Guarantee. Developer and Guarantors acknowledge and agree that the execution of the Guarantee will bind each Guarantor personally to certain of the covenants set forth in this Agreement, including, without limitation, those set forth in this Section 6.2 and in Sections 8, 9.2 through 9.9, 10, 11.2, 15.6, 17 and 18. In addition, Developer agrees to obtain from any Owner not executing the Guarantee covenants in substantially the form of Exhibit E to this Agreement.

## 6.3 Operating Principal.

6.3.1 Developer shall designate and maintain at all times during the operation of the Restaurants developed under this Agreement one (1) of its Owners who satisfies the following conditions and who is consented to by Franchisor to serve as the Operating Principal. The Operating Principal must: (i) be the same

for all Franchise Agreements executed pursuant to this Agreement which current requirements are described on Exhibit G to this Agreement; (ii) satisfy Franchisor's qualifications, requirements, standards and criteria, as set forth in the Manuals or otherwise in writing by Franchisor; (iii) complete Franchisor's Initial Orientation Program to Franchisor's satisfaction; and (iv) execute the Guarantee. The Operating Principal must maintain Control of Developer and the Operating Principal's voting and financial interests shall remain free of any pledge, mortgage, hypothecation, lien charge, encumbrance, voting agreement, proxy, security interest, purchase right or option. Without limitation of the foregoing, Developer agrees to vest the Operating Principal with sufficient decision making authority to expedite the determinations and decisions that are essential to the effective and efficient operation of the franchised business.

6.3.2 If the Operating Principal is not able to continue, or no longer qualifies, to serve as Operating Principal (including, without limitation, if the Owners of Developer remove the Operating Principal in compliance with Developer's governing documents and this Agreement), an authorized representative of Developer shall promptly notify Franchisor and shall propose a replacement Operating Principal who satisfies the criteria set forth in this Section 6.3. Notwithstanding the foregoing, Franchisor shall have the right to consent, or withhold consent, to any proposed replacement Operating Principal and no replacement Operating Principal shall be appointed absent Franchisor's consent, which consent shall not be unreasonably withheld. If required by Franchisor, Developer shall provide for interim management of the Jagers Restaurant business in the Territory, conducted in accordance with this Agreement, until a replacement Operating Principal is designated.

#### 6.4 Restaurant Management and Operational Data.

6.4.1 Developer shall comply with all provisions of the Franchise Agreement regarding management of the Restaurants developed under this Agreement and of the Jagers Restaurant business conducted in the Territory.

6.4.2 Developer will provide, upon Franchisor's reasonable request, sufficient Restaurant Operational Data and other information about the revenues, expenses, and operation of the Restaurants as is necessary for Franchisor and Developer to address and attempt to resolve adequately any issues relating to the operation of the Restaurants operated by Developer and any Subsidiary Franchisee.

6.5 Legal Compliance. Developer shall, at its expense, comply with all Legal Requirements applicable to the performance of its obligations under this Agreement and the Franchise Agreements, including, without limitation, all obligations related to the payment of amounts due hereunder and thereunder and to the development, construction and operation of the Restaurants in the Territory.

6.6 Crisis Management. Developer will immediately inform Franchisor upon the occurrence of a Crisis Management Event and, in an effort to mitigate possible damage to the Marks and System, will cooperate fully with the appropriate authorities and with Franchisor's policies with respect to the investigation of, public statements regarding, and other responses to the Crisis Management Event.

6.7 Continuation of Obligations. Developer's obligations under Sections 6.1 through 6.6 of this Agreement will survive the expiration or termination of this Agreement and will continue in effect until the last Franchise Agreement executed pursuant to this Agreement expires (without renewal) or is terminated. Developer and each Owner will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants. In furtherance of the foregoing, within forty-five (45) days following the end of each calendar year, Developer shall deliver to Franchisor an annual omnibus certification substantially in the same form as the certification attached hereto as Exhibit H. Any failure to comply with such representations, warranties and covenants will constitute a material event of default under this Agreement.

### 7. DEFAULT AND TERMINATION

7.1 Material Obligations. Developer acknowledges and agrees that each of Developer's obligations described in this Agreement is a material and essential obligation of Developer; that nonperformance of such

obligations will adversely and substantially affect the Franchisor and the System; and that the exercise by Franchisor of the rights and remedies set forth herein is appropriate and reasonable.

7.2 Termination on Notice. Developer shall be deemed to be materially in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon written notice to Developer, upon the occurrence of any of the following events:

7.2.1 If Developer becomes insolvent or if proceedings are commenced in connection with a winding-up, dissolution or liquidation of Developer or if Developer makes a general assignment for the benefit of creditors; or if Developer is declared or adjudicated bankrupt or insolvent or files a voluntary petition or similar application under any bankruptcy or insolvency law, or such a petition is filed against and consented to by Developer, or if an involuntary petition is filed with respect to Developer under any such laws and is not dismissed within sixty (60) days after it is filed; or if Developer admits in writing its inability to pay its debts when due; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any Legal Requirements should be instituted by or against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer's business or property;

7.2.2 If Developer or any Owner is convicted of, or enters a plea of *nolo contendere* to, a felony, an indictable offense, a crime involving moral turpitude or any other crime or offense that Franchisor, in its sole discretion, believes is likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or Franchisor's interests therein;

7.2.3 If, in Franchisor's sole judgment, an imminent threat or danger to public health or safety results from the construction, maintenance or operation of any of the Jagers Restaurant developed under this Agreement (including, without limitation, Developer's failure to follow Franchisor's standards or applicable Legal Requirements) and the prompt shutdown of one or more Restaurants is determined by Franchisor to be necessary to avoid substantial liability or loss of goodwill; provided, however, Franchisor shall reinstate this Agreement if, within six (6) months after termination under this Section, the threat or danger to public health or safety is eliminated and Franchisor determines that reopening the Restaurants would not cause a substantial loss of goodwill;

7.2.4 If Developer fails to propose a qualified replacement or successor Operating Principal within the time required under Section 6.3;

7.2.5 If Developer or any Owner transfers or attempts to transfer any rights or obligations under this Agreement, or any interest in Developer or the business contemplated hereby contrary to the terms of this Agreement, or without offering Franchisor a right of first refusal with respect to such transfer in violation of, or otherwise fails to comply with, Section 9 of this Agreement;

7.2.6 If Developer or any Owner fails to comply with the covenants in Section 10;

7.2.7 If Developer or any Guarantor breaches in any material respect any of the representations, warranties and covenants in Section 6;

7.2.8 If three (3) material events of default are committed under this Agreement within any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured after notice by Franchisor; and/or

7.2.9 If Developer or any Subsidiary Franchisee is otherwise in default under any other agreement with Franchisor or its Affiliates (including any Franchise Agreement) and fails to cure such default within the applicable cure period, if any, set forth in such agreement.

7.3 Termination with Notice and Opportunity to Cure. Except as provided in Section 17.2 upon any default by Developer which is susceptible of being cured, Franchisor may terminate this Agreement by giving written notice to Developer stating the nature of the default and the applicable cure period. Developer may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the cure period. If any such default is not cured within the applicable cure period, or such longer period as Legal Requirements may require, this Agreement will terminate without further notice to Developer, effective immediately upon the expiration of the cure period or such longer period as Legal Requirements may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative event:

7.3.1 If Developer fails to comply with the Development Schedule, or otherwise fails satisfy its obligations set forth in Section 3 and fails to cure such default within ninety (90) days following written notice from Franchisor (or such longer period as Franchisor may specify in the notice);

7.3.2 If Developer or any of its Affiliates or any Guarantor fails, refuses, or neglects promptly to pay any monies owed to Franchisor or any of its Affiliates, when due under this Agreement and fails to cure such default within five (5) days following written notice of default from Franchisor;

7.3.3 If Developer fails to obtain the execution of the covenants required under Section 6.2.3 or under Section 10 within thirty (30) days following written notice from Franchisor;

7.3.4 If Developer makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated with the Marks or with the System or Franchisor's rights therein and fails to cure such default within twenty-four (24) hours following notice from Franchisor; and/or

7.3.5 If Developer fails to comply with any other term or condition imposed by this Agreement and fails to cure within thirty (30) days following notice from Franchisor.

7.4 Additional Remedies.

7.4.1 Upon default by Developer under Section 7.2 or 7.3, Franchisor may elect to exercise any one (1) or more of the following remedies in lieu of terminating this Agreement: (i) terminate or modify any territorial protections granted to Developer in Section 1, (ii) reduce the size of the Territory, and/or (iii) reduce the number of Jagers Restaurants which Developer may establish pursuant to the Development Schedule.

7.4.2 If Franchisor elects to exercise one or more of the additional remedies set forth above, Developer shall continue to develop Jagers Restaurants in accordance with its rights and obligations hereunder, as so modified. To the extent such rights are modified pursuant to this Section 7.4, Developer acknowledges that Franchisor shall be entitled to establish, and to license others to establish, Jagers Restaurants in some or all of the Territory, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer or any Subsidiary Franchisee.

7.4.3 Franchisor's exercise of any of its remedies under this Section 7.4 shall not constitute a waiver by Franchisor to exercise its right to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

7.5 Effect on Franchise Agreements; Remedies Non-Exclusive.

7.5.1 Default under this Agreement shall not constitute a default under any Franchise Agreement, unless the default is also a default under the terms of such Franchise Agreement.

7.5.2 No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

**8. POST-TERM OBLIGATIONS.**

Upon the termination or expiration of this Agreement, all rights granted hereunder to Developer will terminate, and:

8.1 No Further Development. Developer and any Subsidiary Franchisee shall have no right to establish or operate any Jaggers Restaurant for which a Franchise Agreement has not been executed by Franchisor and delivered to Developer or such Subsidiary Franchisee at the time of termination or expiration (but may complete development of and/or operate Jaggers Restaurants under then existing Franchise Agreements) and Franchisor may develop, or authorize others to develop, Jaggers Restaurants in the Territory.

8.2 Comply with Confidentiality and Non-competition Covenants. Developer and each Owner shall comply with the post-term restrictions on the use and disclosure of Confidential Information contained in Section 10 of, and Exhibit E to, this Agreement, as applicable, and with the post termination non-competition covenants contained in Section 10 and Exhibit E, as applicable. Any other person required to execute similar covenants will also comply with such covenants.

8.3 Pay All Amounts Owed. Developer and all Guarantors shall promptly pay all sums owing to Franchisor and its Affiliates. Such sums shall include all damages, costs and expenses, including reasonable legal fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 8.3.

**9. TRANSFER OF INTEREST**

9.1 By Franchisor. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations under this Agreement to any person or legal entity without Developer's consent, subject to such terms and conditions as it determines are appropriate. Specifically, and without limitation to the foregoing, Developer agrees that Franchisor may sell its assets, and Franchisor and its Affiliates may sell their rights in and to the Marks or the System to a third party; may offer its securities privately or publicly; may merge with or acquire other entities or be acquired by another entity; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and with regard to any or all of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands, or damages against Franchisor and its Affiliates arising from or related to the transfer of the Marks (or any variation thereof) or the System from Franchisor or its Affiliate to any other party. Nothing contained in this Agreement will require Franchisor to offer any services or products, whether or not bearing the Marks, to Developer or any Subsidiary Franchisee, if Franchisor assigns its rights in this Agreement.

9.2 By Developer and Owners.

9.2.1 Developer acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and that Franchisor has granted Developer rights under this Agreement in reliance on the business skill, financial capacity and reputation of Developer and its Owners. Accordingly, except as set forth in Section 9.3, neither Developer nor any Owner, nor any of its or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement, in any Subsidiary Franchisee, in the Restaurants, or in Developer without Franchisor's prior written consent. Any purported assignment or transfer, by operation of law or otherwise,

made in violation of this Agreement shall be null and void and shall constitute a material breach of this Agreement.

9.2.2 If Developer wishes to transfer all or part of its interest in one (1) or more of the Restaurants or a Subsidiary Franchisee or this Agreement, or if any Owner wishes to transfer all or part of its interest in Developer, then Developer or such Owner and the proposed transferee will apply to Franchisor for its consent. Franchisor will not unreasonably withhold (as provided by law and by this Agreement) its consent to a transfer of any such interest. Except as set forth in Section 9.3, Franchisor may, in its sole discretion, require any or all of the following as conditions of its consent:

9.2.2.1 All accrued monetary obligations of Developer and any Subsidiary Franchisee to Franchisor and its Affiliates arising under this Agreement or any Franchise Agreement or other agreement, shall have been satisfied in a timely manner, and Developer and any Subsidiary Franchisee shall have satisfied all trade accounts and other debts of whatever nature or kind in a timely manner;

9.2.2.2 Developer and any Subsidiary Franchisees shall not be in default of this Agreement, any Franchise Agreement, or any other agreement with Franchisor or its Affiliates and Developer and any Subsidiary Franchisees shall have substantially and timely complied with all the terms and conditions of such agreements during their respective terms, and the transferee and its Owners will not be in default of any provision of any agreement between Franchisor or any of its Affiliates, on the one hand, and the transferee and/or its Owners (if applicable) or any of their respective Affiliates, on the other hand, and the transferee will have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

9.2.2.3 Developer shall have established and have in operation at the time of the proposed transfer at least fifty percent (50%) of the Jagers Restaurants required to be developed under this Agreement, and unless otherwise approved in writing by Franchisor, the transfer must be of all of Developer's rights under this Agreement and all of Developer's and any Subsidiary Franchisee(s)'s rights in all Franchise Agreements executed pursuant to this Agreement and the Restaurants operated thereunder;

9.2.2.4 Developer and all Owners (including, any Owner that proposes to transfer its interest) shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims, against Franchisor, its parents, Affiliates, successors and assigns, and the respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and Legal Requirements;

9.2.2.5 The proposed transferee must (i) demonstrate to Franchisor's satisfaction that it meets Franchisor's then-current qualifications for developers and franchisees, (ii) not be engaged in or associated with a Competitive Business, (iii) enter into a written agreement, satisfactory to Franchisor, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all of Developer's obligations, covenants and agreements under this Agreement, (iv) execute Franchisor's then-current form of development agreement for a term ending on the expiration date of this Agreement, which new agreement shall supersede this Agreement and its terms may differ from the terms of this Agreement, (v) cause those of its owners whom Franchisor requires to guarantee transferee's performance to Franchisor's satisfaction, and (vi) cause all persons Franchisor requires to complete to Franchisor's satisfaction, any training programs then in effect for Jagers Restaurants, at transferee's expense;

9.2.2.6 Franchisor must have approved the material terms and conditions of the transfer, including, without limitation, a determination by Franchisor that, in its business judgment, the price and terms of payment are not so burdensome as to adversely affect Franchisor's rights and interests;

9.2.2.7 The transferor shall remain liable for all of its obligations to Franchisor under this Agreement incurred prior to the effective date of the transfer and following the transfer shall comply with all post-term covenants, including those prohibiting the use or disclosure of Confidential Information and participation in a Competitive Business, and shall execute any and all instruments reasonably requested by Franchisor to evidence the foregoing; and

9.2.2.8 Developer must pay Franchisor a transfer fee in an amount equal to all costs and expenses incurred by Franchisor in connection with the transfer, including, without limitation, legal and accounting fees and costs, the cost of training the transferee and its personnel, and other administrative costs and expenses.

### 9.3 Transfers to Affiliates or Subsidiary Franchisees.

9.3.1 Developer's Owners may transfer their respective ownership interests in Developer to an Affiliate of such Owner that meets Franchisor's owner qualifications (a "**Qualifying Affiliate**"); provided, that (i) Developer provides (a) written notice to Franchisor at least thirty (30) days in advance of such proposed transfer, including the name of the Qualifying Affiliate, a list of all owners of such Qualifying Affiliate and their respective ownership interests, the governing documents of such Qualifying Affiliate and all other related information reasonably requested by Franchisor, and (b) documentation acceptable to Franchisor evidencing the transfer and under which the Qualifying Affiliate assumes all obligations applicable to an Owner of Developer; (ii) each Guarantor acknowledges the transfer and reaffirms its obligations under the Guarantee, and if required by Franchisor, the Qualifying Affiliate or another party acceptable to Franchisor executes a Guarantee; and (iii) Developer and its Affiliates are not in breach or default under this Agreement or any other agreement between them and Franchisor (or, if there is a breach or default, there is an agreement to cure such breach or default). In the event of a conflict between this Section 9.3.1 and any Franchise Agreement under which Developer is the named Franchisee, this Section 9.3.1 shall control.

9.3.2 Prior to the execution of each Franchise Agreement, Developer may assign its rights under this Agreement to develop one (1) or more Restaurants in the Territory to Subsidiary Franchisees, and in connection with each such assignment, Developer warrants, represents and agrees that: (i) Developer will have and maintain a one hundred percent (100%) ownership interest in and operational control of the Subsidiary Franchisee; (ii) at Franchisor's request, Developer will execute the Guarantee and Assumption Agreement attached to any Franchise Agreement executed by a Subsidiary Franchisee; and (iii) no such assignment will relieve or release Developer from its obligations under this Agreement or any Guarantor of its obligations under the Guarantee of this Agreement.

9.3.3 Franchisor will have the right to require that Developer pay Franchisor's costs incurred in connection with any transfer or assignment under Section 9.3.1 or 9.3.2, not to exceed Three Thousand Five Hundred Dollars (\$3,500) per request.

9.4 Grant of Security Interests. Neither Developer nor any Owner shall pledge, mortgage, encumber or grant a security interest in this Agreement, any of Developer's assets (including Developer's ownership interest in any Subsidiary Franchisee or any direct or indirect ownership interest in any Franchise Agreement or Restaurant), or any ownership interest in Developer without Franchisor's prior written consent, which consent will not be unreasonably withheld.

9.5 Right of First Refusal. If at any time Developer wishes to sell or convey its interest in this Agreement, any Subsidiary Franchisee, or the assets of the Restaurants developed hereunder, or if an Owner of Developer wishes to sell a Controlling Interest in Developer, then Developer will notify Franchisor in writing before soliciting any third party offer or commencing negotiation of an unsolicited third party offer, and will provide such information and documentation as Franchisor may require. Franchisor will have the right and option, exercisable within the later of forty-five (45) days after receipt of such written notification or thirty (30) days following receipt of any additional information requested by Franchisor, to offer to purchase the interest on the terms and conditions that Franchisor deems appropriate. If Developer or the Owner accepts Franchisor's offer, the parties will enter into a purchase and sale agreement consistent with the offer and proceed to complete the purchase and sale in accordance

with that agreement. Notwithstanding the foregoing, any transfer to a third party is subject to the requirements of Section 9.2.

9.6 Death or Permanent Disability.

9.6.1 Upon the death of any Owner (the “**Deceased**”), the executor, administrator or other legal representative of the Deceased will transfer the Owner’s interest in Developer to a third party approved by Franchisor within six (6) months after the death. If no legal representative is designated or appointed or no legal proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee will transfer such interest to a third party approved by Franchisor within twelve (12) months after the death of the Deceased.

9.6.2 Upon the Permanent Disability of any Owner, Franchisor may, in its sole discretion, require the Owner’s interest in Developer to be transferred to a third party in accordance with the conditions described in this Section 9.7 within six (6) months after notice to Developer. Permanent Disability will be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically will be deemed permanently disabled as of the date of such refusal for the purpose of this Section 9.6.2. The costs of any examination required by this Section will be paid by Franchisor.

9.6.3 Upon the death or Permanent Disability of any Owner, Developer or a representative of Developer must promptly notify Franchisor of such death or Permanent Disability. At Franchisor’s request, within a reasonable period of time not to exceed thirty (30) days from the date of death or Permanent Disability, the executor, administrator or other personal representative of the Deceased or disabled person will provide for interim management of the franchised business until such time as a transfer has been effected in accordance with the provisions of this Section 9.6.3, such interim management to be conducted in accordance with the terms of this Agreement. Franchisor may (but is not obligated to) assume or designate someone to assume such interim management, provided that (i) such interim management will not relieve Developer of its obligations under this Agreement; (ii) neither Franchisor nor its designee will be liable for any debts, losses, costs or expenses incurred in the operation of the business during any such period of interim management; (iii) Franchisor or its designee may charge a reasonable fee for its management services; and, (iv) Developer will, and hereby does, indemnify and hold Franchisor, its Affiliates and its designee harmless against any and all judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys’ fees) incurred in connection with the interim management of the business, except by reason of Franchisor’s or its designee’s gross negligence or willful misconduct.

9.6.4 Any transfer upon death or Permanent Disability will be subject to the same terms and conditions as described in this Section for any inter vivos transfer. If an interest is not transferred upon death or Permanent Disability as required in this Section, then such failure will constitute a material event of default under this Agreement.

9.7 Securities Offerings. Securities, stock, partnership or other ownership interests in Developer may not be offered to the public under the U.S. Securities Act of 1933, as amended, nor may they be registered under the U.S. Securities Exchange Act of 1934, as amended, or any comparable federal, state, or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent will not be unreasonably withheld. All materials required for any such private offering by Legal Requirements will be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering will be submitted to Franchisor for such review prior to their use. No Developer offering will contain any form that is contrary to or inconsistent with any provision of this Agreement or imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of securities of Developer or Franchisor, and Franchisor’s review of any offering materials will be limited solely to the subject of the relationship between Developer and Franchisor and its Affiliates. Franchisor may, at its option, require Developer’s offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Developer, each Guarantor and the other participants in the offering must fully indemnify Franchisor, and its parent, Affiliates, successors and assigns, their respective officers, directors,

shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, in connection with the offering. For each proposed offering, Developer will pay to Franchisor a non-refundable fee of Five Thousand Dollars (\$5,000), or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Developer will give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 9.7.

9.8 No Waiver. Franchisor's consent to the transfer of any interest described in this Section 9 shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand transferee's exact compliance with any of the terms of this Agreement.

9.9 Continuing Obligations. Developer acknowledges and agrees that the covenants of Developer and its Owners set forth above are continuing obligations that will survive the expiration or termination of this Agreement and will continue in effect until the last Franchise Agreement executed pursuant to this Agreement expires (without renewal) or is terminated.

## 10. COVENANTS

10.1 Rights to Work Product. If Developer, its Owners or employees develop any new concept, process, recipe, menu item, improvement, invention, or work of authorship in the operation or promotion of the Jagers Restaurant business, alone or jointly with others and within or without any business office or Restaurant facilities, before, during or after normal business hours ("**Work Product**"), then Developer will promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Developer acknowledges that any such Work Product will inure to the benefit of and become the sole property of Franchisor, and Franchisor may use or disclose such Work Product to other franchisees and developers and to Franchisor's Affiliates, successors and assigns, as it determines to be appropriate. Developer, its Affiliates, Operating Principal, and Owners hereby assign to Franchisor any rights they may have or acquire in the Work Product, including the right to modify the Work Product, and waive and/or release all rights of restraint and moral rights therein and thereto. Developer, its Affiliates, Operating Principal, and Owners agree to assist Franchisor in obtaining and enforcing the Intellectual Property Rights to any such Work Product in any and all countries and further agree to execute and provide, and cause others to execute and provide, Franchisor with all necessary documentation and to do all other lawful acts to further the prosecution and issuance of the Intellectual Property Rights related to any such Work Product, including waivers of moral rights. Developer further agrees to cooperate to the extent and in the manner reasonably requested by Franchisor in the prosecution or defense of any litigation or other proceedings involving any Work Product, but all of the reasonable expenses in connection therewith will be paid by Franchisor. If a copyright registration, industrial design, or patent is filed by Developer or its Owners or employees, or on their behalf, within one (1) year following the earlier of the termination or expiration of this Agreement or the time at which such person ceases to be associated with Developer, describing a work which relates to the business of Franchisor, it will be conclusively presumed that such work is to be treated as a Work Product for all purposes hereunder. In the event that the foregoing provisions of this Section 10.3 are found to be invalid or otherwise unenforceable, Developer, its Affiliates, Operating Principal, and the Owners hereby grant Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Work Product to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on Developer's, its Affiliates', Operating Principal's, and Owners' rights therein.

10.2 Confidentiality. During the Term of this Agreement and any Franchise Agreement executed pursuant to this Agreement, Developer, each Owner and their respective owners and Affiliates shall not communicate or use any Confidential Information to or for the benefit of any other person or entity and following the termination or expiration of such Agreements or the transfer of their interest herein and therein shall not use such Confidential Information for their own benefit or the benefit of others. Confidential Information shall be disclosed only to those of Developer's personnel who must have access to it in connection with their employment. Neither Developer, any Owner or their respective owners or Affiliates shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce all or any part of the Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person. Developer agrees to take all necessary actions to preserve the confidential nature of the Confidential Information and refrain from disclosing all or any part of the Confidential Information by any means necessary, unless otherwise required by court order or law. Developer will notify Franchisor within two (2) Business Days of obtaining knowledge of the commencement, or threat, of a judicial

or administrative proceeding to compel disclosure of some or all of the Confidential Information. Developer will cooperate with Franchisor in defending any such proceeding and in obtaining a protective order to prevent disclosure of the Confidential Information.

10.3 Non-Competition Covenants. Developer specifically acknowledges the uniqueness of the System and that, pursuant to this Agreement, Developer will receive valuable training, trade secrets, knowledge, know-how, expertise, and Confidential Information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System which are beyond their present skills and experience. Developer further acknowledges that such specialized training, trade secrets, knowledge, know-how, expertise, and Confidential Information provide a competitive advantage and will be valuable in the development and operation of the Restaurants, and that gaining access to such specialized training, trade secrets, knowledge, know-how, expertise, and Confidential Information is, therefore, a primary reason for entering into this Agreement. For the purposes of this Section 10.3, unless otherwise specified, "Developer" shall include, collectively and individually, the Developer and all of its Operating Principals, Owners, Subsidiary Franchisees, Family Members of Owners and Operating Principals, Guarantor(s), and any Affiliate of such Persons. In consideration for such specialized training, trade secrets, Confidential Information and rights, Developer covenants that:

10.3.1 During the Term of this Agreement and the term of all Franchise Agreements executed pursuant hereto, except as otherwise approved in writing by Franchisor, neither Developer nor any Owner or any of their respective owners and Affiliates will, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any Person(s):

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

10.3.1.2 Own, maintain, operate, engage in, perform any services for, acquire, be an employee of, or have any financial, equity, or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, joint ventures or any other legal entity), advise, assist or make loans to, any Competitive Business located anywhere in the world. Notwithstanding the foregoing, this Section 10.3.1.2 shall not apply to any financial or beneficial interest in the restaurant chains identified in **Exhibit "F"** to this Agreement.

10.3.2 For a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of Developer's interest in this Agreement or any Owner's interest in Developer and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, neither Developer, nor any Owner or any of their respective owners and Affiliates will, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any Person(s):

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

10.3.2.2 Own, maintain, operate, engage in, perform any services for, acquire, be an employee of, or have any financial equity or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, joint ventures or any other legal entity), advise, assist or make loans to, any Competitive Business, which business is, or is intended to be located (i) in the Territory, or (ii) within a three (3) mile radius of any Jaggars Restaurant or other Jaggars food service facility in existence at the time of such expiration, termination, or transfer (as applicable). Notwithstanding the foregoing, this Section 10.3.2.2 shall not apply to any financial or beneficial interest in the restaurant chains identified in Exhibit F to this Agreement.

The covenants of this Section 10.3.2 will survive the expiration, termination, or transfer of this Agreement or any interest in this Agreement.

10.3.3 Developer acknowledges and agrees that each of the covenants contained herein, and the Developer's full, uninhibited, and faithful observance of each of the covenants contained herein, contain reasonable limitations as to time, geographical area, and scope of activity to be restrained; do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor; are fair and responsible and are not the result of overreaching, duress, or coercion of any kind; and do not impose any undue hardship. Developer further acknowledges and agrees that each of the covenants contained herein, and the Developer's full, uninhibited, and faithful observance of each of the covenants contained herein, will not impair Developer's ability to obtain employment commensurate with its respective abilities and on terms fully acceptable to Developer or otherwise to obtain income required for Developer's comfortable support and, if such Person is an individual, his or her Family Members, and the satisfaction of his or her creditors. Developer further agrees that each of the covenants herein will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 10.

10.3.4 Developer understands and acknowledges that Franchisor will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 10.3, or any portion thereof, without its consent, effective immediately upon notice to Developer; and Developer agrees that it will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 16.2 hereof.

10.3.5 Developer and each Owner expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 10.

10.4 Injunctive Relief. Developer acknowledges that any failure to comply with the requirements of this Section 10 shall constitute a material event of default under this Agreement. Developer acknowledges that a violation of this Section 10 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer accordingly consents to the Franchisor will be entitled to seek the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 10 in any court of competent jurisdiction, without the obligation to post a bond for Developer's violation or threatened violation of any covenant described in this Section 10. Developer agrees to pay all costs and reasonable attorneys' fees incurred by Franchisor in connection with the enforcement of this Section 10, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section 10.

10.5 Survival. The terms of this Section 10 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

## **11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

11.1 Independent Contractor. This Agreement does not create a trust or fiduciary relationship between the parties. Developer is an independent contractor and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. Developer shall hold itself out to the public as an independent contractor and agrees to take such action as shall be necessary to that end, including, without limitation, exhibiting a notice in a form specified by Franchisor in a conspicuous place in each Jaggers Restaurant established under a Franchise Agreement executed pursuant to this Agreement and communicating clearly with Restaurant employees in applications, agreements, manuals, handbooks and other materials that Developer or any Subsidiary Franchisee, and not Franchisor, is the employer of all Restaurant employees. Nothing in this Agreement authorizes Developer or any Owner to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and Franchisor assumes no liability for, and shall not be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Developer or any Owner or any claim or judgment arising therefrom. All employees hired by or working for Developer shall be the employees of Developer and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's control. Each of the parties shall file its

own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

11.2 Indemnification. Developer and each Guarantor will at all times indemnify, defend, and hold harmless to the fullest extent permitted by law Franchisor, its parents, Affiliates, successors and assigns, and the respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them (the “**Indemnitees**”) against, and reimburse any one or more of the Indemnitees for, any and all claims, and liabilities directly or indirectly arising out of Developer's conduct of the Jagers Restaurant business hereunder, the operation of the Restaurants developed pursuant hereto, or Developer's breach of this Agreement, without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of Franchisor or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from Franchisor's gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to Developer (including its Owners and employees). For purposes of this indemnification, “claims” includes all obligations, damages (actual, consequential, exemplary or other) and costs reasonably incurred in the defense of any claim against any of the Indemnitees, including, without limitation, accountants', arbitrators', legal and expert witness fees (on a full indemnity basis), costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. Franchisor has the right to defend any such claim against it. Neither Franchisor nor any other Indemnitee shall be required to seek recovery from any insurer or other third party, or otherwise to mitigate its losses and expenses in order to maintain and recover fully a claim for indemnity hereunder. Developer and each Guarantor agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts any Indemnified Party may recover. The terms of this Section 11.2 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

## 12. APPROVALS OR CONSENTS

Whenever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor and shall obtain such approval or consent in writing. No waiver, approval, consent, advice or suggestion given to Developer, and no neglect, delay or denial of any request therefore, shall constitute a warranty or guarantee by Franchisor, nor does Franchisor assume any liability or obligation to Developer or any third party as a result thereof.

## 13. NON-WAIVER AND REMEDIES

13.1 No Waiver. Franchisor shall not be deemed to waive or impair any right, power or option under this Agreement because of (i) any custom or practice at variance with the terms of this Agreement; (ii) any failure, refusal, delay or neglect to exercise any right under this Agreement or to insist on Developer's compliance with this Agreement or the System; (iii) Franchisor's waiver of or failure to exercise any right, power, or option (whether of the same, similar or different nature) with respect to other developers of Jagers Restaurants; or (iv) Franchisor's acceptance of any payment from Developer after any breach of this Agreement.

13.2 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies provided for herein or available at law or in equity. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. Neither the expiration or termination of this Agreement nor the exercise of Franchisor's rights pursuant hereto shall discharge or release Developer or any Guarantor from any liability or obligation then accrued, continuing beyond, or arising out of, the expiration or termination of this Agreement or the exercise of such rights.

## 14. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing in the English language and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt

requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

Jaggers Development Corporation  
6040 Dutchmans Lane  
Louisville, Kentucky 40205  
Attention: Legal Department  
Facsimile: (502) 426-3274  
Email: [legal@texasroadhouse.com](mailto:legal@texasroadhouse.com)

Notices to Developer and  
Guarantors:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile: \_\_\_\_\_  
Email: \_\_\_\_\_

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

## **15. SEVERABILITY AND CONSTRUCTION**

15.1 Severability. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined by a court or agency having valid jurisdiction to be invalid and contrary to, or in conflict with, any existing or future law or regulation, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall automatically be added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

15.2 No Third-Party Beneficiary. Nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer and Franchisor, Franchisor's Affiliates, officers, directors and employees and such of Developer's and Franchisor's respective successors and assigns as may be contemplated (and, as to Developer, authorized by Section 9), any rights or remedies under or as a result of this Agreement.

15.3 Captions. All captions in this Agreement are intended solely for the convenience of the parties and shall not affect the meaning or construction of any provision of this Agreement.

15.4 Gender. All references to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable.

15.5 Counterpart Execution. This Agreement may be executed in multiple counterparts and each copy so executed shall be deemed an original.

15.6 Survival. Any obligation of Developer or any Owner or Guarantor that contemplates performance of such obligation after termination or expiration of this Agreement will be deemed to survive such termination or expiration or the transfer of any interest in this Agreement or in Developer.

15.7 Agreement Effective Upon Execution by Franchisor. This Agreement will not become effective until signed by an authorized officer of Franchisor.

**16. ENTIRE AGREEMENT; AMENDMENT**

16.1 Entire Agreement. This Agreement, the documents referred to herein and the addenda (if applicable), Attachments and Exhibits hereto, constitute the entire, full and complete agreement between the parties hereto concerning the subject matter hereof and shall supersede all prior related agreements. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement or in any disclosure document for prospective developers and franchisees required by applicable law. Nothing in this agreement or in any related agreement is intended to disclaim the representations made in the franchise disclosure document.

16.2 Amendment. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

**17. DISPUTE RESOLUTION; GOVERNING LAW**

17.1 Mediation. Franchisor and Developer acknowledge that certain disputes may arise that Franchisor and Developer are unable to resolve, but that may be resolvable through mediation. Accordingly, except as set forth in Section 17.1.3, Developer and Franchisor agree to submit any claim, controversy or dispute between Franchisor or any of its Affiliates (and their respective owners, officers, directors, agents, representatives and/or employees) and Developer or any of its Affiliates (and their respective Owners, agents, representatives and/or employees) arising out of or related to this Agreement (including the validity of this Agreement), the relationship created by this Agreement, or any other agreement between them, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

17.1.1 The mediation shall be conducted by a mediator experienced in the mediation of food service business disputes, agreed upon by the parties and, failing such agreement within a reasonable period of time (not to exceed fifteen (15) days) after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization (“AAA”) in accordance with its rules governing mediation, at Franchisor’s corporate headquarters, currently in Louisville, Kentucky. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorney’s fees incurred by either party), shall be borne by the parties equally.

17.1.2 If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after mediation has been requested, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 17.2. Franchisor and Developer agree that statements made by either Developer or Franchisor in any such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

17.1.3 Notwithstanding the foregoing provisions of this Section 17.1, this agreement to mediate shall not apply to controversies, disputes or claims related to or based on monies owed to the Franchisor or those related to the Marks or the Confidential Information. In addition, Developer and Franchisor each shall have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction and without posting a bond. A party’s only remedy if any such measure is entered against the party will be the dissolution of the injunction, if warranted, all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby.

17.2 Litigation. With respect to any controversies, disputes or claims which are not finally resolved through mediation as provided in Section 17.1 above, the parties irrevocably submit themselves to the jurisdiction of the state courts of Jefferson County, Kentucky and the federal district court for the Western District of Kentucky and hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. Developer and Franchisor agree that service of process may be made upon them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Kentucky or federal law. Developer and Franchisor further agree that venue for any proceeding relating to or arising out of this agreement shall be Jefferson County, Kentucky; provided, however, with respect to any action (i) for monies owed, (ii) for injunctive or other

extraordinary relief or (iii) involving possession or disposition of, or other relief relating to, real property, Franchisor may bring such action in any state or federal district court which has jurisdiction.

17.3 Governing Law. This Agreement, and all claims arising from or in connection with the relationship created hereby will be governed by and interpreted and construed under the laws of Kentucky, without regard to its conflicts of law rules.

17.4 Parties' Acknowledgments. Developer and Franchisor acknowledge that the agreements regarding applicable state law and forum set forth above provide each of Franchisor and Developer with the mutual benefit of uniform interpretation of this agreement and any dispute arising out of this Agreement or the relationship created by this Agreement. Developer and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

17.5 Waiver Of Punitive Damages. Except with respect to Developer's obligation to indemnify Franchisor pursuant to Section 11.2 and claims Franchisor brings against Developer for Developer's unauthorized use of the Marks or unauthorized disclosure of any Confidential Information, Franchisor and Developer waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between Developer and Franchisor, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

17.6 Limitations Of Claim. Except for claims arising from Developer's nonpayment or underpayment of amounts owed to Franchisor pursuant to this Agreement and claims Franchisor brings with regard to Developer's obligations to indemnify Franchisor pursuant to Section 11.2, any and all claims arising out of or relating to this Agreement or the relationship between Developer and Franchisor pursuant to this Agreement will be barred unless an action is commenced within two (2) years from the date on which the act or event giving rise to the claim occurred, or two (2) years from the date on which Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to such claims, whichever occurs first.

17.7 Jury Waiver. Developer and Franchisor hereby unconditionally and irrevocably waive any right to a jury trial in any action arising out of or in connection with this Agreement, the relationship created by this Agreement, or any other agreements between Developer and Franchisor or their respective Affiliates. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court. In the event of litigation, this Agreement may be filed as written consent to a trial by the court.

17.8 Costs And Attorneys' Fees. Developer agrees to pay or reimburse Franchisor for any of the costs and expenses which Franchisor incurs in enforcing this Agreement, including, without limitation, accounting, attorneys', arbitrators' and related fees.

17.9 Judgment; Discretion. Developer and Franchisor acknowledge that various provisions of this agreement specify certain matters that are within the discretion or judgment of Franchisor or are otherwise to be determined unilaterally by Franchisor. If the exercise of Franchisor's discretion or judgment as to any such matter is subsequently challenged, the parties to this agreement expressly direct the trier of fact that Franchisor's reliance on a business reason in the exercise of its discretion or judgment is to be viewed as a reasonable and proper exercise of such discretion or judgment, without regard to whether other reasons for its decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason.

## **18. DEVELOPER'S ACKNOWLEDGMENTS**

18.1 Representations and Warranties. Developer and each Owner represent and warrant to Franchisor, that: (a) neither Developer, Owner, nor anyone acting on behalf of Developer or Owner has made any untrue statement of any material fact or has omitted to state any material fact in obtaining the rights granted hereunder; and, (b) neither Developer nor any Owner has any direct or indirect legal or beneficial interest in Competitive Business, except as otherwise completely and accurately disclosed in writing to Franchisor. Developer and each Owner recognize that Franchisor has relied on all of the statements Developer and each Owner made in connection therewith.

18.2 Execution by Authorized Representative. Developer represents that its legal representative executing this Agreement has the necessary authority to represent it and act on behalf of it, which authority has not been revoked, limited nor modified in any manner whatsoever.

*[Signatures Appear on Following Pages]*

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered this Agreement on the dates set forth below; provided, that this Agreement shall not become effective until signed by an authorized officer of Franchisor.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

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

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

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

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

**DEVELOPER:**

\_\_\_\_\_  
\_\_\_\_\_

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

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

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

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

## **GUARANTEE AND ASSUMPTION AGREEMENT**

This Guarantee and Assumption Agreement (this “**Guarantee**”) is given this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_, in consideration of, and as an inducement to, **JAGGERS DEVELOPMENT CORPORATION** (“**Franchisor**”) to enter into that certain Development Agreement dated of even date (the “**Development Agreement**”) with \_\_\_\_\_ (“**Developer**”). Each of the undersigned and any other parties who sign counterparts of this Guarantee (referred to herein individually as a “**Guarantor**” and collectively as “**Guarantors**”) are owners of Developer and will receive material benefit from the execution of the Development Agreement by Franchisor. This Guarantee applies to the Development Agreement and each Franchise Agreement executed pursuant thereto (each, a “**Franchise Agreement**” and, together with the Development Agreement, the “**Agreements**”). For purposes of this Guarantee, all subsequent references to “Developer” will include any subsidiary of Developer executing a Franchise Agreement.

Each Guarantor, individually, jointly and severally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Developer’s obligations under the Agreements will be punctually paid and performed. Upon default by the Developer under an Agreement, or upon notice from Franchisor, each Guarantor shall immediately make each payment and perform each obligation required of Developer under such Agreement (collectively, the “**Developer’s Obligations**”).

Each Guarantor waives:

- (i) all statutes of limitations as a defense to any action brought by Franchisor against the Guarantors; and
- (ii) any defense based upon the unenforceability or invalidity of all or any part of the Developer’s Obligations or Franchisor’s present or future method of dealing with any Guarantor; and
- (iii) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and
- (iv) notice of demand for payment of any indebtedness or nonperformance of any Obligations hereby guaranteed; and
- (v) protest and notice of default to any party with respect to the indebtedness or nonperformance of any Obligations hereby guaranteed; and
- (vi) any right he or she may have to require that an action be brought against Developer or any other person as a condition of liability or to require Franchisor to accelerate the Developer’s Obligations or to proceed and to exhaust any recourse against Developer or resort to or marshal or realize on any security it may hold before being entitled to payment from Guarantor; and
- (vii) all rights to payments and claims for reimbursement or subrogation which he or she may have against Developer arising as a result of his or her execution of and performance under this Guarantee; and
- (viii) all surety defenses and rights of every nature otherwise available under the laws of any jurisdiction; and
- (ix) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

- (a) his or her direct and immediate liability under this Guarantee will be joint and several not only with Developer, but also among the Guarantors; and
- (b) he or she will render any payment or performance required under the Agreements upon demand if Developer fails or refuses punctually to do so; and

- (c) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and
- (d) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment, modification, or supplement to the Agreements or by any extension of time, credit, waiver or other indulgence that Franchisor may from time to time grant to Developer 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 will in any way modify or amend this Guarantee, which will be continuing and irrevocable throughout the term of the Agreements and for so long thereafter as there are any monies or Obligations owing by Developer to Franchisor under the Agreements; and
- (e) Developer's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Developer will be conclusive and binding on the undersigned as Guarantors.

This Guarantee shall be a continuing guarantee, and the liability and obligation of each Guarantor shall be absolute and remain in full force and effect and shall not be released or discharged without a written release of Franchisor releasing the undersigned from their obligations hereunder.

Each Guarantor also makes all of the covenants, representations, warranties and agreements set forth in, and expressly agrees to be personally comply with and be bound by, the obligations set forth in Sections 6.2 , 8, 9.2 through 9.9, 10, 11.2, 15.6, 17 and 18 of the Development Agreement and Sections 6.2, 10, 14.2 through 14.8, 15, 17.4, 18, 19.7 through 19.14, 19.19 and 20 of the Franchise Agreement. These obligations of the undersigned shall survive any expiration, termination or transfer of the Agreement or any interest therein and include a number of provisions that may affect the legal rights of the undersigned, including a waiver of jury trial, waiver of punitive or exemplary damages and limitations on when claims may be raised.

Guarantor acknowledges and agrees that Guarantor has received and read a copy of the Agreements and understands all of Developer's Obligations contained in the Agreements.

Without in any way diminishing the liability of Guarantor under this Guarantee, all debts and liabilities, present or future, owed by Developer to Guarantor are hereby postponed to the payment in full of all indebtedness and liabilities (present and future, contingent or otherwise) of Developer to Franchisor. All monies received by Guarantor or legal representatives of Guarantor or assigns from Developer will be paid over to Franchisor for so long as there is any indebtedness outstanding from Developer to Franchisor or its Affiliates. This postponement is independent of and severable from this Guarantee and will remain in full effect whether or not Guarantor is liable for any amount under this Guarantee.

Guarantor agrees to indemnify and save Franchisor harmless from and against, and reimburse Franchisor for, all costs and expenses it may suffer as a result or consequence of attempting to enforce this Guarantee and the Agreements and any inability by Franchisor to recover the ultimate balance due or remaining unpaid to Franchisor in respect of Developer's Obligations, including, but not limited to, legal and accounting fees and costs, administrative, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding.

This Guarantee shall be governed by and construed in accordance with Kentucky law, without reference to Kentucky conflict of law principles.

*[Signatures Appear on Following Page]*

**IN WITNESS WHEREOF**, each Guarantor has hereunto affixed his signature on the same day and year as the Agreement was executed.

**GUARANTORS**

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**AMENDMENT TO JAGGERS®  
DEVELOPMENT AGREEMENT**

**FOR THE STATE OF CALIFORNIA**

The Jagers Development Agreement between \_\_\_\_\_ (“**Developer**” or “**You**”) and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“**Franchisor**”), dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”):

**CALIFORNIA LAW MODIFICATIONS**

1. 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. See NASAA STATEMENT OF POLICY REGARDING THE USE OF FRANCHISE QUESTIONNAIRES AND ACKNOWLEDGMENTS. <https://www.nasaa.org/wp-content/uploads/2022/11/sop-franchise-questionnaires.pdf>.
2. The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit is deferred until that unit is open.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

\_\_\_\_\_  
**FRANCHISOR**

\_\_\_\_\_  
**FRANCHISEE**

**AMENDMENT TO JAGGERS®  
DEVELOPMENT AGREEMENT**

**FOR THE STATE OF MARYLAND**

The Jagers Development Agreement between \_\_\_\_\_ (“**Developer**” or “**You**”) and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“**Franchisor**”), dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”):

**MARYLAND LAW MODIFICATIONS**

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., BUS. REG. §§ 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2010) (the “**Law**”). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.
- b. Any acknowledgments or representations of Developer made in the agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Law.
- c. A Developer may bring a lawsuit in Maryland for claims arising under the Law.
- d. The limitation on the period of time mediation and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a Developer for bringing a claim arising under the Law. Any claims arising under the Law must be brought within 3 years after the grant of the franchise.
- e. No statement, questionnaire, or acknowledgment signed or agreed to by a Developer in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- f. Based on the Franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the Development Agreement opens.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_\_\_. This Amendment shall not become effective until signed by an authorized officer of Franchisor.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DEVELOPER:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDMENT TO JAGGERS®  
DEVELOPMENT AGREEMENT**

**FOR THE STATE OF WASHINGTON**

The Jagers Development Agreement between \_\_\_\_\_ (“**Developer**” or “**You**”) and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“**Franchisor**”), dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”):

**WASHINGTON LAW MODIFICATIONS**

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 RCW 19.100.220(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.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_\_\_. This Amendment shall not become effective until signed by an authorized officer of Franchisor.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DEVELOPER:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT A

### DEFINITIONS

**“Affiliate”** means, with respect to Franchisor, Developer or any Owner, any person or entity which, directly or indirectly, controls, is controlled by, or is under common control with such party.

**“Agreement”** has the meaning given to it in the Preamble.

**“Business Day”** means any day other than Saturday, Sunday or national holidays in the U.S.

**“Competitive Business”** means any fast-casual restaurant of a character and concept that is the same as or similar to Jagers Restaurants operating under the Jagers System (as such System evolves or changes over time) including: (A) a fast-casual restaurant featuring the sale of burgers (including, by way of example and not limitation, Five Guys, Shake Shack or Smashburger), or (B) a fast-casual restaurant featuring the sale of chicken (including, by way of example and not limitation, Chick-fil-A, PDQ, Raising Cane’s, or Zaxby’s), except for those existing restaurant concepts set out in Exhibit F to this Agreement and any other specific restaurant concepts which Franchisor may in the future expressly consent in writing to be excluded from this definition.

**“Confidential Information”** means any and all information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to Developer, or which Developer or its employees develop, in connection with this Agreement or the operation of the Restaurants developed hereunder, including, without limitation, any actual or potential recipes, menu items, approved suppliers, products, services, systems, applications, procedures, or methods of advertising, marketing, training, inventory or financial controls, management, service or procurement, and any confidential matter regarding the business of Franchisor or any of its Affiliates. Confidential Information includes, without limitation, Franchisor’s Manuals, conceptual schematic designs, standard prototypical design documents, menu design, local store marketing and standard photography. Confidential Information does not include any information which (a) is already known to Developer or is publicly available at the time of disclosure by Franchisor; (b) is disclosed to Developer by a third party not known by Developer to have an obligation of confidentiality to Franchisor; or (c) becomes publicly available after disclosure by Franchisor through no fault of Developer, its Affiliates; its employees or Owners.

**“Control”** or **“Controlling Interest”** means the power, directly or indirectly (including via a nominee arrangement), either to (i) vote fifty percent (50%) or more of the securities having ordinary voting power; (ii) determine the majority of the board of directors, management committee or similar governing body of Developer; or (iii) direct or cause the direction of the management and policies of Developer whether by contract or otherwise.

**“Crisis Management Event”** means any event that has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, data breaches, real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

**“Deceased”** has the meaning given to it in Section 9.6.1 of this Agreement.

**“Developer”** has the meaning given to it in the Preamble to this Agreement.

**“Development Schedule”** has the meaning given to it in Section 1.1.1 and Exhibit C of this Agreement.

**“Development Year”** means each fiscal year identified in the Development Schedule.

**“Effective Date”** has the meaning given to it in the Preamble to this Agreement.

**“Franchise Agreement”** has the meaning given to it in Section 3.1.1 of this Agreement.

**“Franchisor”** has the meaning given to it in the Preamble to this Agreement.

**“GAAP”** means United States generally accepted accounting principles in effect from time to time.

**“Guarantee”** means the Guarantee and Assumption Agreement in substantially the form attached to this Agreement.

**“Guarantor(s)”** means the Owners of Developer designated by Franchisor to sign the Guarantee.

**“Indemnitees”** has the meaning given to it in Section 11.2 of this Agreement.

**“Intellectual Property Rights”** means all intellectual property rights comprising or relating to: (a) all patents, patent applications, other patent rights, and any other governmental authority-issued indicia of invention ownership; (b) all rights in and to United States and foreign trademarks, service marks, tradenames, brand names, logos, trade dress, corporate names, logos, insignia, slogans, emblems, symbols, designs, and domain names, and other similar designations or indicia of source, ownership, sponsorship, association, or origin, together with the goodwill symbolized by any of the foregoing, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, these rights and all similar or equivalent rights or forms of protection in any part of the world (**“Trademarks”**), including the Marks; (c) internet domain names, whether or not Trademarks, registered by any authorized private registrar or Governmental Authority, web addresses, web pages, website, and URLs; (d) works of authorship, expressions, designs, and design registrations, whether or not copyrightable, including copyrights and copyrightable works, software, and firmware, data, data files, and databases and other specifications and documentation; (e) all inventions, discoveries, trade secrets, business and technical information and know-how, and other confidential and proprietary information and all rights therein, including, without limitation, the Manuals, Work Product, and Confidential Information; and (f) all industrial, moral, and other intellectual property rights, and all rights, interests, and protections that are associated with, equivalent or similar to, or required for the exercise of, any of the foregoing, however arising, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, these rights or forms of protection under the Laws or other requirement or rule of law of any governmental authority of any jurisdiction.

**“Legal Requirements”** means all laws, constitutions, ordinances, codes, by-laws, regulations, statutes, rules, orders, judgments, decrees and policies (including, without limitation, those relating to personal data protection) of any governmental entity applicable to Developer or the Jagers Restaurant business operated by Developer and its Affiliates.

**“Manual”** or **“Manuals”** means the manuals, Franchisor’s operating systems manual, basic design manual, and other written guidelines or materials, in English, that Franchisor has developed which relate to the procedures, methods, standards, and specifications for developing and operating Jagers Restaurants, as they may be modified from time to time by Franchisor. The term “Manual” or “Manuals” also includes alternative or supplemental means of communicating such information to Developer, including electronically, as well as by bulletins, videotapes, audio tapes, compact discs, computer diskettes and CD ROMs. The term “Manual” or “Manuals” does not refer to a single specific compilation of information, but rather to Franchisor’s then-current standards, specifications, instructions, requirements, methods and procedures for management and operation of a Jagers Restaurant, which may exist in numerous formats and locations.

**“Marks”** means certain trademarks, including but not limited to , the word and design service mark and trademark “JAGGERS®”, and such Trademarks as are now designated, and may hereafter be designated and adopted, by Franchisor for use in connection with the operation of Jagers Restaurants.

**“Operating Principal”** means the Owner appointed in accordance with Section 6.3 of this Agreement and identified on Exhibit D to this Agreement.

**“Owners”** means the persons or entities holding direct or indirect, legal or beneficial interest in Developer and any other person or entity who has any other legal or equitable interests in the revenue, profits, rights or assets of Developer. The Owners of Developer as of the Effective Date are listed on Exhibit D.

**“Permanent Disability”** means any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guarantee of this Agreement

for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely.

**“Person”** means an individual, corporation, limited liability company, partnership, association, joint stock company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, court or governmental unit or any agency or subdivision thereof, or any other legally recognizable entity.

**“Qualifying Affiliate”** has the meaning given to it in Section 9.3.1 of this Agreement.

**“Reserved Area”** means any locations and areas that Franchisor determines, in its sole discretion, to have a restricted trade area, which includes, without limitation, military bases and installations, malls, and any amusement parks, theme parks, casinos, convention centers, health and fitness facilities, sports stadiums and arenas, zoos, aquariums, airports, train stations, office buildings, toll plazas, hospitals, universities and schools.

**“Restaurant Operational Data”** means the records of all sales, product mix, comparative Restaurant data, customer counts, and other similar data and profit or expense information maintained or collected by Developer with respect to all Restaurants developed pursuant to this Agreement, as required by System standards.

**“Restaurant”** has the meaning given to it in Recital A to this Agreement.

**“ROFO Territory”** has the meaning given to it is Section 2 of Exhibit B to this Agreement.

**“Royalty Sales”** has the meaning given to it in the Franchise Agreement.

**“Standstill Period”** has the meaning given to it in Section 2 of Exhibit B to this Agreement.

**“Subsidiary Franchisee”** means a wholly owned subsidiary of Developer authorized to operate a Jagers Restaurant under a validly executed Franchise Agreement.

**“System”** means the distinctive system utilized in each Jagers Restaurant including, without limitation, the Marks; distinctive exterior and interior design, décor, color scheme, signs, and furnishings; procedures and formulae for preparing food and beverage products, specifications for certain food and beverage products, special recipes and menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures and concepts for inventory, management, and financial control; training facilities, teaching techniques, and other proprietary training and assistance; and advertising and promotional programs; all of which may be changed, improved, modified, altered, and further developed by Franchisor from time to time.

**“Term”** has the meaning given to it in Section 4 of this Agreement.

**“Territory”** has the meaning given to it in Recital B and Exhibit B to this Agreement.

**“Transaction Tax”** has the meaning given to it in Section 2.3 of this Agreement.

**“Work Product”** has the meaning given to it in Section 10.1 of this Agreement.

**EXHIBIT B**

**DESCRIPTION OF TERRITORY**

**EXHIBIT C**

**DEVELOPMENT SCHEDULE**

**Cumulative Minimum Restaurant Development Schedule**

| <b>Development Year</b> | <b>Cumulative Number of Restaurants<br/>Open and Operating in the Territory</b> |
|-------------------------|---------------------------------------------------------------------------------|
| 1                       |                                                                                 |
| 2                       |                                                                                 |
| 3                       |                                                                                 |
| 4                       |                                                                                 |
| 5                       |                                                                                 |
| 6                       |                                                                                 |

**Number of New Restaurants in Each Development Year**

| <b>Year 1</b> | <b>Year 2</b> | <b>Year 3</b> | <b>Year 4</b> | <b>Year 5</b> | <b>Year 6</b> |
|---------------|---------------|---------------|---------------|---------------|---------------|
|               |               |               |               |               |               |

If Developer fails to achieve the above Development Schedule, it shall be a default under this Agreement.

**EXHIBIT D**

**OWNERSHIP AND MANAGEMENT STRUCTURE**

1. The following is a list of all of Developer's Owners, including all shareholders, partners, members or other investors owning a direct or indirect interest in Developer:

| <b>NAME</b> | <b>INTEREST<br/>IN DEVELOPER</b> |
|-------------|----------------------------------|
|             |                                  |
|             |                                  |
|             |                                  |
|             |                                  |
|             |                                  |

2. Developer's Operating Principal is: \_\_\_\_\_

## EXHIBIT E

### **CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE**

THIS CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE (this “**Agreement**”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, between **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“**Franchisor**”), \_\_\_\_\_ (“**Developer**”), and \_\_\_\_\_ (“**Covenantor**”)

#### **RECITALS**

WHEREAS, Franchisor has developed or has acquired the right to use and license the use of a distinctive System (defined below) for the development and operation of fast-casual restaurants under the name and mark “Jaggers” (“**Restaurants**” or “**Jaggers Restaurants**”); and

WHEREAS, the System includes, but is not limited to, certain identifying Marks and Confidential Information (each as defined below); and

WHEREAS, the Marks and Confidential Information provide economic advantages to Franchisor; and

WHEREAS, the Confidential Information is not generally known to, or readily ascertainable by proper means by, Franchisor’s competitors who could obtain economic value from knowledge and use of the Confidential Information; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Confidential Information; and

WHEREAS, Franchisor has granted Developer the right to develop multiple Restaurants under a certain Development Agreement dated [\_\_\_\_\_] (“**Development Agreement**”); and

WHEREAS, Developer or its Affiliates will execute a Franchise Agreement for each Restaurant developed under the Development Agreement and will operate the Restaurant under the Franchise Agreement using the System, the Marks and the Confidential Information; and

WHEREAS, Franchisor and Developer have agreed in the Development Agreement on the importance of restricting the use, access and dissemination of the Confidential Information; and

WHEREAS, it will be necessary for certain direct and indirect owners, managers and other personnel of Developer to have access to and to use some or all of the Confidential Information in the management and operation of the Jaggers Restaurant business; and

WHEREAS, Developer has agreed to obtain from those Covenantors written agreements protecting the Confidential Information and the System against unfair competition; and

WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Developer; and

WHEREAS, Covenantor wishes and needs to receive and use the Confidential Information in the course of his employment by or association within order to effectively perform; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

### **Confidentiality Agreement**

1. Covenantor shall receive the Confidential Information in confidence and shall, at all times, maintain it in confidence, and use it only in the course of his employment or association with Developer and then only in connection with the operation of the Jagers Restaurant business in accordance with the Development Agreement and the Franchise Agreements executed pursuant to the Development Agreement.

2. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission. Without limitation of the foregoing, Covenantor acknowledges that access to Franchisor's Manuals is provided for limited purposes only and such Manuals remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

3. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Developer and only to the limited extent necessary to train or assist other employees of Developer in the operation of the Jagers Restaurant business.

4. Covenantor shall surrender any material containing some or all of the Confidential Information to Developer or Franchisor upon the earlier of: (a) a request to do so, or (b) termination of Covenantor's employment by Developer, or (c) sale of Covenantor's direct or indirect interest in Developer, or (d) conclusion of the use for which such Confidential Information may have been furnished to Covenantor.

5. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

### **Agreement Relating to Work Product**

If Covenantor develops any new concept, process, recipe, menu item, improvement, invention, or work of authorship in the operation or promotion of the Restaurant, alone or jointly with others and within or without the facilities of the Jagers Restaurant business or any Restaurant, before, during or after normal business hours ("**Work Product**"), then Covenantor shall promptly notify Developer and Franchisor and shall provide them with all necessary related information, without compensation. Covenantor acknowledges that any such Work Product will inure to the benefit of and become the property of Franchisor, and Franchisor may use or disclose such Work Product to its developers and franchisees and to its affiliates, successors and assigns, as it determines to be appropriate. Covenantor hereby assigns to Franchisor any rights it may have or acquire in the Work Product, including the right to modify the Work Product, and waives and/or releases all rights of restraint and moral rights therein and thereto. Covenantor agrees to assist Franchisor in obtaining and enforcing the Intellectual Property Rights to any such Work Product in any and all countries and further agrees to execute and provide, and cause others to execute and provide, Franchisor will all necessary documentation and to do all other lawful acts to further the prosecution and issuance of the Intellectual Property Rights related to any such Work Product, including waivers of moral rights. Covenantor further agrees to cooperate to the extent and in the manner reasonably requested by Franchisor in the prosecution or defense of any litigation or other proceedings involving any Work Product, but all of the reasonable expenses in connection therewith will be paid by Franchisor. If a copyright registration, industrial design or patent is filed by or on behalf of Covenantor within one (1) year following the earlier of the termination or expiration of the Development Agreement or the time at which Covenantor ceases to be employed by or associated with Developer, describing a work which relates to the business of Franchisor, it will be conclusively presumed that such work is to be treated as a Work Product for all purposes hereunder. In the event that the foregoing provisions of this Section are found to be invalid or otherwise unenforceable, Covenantor hereby grants Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the Work Product to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on Covenantor's rights therein.

### **Covenants Not to Compete**

1. In order to protect the goodwill of the System and the confidentiality and value of the Confidential Information, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor agrees and covenants not to, directly and indirectly, for itself, or through, on behalf of, or in conjunction with any Person(s), and without the prior written consent of Franchisor:

a. Divert, or attempt to divert, any business, business opportunity, or customer of any Restaurant to any Competitive Business (defined below) by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

b. Own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business located anywhere in the world. Notwithstanding the foregoing, this covenant shall not apply to any financial or beneficial interest in the Permitted Businesses (defined below).

2. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the System, Covenantor agrees and covenants that for three (3) years following the earlier of: (i) the expiration or termination (whether as a result of a sale or transfer by Franchisee or otherwise) of the Franchise Agreement, or (ii) the transfer of all of Franchisee's interest in the Franchise Agreement, or (iii) the termination of Covenantor's association with (whether as a result of a sale or transfer by Franchisee or otherwise) or employment by Franchisee, Covenantor will not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any Person(s), and without the prior written consent of Franchisor:

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

b. Own, maintain, operate, engage in, perform any services for, acquire, be an employee of, or have any financial, equity, or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures or any other legal entity), advise, assist or make loans to, any Competitive Business which business is, or is intended to be located (i) at any Restaurant developed pursuant to the Development Agreement, (ii) within the Territory, or (iii) within a three (3) mile radius of any Jagers Restaurant or other Jagers food service facility in existence or under construction at any given time during such period. Notwithstanding the foregoing, this covenant shall not apply to any financial or beneficial interest in the Permitted Businesses.

### **Covenants of Owners**

If Covenantor is the owner of a direct or indirect legal or beneficial ownership interest in Developer, Covenantor further represents, warrants and agrees as follows:

1. Covenantor acknowledges and agrees that Covenantor has received a copy of the Franchise Agreement and has read and understands the Franchise Agreement. Covenantor makes all of the covenants, representations, warranties and agreements set forth in, and expressly agrees to personally comply with and be bound by, the obligations set forth in Sections 9.2 through 9.9, 10, 15.6, 17 and 18 of the Development Agreement.

2. Covenantor acknowledges and agrees that the foregoing obligations shall survive any expiration, termination or transfer of the Development Agreement or any interest therein and include a number of provisions that may affect the legal rights of Covenantor, including a waiver of jury trial, waiver of punitive or exemplary damages and limitations on when claims may be raised.

### **Definitions**

Initially capitalized terms used, but not otherwise defined, in this Agreement, have the meanings set forth below:

**"Affiliate"** means, with respect to Franchisor, Developer or an Owner, any person or entity which, directly or indirectly, controls, is controlled by, or is under common control with such party.

**"Business Day"** means any day other than Saturday, Sunday or national holidays in the U.S.

**“Competitive Business”** means any fast-casual restaurant of a character and concept that is the same as or similar to Jagers Restaurants operating under the Jagers System (as such System evolves or changes over time) including: (A) a fast-casual restaurant featuring the sale of burgers (including, by way of example and not limitation, Five Guys, Shake Shack or Smashburger), or (B) a fast-casual restaurant featuring the sale of chicken (including, by way of example and not limitation, Chick-fil-A, PDQ, Raising Cane’s, or Zaxby’s), except for those existing restaurant concepts set out in Exhibit F to this Agreement and any other specific restaurant concepts which Franchisor may in the future expressly consent in writing to be excluded from this definition.

**“Confidential Information”** means any and all information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to Developer, or which Developer or its employees develop, in connection with this Agreement or the operation of the Restaurants developed hereunder, including, without limitation, any actual or potential recipes, menu items, approved suppliers, products, services, systems, applications, procedures, or methods of advertising, marketing, training, inventory or financial controls, management, service or procurement, and any confidential matter regarding the business of Franchisor or any of its Affiliates. Confidential Information includes, without limitation, Franchisor’s Manuals, conceptual schematic designs, standard prototypical design documents, menu design, local store marketing and standard photography. Confidential Information does not include any information which (a) is already known to Developer or is publicly available at the time of disclosure by Franchisor; (b) is disclosed to Developer by a third party not known by Developer to have an obligation of confidentiality to Franchisor; or (c) becomes publicly available after disclosure by Franchisor through no fault of Developer, its Affiliates; its employees or Owners.

**“Intellectual Property Rights”** means all intellectual property rights comprising or relating to: (a) all patents, patent applications, other patent rights, and any other governmental authority-issued indicia of invention ownership; (b) all rights in and to United States and foreign trademarks, service marks, tradenames, brand names, logos, trade dress, corporate names, logos, insignia, slogans, emblems, symbols, designs, and domain names, and other similar designations or indicia of source, ownership, sponsorship, association, or origin, together with the goodwill symbolized by any of the foregoing, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, these rights and all similar or equivalent rights or forms of protection in any part of the world (“**Trademarks**”), including the Marks; (c) internet domain names, whether or not Trademarks, registered by any authorized private registrar or Governmental Authority, web addresses, web pages, website, and URLs; (d) works of authorship, expressions, designs, and design registrations, whether or not copyrightable, including copyrights and copyrightable works, software, and firmware, data, data files, and databases and other specifications and documentation; (e) all inventions, discoveries, trade secrets, business and technical information and know-how, and other confidential and proprietary information and all rights therein, including, without limitation, the Manuals, Work Product, and Confidential Information; and (f) all industrial, moral, and other intellectual property rights, and all rights, interests, and protections that are associated with, equivalent or similar to, or required for the exercise of, any of the foregoing, however arising, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, these rights or forms of protection under the Laws or other requirement or rule of law of any governmental authority of any jurisdiction.

**“Manual”** or **“Manuals”** means the Franchisor’s operating systems manual, basic design manual, and other written guidelines or materials that Franchisor has developed or develops in the future which relate to the procedures, methods, standards, and specifications for developing, establishing and operating Jagers Restaurants, as modified from time to time by Franchisor. The term “Manual” or “Manuals” also includes alternative or supplemental means of communicating such information to Developer, including electronically, as well as by bulletins, videotapes, audio tapes, compact discs, computer diskettes and CD ROMs. The term “Manual” or “Manuals” does not refer to a single specific compilation of information, but rather to Franchisor’s then-current standards, specifications, instructions, requirements, methods and procedures for management and operation of a Jagers Restaurant, which may exist in numerous formats and locations.

**“Marks”** means the certain Trademarks, including, but not limited to, the word and design service mark and trademark “JAGGERS®”, and variations of such Trademarks, and such other Trademarks as are now designated, and may hereafter be designated and adopted, by Franchisor for use in connection with the operation of Jagers Restaurants.

**“Permitted Businesses”** means the businesses listed on the attached Schedule I.

**“System”** means the distinctive system utilized in each Jagers Restaurant including, without limitation, the Marks; distinctive exterior and interior design, décor, color scheme, signs, and furnishings; procedures and formulae for preparing food and beverage products, specifications for certain food and beverage products, special recipes and menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures and concepts for inventory, management, and financial control; training facilities, teaching techniques, and other proprietary training and assistance; and advertising and promotional programs; all of which may be changed, improved, modified, altered, and further developed by Franchisor from time to time.

### **Miscellaneous**

1. Developer shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to directly enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, to an interim, interlocutory, temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys’ fees) incurred by Franchisor and Developer in enforcing this Agreement. Notwithstanding the foregoing, Franchisor may recover its costs incurred in enforcing this Agreement from Developer without the necessity of first making demand upon or bringing an action against Covenantor.

4. Any failure by Franchisor or Developer to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. This Agreement shall be governed by and construed in accordance with the law of the state in which Covenantor resides.

6. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given hereunder shall be in writing in the English language and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Jagers Development Corporation  
6040 Dutchmans Lane  
Louisville, Kentucky 40205  
Attention: Legal Department  
Facsimile: (502) 426-3274

If directed to Developer, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

If directed to Covenantor, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be affected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement means any day other than Saturday, Sunday or national holidays.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns. The respective obligations of Developer and Covenantor hereunder may not be assigned by Developer or Covenantor, without the prior written consent of Franchisor.

--Signatures Appear on Following Page--

—

**IN WITNESS WHEREOF**, the undersigned have entered into this Agreement as witnessed by their signatures below.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DEVELOPER:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**COVENANTOR\***

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

---

\* Any Operating Principal or other Owner who is not otherwise signing as a Guarantor must execute this Agreement as a Covenantor.

**EXHIBIT F**

**PERMITTED BUSINESS INTERESTS**

## **EXHIBIT G**

### **OPERATING PRINCIPAL REQUIREMENTS**

#### **Operating Principal Requirements**

The Operating Principal (if an individual) or the members of such Operating Principal's executive management team (if an entity) must satisfy the following requirements, which may be amended from time to time by Franchisor in writing:

- A minimum of five (5) years proven hospitality experience (food service, including QSR, CDR or fast-casual, preferred);
- Local knowledge and expertise in the Territory in areas of consumer preferences, real estate, government regulations, labor and distribution;
- Corporate infrastructure dedicated to support the development and Restaurant operations required under the Development and Franchise Agreements; and
- In its discretion, Franchisor also may require an Operating Principal which is an entity to have a financial expert (e.g., CPA or equivalent) as a member of its management team.

**EXHIBIT H**

**ANNUAL OMNIBUS CERTIFICATION**

I, \_\_\_\_\_, an authorized officer of \_\_\_\_\_, a \_\_\_\_\_ (“**Developer**”), entered into a Development Agreement dated as of \_\_\_\_\_, respectively (the “**Agreement**”) with **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation with a principal office address at 6040 Dutchmans Lane, Louisville, Kentucky 40205.

I understand that pursuant to the Agreement, the Developer made certain agreements, representations, warranties and covenants as of the Effective Date of the Agreement and to be made on an on-going and annual basis. In furtherance of the foregoing and notwithstanding the terms, representations and warranties of the Agreements, Developer hereby certified that:

- (1) Developer represents that the financial statements for 20\_\_\_\_, (including balance sheet, statement of operations, statement of cash flows and statement of stockholders' equity), attached hereto are true and correct and present fairly, in all material respects, the financial position of Developer.
- (2) Developer represents that no material liabilities, adverse claims, commitments or obligations of any nature exist as of the date hereof, whether accrued, un-liquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements of Developer.
- (3) Developer represents that all required insurance policies remain in full force and effect and any all Certificates of Insurance evidencing continuous coverage with limits not less than what is provided in the Agreement and are attached hereto.
- (4) Any and all agreements, representations, warranties and covenants as set forth in Section 6 of the Agreement remain true and correct as of the date of this certification.
- (5) In accordance with Section 6.1.5 of the Agreement, Developer confirms that there have been no changes to Developer’s governing documents and any related amendments other than the following – which are attached to this certificate (if none, insert “NONE”): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (6) In accordance with Section 6.1.6 of the Agreement, Developer confirms that there have been no changes to the ownership interests in Development other than the following (if none, insert “NONE”): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, I have signed this certification this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

DEVELOPER:

\_\_\_\_\_

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

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

Its: \_\_\_\_\_

**EXHIBIT B-2**

**FRANCHISE AGREEMENT AND STATE AMENDMENTS**

**JAGGERS®**

**FRANCHISE AGREEMENT**



**FRANCHISEE:** \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_

**RESTAURANT SITE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**JAGGERS®**

**FRANCHISE AGREEMENT**

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- Exhibit “F” – Data Processing Agreement
- Exhibit “G” – Permitted Business Interests
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- Exhibit “I” – Operating Principal Requirements
- Exhibit “J” – Annual Omnibus Certificate
- Exhibit “K” – General Release

## JAGGERS®

### FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made and entered into by and between **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“**Franchisor**”), and \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”). The “**Effective Date**” of this Agreement is the date this Agreement is executed by Franchisor.

#### WITNESSETH:

A. Franchisor has the right to use and license the use of a distinctive System (as hereinafter defined) and identifying Marks (as hereinafter defined) relating to the establishment and operation of fast-casual restaurants featuring burgers, hand-breaded chicken tenders and chicken sandwiches and fresh-made salads served with signature sauces and dressings made-from-scratch (each, a “**Jaggers Restaurant**” or “**Restaurant**”).

B. The distinguishing characteristics of the system utilized in each Jaggers Restaurant include, without limitation, the Marks; distinctive exterior and interior design, decor, color scheme, signs, and furnishings (the “**Trade Dress**”); procedures and formulae for preparing food and beverage products, specifications for certain food and beverage products, special recipes, and menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures and concepts for inventory, management, and financial control; training facilities, teaching techniques, and certain proprietary training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time (collectively, the “**System**”).

C. Franchisor identifies the System by means of certain Trademarks, including, but not limited to, the word and design service mark and trademark “JAGGERS®”, and variations of such Trademarks, and such other Trademarks as are now designated, and may hereafter be designated and adopted, by Franchisor for use in connection with the operation of Jaggers Restaurants (the “**Marks**”).

D. Franchisee desires to use the System and the Marks in connection with the establishment and operation of one (1) fast-casual Jaggers Restaurant at the Restaurant Site specified in **Exhibit “B”** hereto, as well as to receive the training and other assistance provided by Franchisor in connection therewith, and Franchisor is willing to grant such franchise to Franchisee on the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

#### 1. GRANT

1.1 Grant of Rights. Subject to, and in compliance and accordance with, the terms, conditions, and provisions of this Agreement and for the Term, Franchisor hereby grants to Franchisee a non-transferable and non-exclusive right and license, and Franchisee hereby accepts the right and obligation, to operate a Jaggers Restaurant at and only at the Restaurant Site (as hereinafter defined) and to use the Marks and the System solely and exclusively in the operation thereof. Termination or expiration of this Agreement shall constitute a termination of the rights and license granted herein, in each case without any required additional notice, approval, or action of either party.

1.2 Restaurant Site. The specific street address of the Restaurant location consented to by Franchisor pursuant to the terms of Section 2.1 hereof (the “**Restaurant Site**”) will be located within

the non-exclusive geographic area described in **Exhibit “B”** (the “**Designated Area**”). If this Agreement is executed pursuant to a Development Agreement, the Designated Area will correspond to the development territory, as defined and described in the Development Agreement (the “**Territory**”). Except as set forth below with respect to the Assigned Area (as hereinafter defined), the Designated Area will not be exclusive or protected for any purpose except, as applicable, to the extent and for the term provided in any Development Agreement. Following Franchisor’s consent to the Restaurant Site pursuant to the terms of Section 2.1, the Restaurant Site will be set forth in **Exhibit “B”**. This Agreement does not grant to Franchisee the right or license to operate the Restaurant or to offer or sell any products or services described under this Agreement at or from any location other than the Restaurant Site.

1.3 Assigned Area and Reserved Rights.

1.3.1 After Franchisee’s selection of, and Franchisor’s consent to, the Restaurant Site, Franchisee will be assigned a geographic area that includes the Restaurant Site and that will be described in **Exhibit “B”** (the “**Assigned Area**”). Except as otherwise provided in Section 1.3.2 of this Agreement, and subject to Franchisee’s compliance with this Agreement, neither Franchisor nor any Affiliate of Franchisor will establish, or authorize any Person other than Franchisee to establish, a Jagers Restaurant in the Assigned Area during the Term of this Agreement.

1.3.2 Franchisee acknowledges and agrees that Franchisor and all of its Affiliates (and the Franchisor’s respective successors and assigns) retain all of Franchisor’s rights, titles, and interests in and to the Marks, System, and the JAGGERS® business anywhere in the world, other than those rights, titles, and interests expressly granted to Franchisee in this Agreement. Accordingly, notwithstanding the provisions set forth in Section 1.3.1, Franchisor, its Affiliates, and any other authorized Person shall have the right:

1.3.3 to operate, and license to others the right to operate, Jagers Restaurants or any other business whatsoever (including, without limitation, any Competitive Business and/or any other business identified by the Marks) for or at any location outside the Assigned Area, as the Franchisor deems appropriate or desirable in its sole discretion, including locations that are adjacent to or in close proximity with the Assigned Area;

1.3.4 to operate, and license to others the right to operate, Jagers Restaurants and other food facilities in any Reserved Area, including Reserved Areas located within the Assigned Area; and/or

1.3.5 within and outside the Assigned Area to: (a) develop and establish other business systems (including systems that distribute products or services similar to those offered at Jagers Restaurants and restaurants or other businesses that Franchisor or its Affiliates may acquire or be acquired by, or merge or consolidate with) using names or marks other than the Marks and to grant licenses to use those systems; (b) solicit customers, advertise, and promote the System in connection with services and products, promotional and marketing efforts, or related items; (c) engage, directly or indirectly, in any other channels or methods of distribution, including, without limitation, at wholesale, retail, or otherwise, and in the production, distribution, license, and sale of any and all food, beverages, or other services and products, under the Marks or under other names or marks through any method of distribution other than a Jagers Restaurant, including, but not limited to, non-restaurant distribution channels (such as supermarkets, catalogs, and the Internet), pre-packaged retail sales, and other food service facilities (such as kiosks, concessions, or multi-brand facilities), and to appoint a third party distributor for products developed by Franchisor and bearing the Marks, regardless of the competitive impact; and (d) purchase, be purchased, merge, acquire, be acquired, or affiliate with a Competitive Business or non-competitive franchise network, chain, or any other business or Person, regardless of the location of the competitor, business, or Person, and to operate, franchise, or license such businesses as Jagers Restaurants

operating under the System and Marks or under any other Trademarks, copyrights, Intellectual Property Rights or proprietary materials of Franchisor, following such purchase, merger, acquisition, or affiliation, regardless of the location of these businesses, whether such businesses are within or outside of the Assigned Area.

1.4 Modification of the System. Franchisor further reserves the right, in its sole discretion, to modify the System, including the adoption and use of new or modified Trade Dress, Trademarks, copyrighted materials, food items, recipes, specifications, processes, products, techniques and methods, and/or equipment. Franchisee hereby recognizes Franchisor's right to make any such additions, modifications, or changes and agrees to accept, implement, use, and display such changes and modifications at Franchisee's expense as if they were part of this Agreement at the time of the execution hereof. Franchisee will make such expenditures as such changes or modifications may require.

1.5 Relocation. Franchisee will not relocate the Restaurant without the express prior written consent of Franchisor. If Franchisee is unable to continue the operation of the Restaurant at the Restaurant Site because of the occurrence of a Force Majeure Event, then Franchisee may request Franchisor's consent to relocate the Restaurant to another Restaurant Site in the Assigned Area. If Franchisor elects to grant Franchisee the right to relocate the Restaurant Site within the Assigned Area, then Franchisee will comply with Franchisor's then-current site selection and construction procedures. Any other request to relocate the Restaurant Site will also be subject to the same procedures.

1.6 No Implied Licenses; Rights Not Granted. Except as expressly provided in this Agreement, Franchisor does not grant to Franchisee any right, title, or interest in, or a license to use, any Intellectual Property Rights belonging to Franchisor, whether by implication, estoppel, or otherwise. Franchisee acknowledges and agrees that this Agreement specifically grants Franchisee no right or option to (i) open any additional Jagers Restaurants, (ii) sub-license or sub-franchise any of the rights granted hereunder, (iii) co-brand with another concept or franchise, (iv) provide on-site catering services (such as from a cart or kiosk) without Franchisor's prior written consent, (v) deliver or ship products and goods proprietary to the System or other products and goods from the Jagers Restaurant, regardless of the destination, without Franchisor's prior written consent, or (vi) engage, directly or indirectly, in any other channels or methods of distribution, including, without limitation, at wholesale, retail, or otherwise, and in the production, distribution, license, and sale of any and all food, beverages, or other services and products, under the Marks or under other names or marks through any method of distribution other than its Jagers Restaurant.

## 2. **SITE SELECTION, PLANS AND CONSTRUCTION**

2.1 Site Selection. Franchisee assumes all cost, liability, expense and responsibility for selecting the Restaurant Site in accordance with Franchisor's site selection procedures.

2.1.1 Franchisee shall be solely responsible for (i) finding a Restaurant Site that is acceptable to Franchisor pursuant to the terms of this Section 2.1, (ii) determining that the proposed Restaurant Site meets all zoning and other applicable Legal Requirements, and (iii) obtaining all governmental permits required for the operation of the Restaurant pursuant to the terms of this Agreement. The selection of a site for the Restaurant and the performance of the related obligations are the sole responsibility of Franchisee, who will make such selections based on its own independent research and investigation; however, Franchisor must consent to the site before Franchisee proceeds with acquiring the site or establishing the Restaurant.

2.1.2 Promptly after the Effective Date, Franchisor will provide Franchisee with information and criteria used by Franchisor to select sites for Jagers Restaurants (the "**Site Selection Guidelines**"). Franchisee will use the Site Selection Guidelines, together with other relevant information to select a site for the Restaurant in the Designated Area.

2.1.3 Within sixty (60) days after the Effective Date, Franchisee shall have proposed, and Franchisor shall have consented to a site for the Restaurant that satisfies Franchisor's Site Selection Guidelines. Prior to Franchisee's acquisition of any site, Franchisee agrees to submit to Franchisor, at the time and in the manner required by Franchisor, a site consent package identifying the proposed site and containing such information as Franchisor may require in order to evaluate the proposed site, including, without limitation, a test fit design (the "**Site Consent Package**"). Within thirty (30) Business Days after Franchisor receives the Site Consent Package, Franchisor will provide comments to the Site Consent Package or notify Franchisee whether, in Franchisor's judgment, the proposed site satisfies the Site Selection Guidelines. Franchisor or Franchisor's designee will provide one site-evaluation visit at no charge for each proposed Restaurant Site; provided, however, that Franchisee must reimburse the expenses incurred by the Franchisor (or its designee) for such visit. Franchisor may, at its option, provide additional site-evaluation visits and may, at its option, charge a fee for such additional visits. No site may be used for the Restaurant unless it is first consented to in writing by Franchisor. Franchisor's failure to respond or provide notification of approval or disapproval under this Section 2.1.3 shall not constitute a breach of Franchisor's obligations hereunder and shall not be considered or deemed to be either an approval or disapproval of a site to be the Restaurant Site hereunder.

2.1.4 Franchisee acknowledges that the Franchisor's Site Selection Guidelines and requirements, Franchisor's consent to the Restaurant Site, and any information Franchisor may impart to Franchisee about a proposed or approved Restaurant Site, does not constitute a warranty or representation of any kind, express, implied, or collateral, that the Restaurant will be profitable or successful. Franchisor's consent to the Restaurant Site merely signifies that the Restaurant Site meets Franchisor's minimum standards for an acceptable location for a Jagers Restaurant. Franchisee is solely responsible for the selection of an appropriate Restaurant Site.

2.2 Site Acquisition. Within ninety (90) days after Franchisor has consented to the Restaurant Site, Franchisee will acquire by purchase or lease, at Franchisee's expense, the Restaurant Site as set forth in this Section 2.2. Failure by Franchisee to acquire the Restaurant Site within the time and in the manner required herein will constitute a material event of default under this Agreement.

2.2.1 If Franchisee will purchase the Restaurant Site, then not later than ten (10) Business Days prior to the proposed date of execution, Franchisee will submit a copy of the proposed contract of sale to Franchisor for its written consent and will furnish to Franchisor a copy of the executed contract of sale within ten (10) days after execution. If Franchisee will occupy the Restaurant Site under a lease, then not later than ten (10) Business Days prior to the proposed date of execution, Franchisee will submit a copy of the lease to Franchisor for written consent and will furnish to Franchisor a copy of the executed lease within ten (10) days after execution. Unless Franchisor otherwise agrees in writing, no contract of sale or lease for the Restaurant Site shall contain any term that is contrary to or inconsistent with any provision of this Agreement, nor will Franchisor consent to any lease that does not contain terms substantially in the form of those attached as **Exhibit "C"**. The parties acknowledge and agree that Franchisor's approval of a contract of sale or a lease does not mean that the economic or any other terms of the contract of sale or lease are favorable; it means only that the contract of sale or lease contains the terms that Franchisor requires.

2.2.2 In the event that a Restaurant Site is identified and consented to in accordance with Section 2.1, but Franchisee is unable to acquire the Restaurant Site after diligent efforts to do so, then Franchisor may, in its discretion, consider the substitution of another site for the Restaurant that satisfies the requirements of this Agreement.

2.3 Restaurant Design, Development and Construction. Franchisee assumes all cost, liability, expense and responsibility for developing, constructing and equipping the Restaurant at the

Restaurant Site identified in **Exhibit “B”** to this Agreement. Franchisee must follow Franchisor’s procedures for construction and build out set forth in this Section 2.3 and Franchisee may not commence construction and build out of the Restaurant until Franchisee receives all consents and approvals from Franchisor, and taking all other actions, as required in this Section 2.3.

2.3.1 Franchisor has provided to Franchisee one (1) or more sets of design specifications to use as the basis for Franchisee’s design, decoration, layout, equipment, furniture, fixtures and signs for the Restaurant (the “**Design Specifications**”). Franchisee acknowledges and agrees that the Design Specifications are an integral part of the System and form a part of the Trade Dress and that, therefore, the Restaurant will be developed, constructed and designed in accordance with the Design Specifications to reflect the distinctive characteristics of the Restaurant Site while maintaining the core elements of the Trade Dress, with such modifications as necessitated by applicable Legal Requirements and/or the configuration of the Restaurant Site, in each case as consented to by Franchisor. Franchisor does not warrant or represent that the Restaurant can be constructed pursuant to the Design Specifications or that such Design Specifications are in compliance with applicable Legal Requirements.

2.3.2 In order to maintain consistency in the design and appearance of Jagers Restaurants, Franchisee must (a) engage an architect and engineer who are licensed and who otherwise are approved by Franchisor to prepare a site layout and working drawings for construction of the Restaurant at the Restaurant Site and submit to Franchisor a statement identifying the architect and engineer and describing the qualifications of each and (b) submit to Franchisor for its approval, a site layout and working drawings adapting the Design Specifications, in compliance with all applicable Legal Requirements (the “**Plans**”). Franchisor will provide any comments regarding the Plans to Franchisee no later than thirty (30) days following receipt. The Plans must not be materially changed or modified without Franchisor’s prior written consent. A change is material if it (i) affects the structural integrity of the Restaurant, (ii) changes the appearance, location, size or quality of the Restaurant, (iii) affects the appearance, furnishings, or fixtures of the Restaurant or (iv) causes the Restaurant to deviate from the standards then established for the System. Franchisee acknowledges and agrees that Franchisor’s review and approval of the Plans is only for the purpose of determining compliance with the System standards and Design Specifications, and that Franchisor’s approval of the Plans does not constitute a representation, warranty, or guarantee, express, implied, or collateral, that the Plans are accurate or free of error concerning their structural application, compliance with the construction criteria of Franchisee’s landlord, if applicable, building requirements, or Legal Requirements for which Franchisee is solely responsible. Franchisor is not responsible for architecture or engineering, or for code, zoning, or other requirements of any governmental authority, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor is Franchisor responsible for any errors, omissions, or discrepancies of any nature in the Plans. Franchisor and Franchisee agree and acknowledge that the requirements of an urban environment may preclude the construction of stand-alone restaurants, and that the Design Specifications therefore may have to be adapted to local legal and business circumstances, any such adaptations to be subject to Franchisor’s approval as set forth herein.

2.3.3 Franchisee will be responsible for and obtain all the permits, certificates and licenses required for construction and completing improvements to the Restaurant, including without limitation, those required for zoning, access, utility, sign, building, food service, health, safety, environmental Legal Requirements for the municipality and province in which the Restaurant Site is located, and obtaining all zoning classifications and clearances, including approval of the standard Jagers building materials and signage, which may be required or which may be necessary as a result of any restrictive covenants relating to the Restaurant Site (including, without limitation, those relating to zoning, easements, curb cuts, building height, signage, building materials, environmental matters, setbacks, and special conditions). Prior to beginning the

construction or remodeling of the Restaurant, Franchisee will (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling of the Restaurant (including sign placement), (ii) ensure that a liquor license and any other operational licenses will be issued as soon as practicable after the completion of the Restaurant but in any event prior to the opening of the Restaurant for business, (iii) provide to Franchisor a comprehensive construction schedule detailing site specific construction and development activities, and (iv) certify in writing to Franchisor that the insurance coverage specified in Section 12 is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Franchisee will provide to Franchisor copies of Franchisee's insurance policies or certificates of insurance at the times provided for in Section 12.5 of this Agreement and copies of all such approvals, clearances, permits and certifications upon Franchisor's written request.

2.3.4 Franchisee must employ a general contractor who is licensed and bonded, and otherwise approved by Franchisor to construct the Restaurant and complete all improvements. Franchisee shall submit to Franchisor a statement identifying the general contractor and describing the general contractor's qualifications and financial responsibility. Franchisee will commence and diligently pursue construction or remodeling of the Restaurant, as applicable. Commencement of construction or remodeling will be defined as the time at which any site work is initiated by or on behalf of Franchisee at the Restaurant Site. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of construction or remodeling, Franchisee will provide Franchisor with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by Franchisor. Franchisee will notify Franchisor of the scheduled date for completion of construction or remodeling no later than sixty (60) days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, Franchisor will, at its option, conduct an inspection of the completed Restaurant. Franchisor and its designees have the right to inspect the site at all times, with at least twenty-four (24) hours' prior notice to Franchisee. Franchisee acknowledges and agrees that Franchisee will not open the Restaurant for business without the written authorization of Franchisor and that authorization to open will be conditioned upon Franchisee's strict compliance with this Agreement.

## 2.4 Opening Date.

2.4.1 Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the conditions stated in Section 2.4.2 below, Franchisee will open the Restaurant and commence business within two hundred forty (240) days after the Effective Date, unless Franchisee obtains an extension of such time period from Franchisor in writing. The date the Restaurant opens for business to the public as provided herein (the "**Opening Date**") will be set forth in **Exhibit "B"**.

2.4.2 Prior to opening, Franchisee will complete all exterior and interior preparations for the Restaurant, including installation of equipment, fixtures, furnishings and signs, pursuant to the Plans approved by Franchisor, and will comply with all other pre-opening obligations of Franchisee, including, but not limited to, those obligations described in Sections 6.1 through 6.8, to Franchisor's satisfaction. Within thirty (30) days following the issuance of the certificate of occupancy, Franchisee will provide Franchisor with a copy of such certificate of occupancy, together with all such other information relating to the construction of the Restaurant as Franchisor may require. If Franchisee fails to comply with any of such obligations, Franchisor will have the right to prohibit Franchisee from commencing business. Franchisee's failure to open the Restaurant and commence business in accordance with the foregoing will be deemed a material event of default under this Agreement.

## 3. **TERM AND RENEWAL**

3.1 Initial Term. This Agreement will begin on the Effective Date and, unless sooner terminated as provided in Section 17 hereof, will continue until ten (10) years from the Opening Date (the “**Initial Term**”).

3.2 Renewal. Franchisee may, at its option, renew the rights under this Agreement for two (2) additional consecutive periods of five (5) years each (a “**Renewal Term**”) subject to the satisfaction of any or all of the following conditions which must be met prior to and at the time of renewal (as determined by Franchisor in its sole discretion):

3.2.1 Franchisee will give Franchisor written notice of Franchisee’s election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the Initial Term or then-current Renewal Term, as applicable;

3.2.2 Franchisee will repair or replace, at Franchisee’s cost and expense, equipment (including computer hardware and software), signs, interior and exterior decor items, fixtures, furnishings, catering or delivery vehicles, if applicable, supplies and other products and materials required for the operation of the Restaurant as Franchisor may reasonably require and will obtain, at Franchisee’s cost and expense, any new or additional equipment, fixtures, supplies and other products and materials which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Restaurant or to provide the Restaurant’s services by alternative means such as through carry-out, catering or delivery arrangements and will otherwise modernize the Restaurant premises, equipment (including computer hardware and software), signs, interior and exterior decor items, fixtures, furnishings, catering or delivery vehicles, if applicable, supplies and other products and materials required for the operation of the Restaurant, as reasonably required by Franchisor to reflect the then-current standards and image of the System as contained in the Manuals or otherwise provided in writing by Franchisor;

3.2.3 Franchisee will not be in default, and will not have previously been in default, of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates, and Franchisee will have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

3.2.4 Franchisee will have satisfied all monetary obligations owed by Franchisee to Franchisor and its Affiliates under this Agreement and any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates and will have timely met those obligations throughout the terms thereof;

3.2.5 Franchisee will present satisfactory evidence that Franchisee has the right to remain in possession of the Restaurant premises or obtain Franchisor’s consent to a new site for the operation of the Restaurant for the duration of the Renewal Term;

3.2.6 Franchisee will execute Franchisor’s then-current form of franchise agreement for Jaggers Restaurants (and all guaranties and ancillary agreements and documents then-required by Franchisor), which agreement will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage Royalty Fee and a higher advertising contribution or expenditure requirement; *provided*, that Franchisee shall pay to Franchisor, in lieu of an initial franchise fee, a renewal fee equal to the greater of thirty percent (30%) of the then-current initial franchise fee or Fifteen Thousand and 00/100 Dollars (\$15,000.00), plus all amounts necessary to reimburse Franchisor for its reasonable out-of-pocket costs and expenses associated with renewing the franchise, including, without limitation, legal and accounting fees.

3.2.7 Franchisee and each Owner will execute a general release of any and all claims against Franchisor and its parent, Affiliates, successors and assigns, their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under Legal Requirements, in the form attached hereto as **Exhibit “K”** and made a part hereof (or such other form then being used by Franchisor); and

3.2.8 Franchisee will comply with Franchisor’s then-current qualification and training requirements.

#### 4. **FEES**

4.1 **Initial Franchise Fee.** Franchisee will pay Franchisor an Initial Franchise Fee of Forty-Five Thousand Dollars (\$45,000.00) (the “**Initial Franchise Fee**”) upon execution of this Agreement. This Initial Franchise Fee shall be deemed fully earned by Franchisor upon execution of this Agreement by the Franchisor and in consideration of the grant by it to the Franchisee of the opportunity to establish the Restaurant, as herein provided. The Franchisee shall not be entitled to a refund of any part thereof, regardless of the date of expiration or termination of this Agreement.

#### 4.2 **Royalty Fee and Reports.**

4.2.1 During the Initial Term, Franchisee will pay to Franchisor, in partial consideration for the rights herein granted, a continuing royalty fee in an amount equal to five percent (5%) of monthly Royalty Sales (the “**Royalty Fee**”). The Royalty Fee and any other periodic fee required by the Agreement will be due and payable so that it is received by Franchisor on or before the tenth (10th) day following the end of each month (the “**Due Date**”) based on Restaurant Royalty Sales for the preceding month. If the Due Date is not a Business Day, then payment will be due on the next Business Day.

4.2.2 Each Royalty Fee payment will be accompanied by a report (the “**Royalty Report**”) itemizing the Royalty Sales for the preceding month and any other reports required hereunder. Notwithstanding the foregoing, Franchisee will provide Franchisor with (a) such Royalty Sales information as Franchisor may request on the fifth (5th) day of each month (or next Business Day if the fifth day is not a Business Day) (the “**Monthly Sales Report**”) and (b) a weekly report (the “**Weekly Sales Report**”) on or before 5:00 p.m. Eastern Time (E.T.) each Wednesday, of Royalty Sales of the Restaurant for the preceding week. All reports will be provided by such means as Franchisor may designate from time to time. If applicable, Franchisor and Franchisee shall each be provided access to an online portal for each DSP or Digital Marketing Platform serving the Restaurant, including but not limited to sales figures, guest reviews, and operations key performance indicators. If any DSP or Digital Marketing Platform does not provide this access directly to Franchisor, Franchisee shall cause it to be provided

4.3 **Payments.** Except as otherwise provided herein, all payments made pursuant to this Agreement will be paid to Franchisor and deposited, wire transferred or transferred by other means (including by electronic fund transfers from a designated bank account maintained and funded by Franchisee in amounts sufficient to satisfy all payments under this Agreement) to such bank account(s) as Franchisor will designate. Franchisee will use Franchisee’s best efforts to assure that Franchisor will be timely paid and will execute all documents, instruments and agreements that may be required to make payments in the manner designated by Franchisor.

4.4 **Overdue Payments.** Any payment or report not actually received by Franchisor on or before the date due will be deemed overdue. Time is of the essence with respect to all payments to be made by Franchisee to Franchisor. All unpaid obligations under this Agreement will bear interest beginning

five (5) days after the date due until paid at the rate of eighteen percent (18%) per annum. Notwithstanding anything to the contrary contained herein, no provision of this Agreement will require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable Legal Requirements. If any excess of interest in such respect is herein provided for, or will be adjudicated to be so provided in this Agreement, the provisions of this paragraph will govern and prevail, and Franchisee will not be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable Legal Requirements will be deemed charged, required or permitted, any such excess will be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess will be repaid to the party that paid such interest.

4.5 Royalty Sales. As used in this Agreement, “**Royalty Sales**” means all revenue from the sale of all services, products, and merchandise sold and all income of every other kind and nature related to the Restaurant (including, without limitation, any proceeds from business interruption insurance and premiums), whether for cash or credit and regardless of collection in the case of credit. Proceeds from the sale of coupons, gift cards, gift certificates or vouchers will not be included in Royalty Sales when the coupons, gift cards, gift certificates or vouchers are sold; rather, the retail price of services and products purchased with coupons, gift cards, gift certificates or vouchers will be included in Royalty Sales during the period in which the coupon, gift card, gift certificate or voucher is redeemed. Franchisee shall include in Royalty Sales the proceeds related to coupons, gift cards, gift certificates, or vouchers sold or distributed by other Jagers restaurants and honored by Franchisee in accordance with Section 7.12. All sales originating at or from the Restaurant (including internet or telephone orders or orders placed through a Digital Marketing Platform, DSP, or any other communication technology) shall be considered made and completed therein, even though bookkeeping and payment of the account may be transferred to another place for collection and even though actual filling of the sale or order and actual delivery thereof may be made from a place other than the Restaurant. Royalty Sales will expressly exclude the following:

4.5.1 Sums representing sales taxes collected directly from customers, based upon present or future federal, state or local laws, collected by Franchisee in the operation of the Restaurant, and any other tax, excise or duty which is levied or assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Restaurant, provided that such taxes are actually transmitted to the appropriate taxing authority;

4.5.2 Tips or gratuities paid directly by Restaurant customers to employees of Franchisee or paid to Franchisee (in the form of a service charge or otherwise) and then turned over to such employees by Franchisee in lieu of direct tips or gratuities;

4.5.3 Returns to shippers or manufacturers;

4.5.4 Proceeds from isolated sales of trade fixtures not constituting any part of Franchisee’s products and services offered for resale at the Restaurant nor having any material effect upon the ongoing operation of the Restaurant required under this Agreement;

4.5.5 The value of goods or services, including any meals reasonably provided to Franchisee’s employees as an incident to their employment, except to the extent that Franchisee receives payment for such meals; and

4.5.6 Any proceeds resulting from the sale of the Restaurant or Franchisee’s rights hereunder. Franchisor may, from time to time, authorize certain other items to be excluded from Royalty Sales. Any such permission may be revoked or withdrawn at any time in writing by Franchisor in its discretion. Any commissions, royalties or fees charged to Franchisee by DSPs or Digital Marketing Platforms shall not be excluded from Royalty Sales.

4.6 Taxes. Franchisee shall pay to Franchisor any sales, use, excise, privilege, occupation, franchise, consumer or other transactional tax (“**Transaction Tax**”) that Franchisor is required or permitted by law to collect from Franchisee for the sale, lease or other provision of goods or services under this Agreement. Franchisee shall also pay to Franchisor an amount equal to all federal, state, local, or foreign Transaction Tax or any other taxes or amounts, however designated, imposed on Franchisor or required to be withheld by Franchisee in connection with the receipt or accrual of Royalty Fees or any other amounts payable by Franchisee to Franchisor under this Agreement or any related agreement, excluding only taxes imposed on Franchisor for the privilege of conducting business and calculated with respect to Franchisor’s net income, capital, net worth, gross receipts, or some other basis or combination thereof, (but not excluding any gross receipts taxes imposed on Franchisor for payments by Franchisee intended to reimburse Franchisor for expenditures incurred for Franchisee’s benefit or on behalf of Franchisee). Any such payment shall be in an amount necessary to provide Franchisor with after tax receipts (taking into account any additional payments required hereunder), equal to the same amount Franchisor would have received under this Agreement if such additional tax liability or withholding had not been imposed or required.

4.7 Other Fees and Payments. Franchisee will pay as and when due such other fees and amounts described in this Agreement.

4.8 Application of Payments. Franchisee will not be entitled to withhold payments due Franchisor under this Agreement on grounds of alleged nonperformance by Franchisor hereunder. Franchisor may apply any payments made by Franchisee to any past due indebtedness of Franchisee to Franchisor or its Affiliates, notwithstanding any designation made by Franchisee. Franchisor may set off any amounts Franchisee or its Owners owe to Franchisor against any amounts Franchisor or its Affiliate.

## 5. **FRANCHISOR’S OBLIGATIONS**

5.1 Training. Franchisor agrees to provide or arrange for the provision of the initial and additional orientation and training programs described in Section 6.7.

5.2 Opening Assistance. In connection with the opening of the Restaurant and following Franchisor’s receipt of the Deposit (defined below), Franchisor will provide or arrange for the provision of an opening crew of trained representatives (the “**Store Opening Team**”) to provide on-site pre-opening and opening training, supervision, and assistance to Franchisee for a period of time ranging from fifteen (15) to twenty (20) days, although Franchisor may extend that period in its discretion. The number of Store Opening Team representatives and the time period for which such assistance will be provided will be determined by Franchisor based upon its assessment of Franchisee’s operational requirements. Franchisee will reimburse Franchisor or its designee for the costs incurred to provide the Store Opening Team as follows: (a) a per diem rate for each member in excess of one, of the Store Opening Team which will include the total salary and compensation paid to each person, plus taxes; and (b) the actual cost of travel to and from the Restaurant, food, lodging, local transportation, communication and incidental expenses incurred by Franchisor’s personnel who provide the opening assistance. The amounts due pursuant to subsections (a) and (b) will be based on Franchisor’s then-current store opening team guidelines, as amended by Franchisor from time-to-time (the “**Opening Team Guidelines**”), or as otherwise mutually agreed; provided, however, that the direct salary costs included in such guidelines, exclusive of benefits and payroll-related taxes, will not be increased by more than five percent (5%) during any single twelve (12) month period. Approximately thirty (30) days prior to the date a Store Opening Team is scheduled to provide assistance, Franchisor will provide Franchisee with an estimate of the costs that Franchisor anticipates incurring to provide the opening assistance. Within ten (10) Business Days after receipt by Franchisee of such estimated costs, Franchisee will make an advance deposit with Franchisor of an agreed upon amount based on the proforma estimate (the “**Deposit**”). Franchisor will make no travel arrangements until the Deposit is paid. Within thirty (30) days after the completion of opening assistance, Franchisor will provide Franchisee with a reconciliation of the actual costs Franchisor has incurred. If the Deposit is

less than such actual costs, then, within ten (10) Business Days after receipt by Franchisee of such reconciliation, Franchisee will pay such additional costs to Franchisor. If the Deposit is greater than such actual costs, then Franchisee has the right to direct Franchisor to apply such excess to any other amounts due pursuant to this Agreement or to refund the same to Franchisee. If Franchisee directs Franchisor to refund the unused Deposit, then Franchisor will do so within thirty (30) days following notice of Franchisee's election to receive the refund. At such time that Franchisor and Franchisee mutually determine that Franchisee or its Affiliates are proficient in providing pre-opening and opening training, Franchisee will be relieved of this obligation.

5.3 General Guidance. Franchisor may advise Franchisee from time to time regarding operating issues concerning the Restaurant disclosed by reports Franchisee submits to Franchisor or on-site inspections Franchisor may make from time to time at its sole discretion. Additionally, Franchisor may, in its sole discretion (but without any obligation on the part of Franchisor), provide or arrange for the provision of:

5.3.1 Advice and written materials concerning the techniques of managing and operating Jagers Restaurants generally developed by Franchisor from time to time, including new developments and improvements in restaurant equipment and food products and the packaging and preparation thereof.

5.3.2 Such general operating assistance and business guidance from time to time by such means as Franchisor determines to be appropriate, including, without limitation, in person conferences or meetings, by telephone or by other electronic methods. Franchisee will provide sufficient Restaurant Operational Data and other information about the revenues, expenses, and operation of the Restaurant as is necessary for Franchisor and Franchisee to address and attempt to resolve adequately any issues relating to the operation of the Restaurant.

5.3.3 Except as otherwise provided in this Agreement, Franchisor will not charge Franchisee for general operating assistance, provided, however, that Franchisor will have the right to make reasonable charges for forms and other materials supplied to Franchisee and for special operating assistance requested by Franchisee or made necessary, in the judgment of Franchisor, as a result of Franchisee's failure to comply with any provision of this Agreement or the Manuals. Such reasonable charges may include the travel, living and other expenses incurred by Franchisor's personnel providing such special operating assistance.

Franchisee acknowledges and agrees that any consultation and/or advice that Franchisor provides to Franchisee will not relieve Franchisee of its responsibilities to comply with all applicable Legal Requirements with respect to the operation of the Restaurant and that Franchisee shall seek advice of local counsel where necessary.

#### 5.4 Manuals.

5.4.1 Franchisor agrees to provide or arrange for the provision of access to one (1) set of the Manuals. Franchisee will operate the Restaurant in accordance with the Manuals, other written directives which Franchisor may issue to Franchisee from time to time whether or not such directives are included in the Manuals, and any other materials created or approved for use in the operation of the Restaurant.

5.4.2 Franchisee acknowledges that Franchisor may periodically modify the Manuals, when, in Franchisor's sole judgment, modifications to the System are necessary or appropriate. Franchisor will provide Franchisee with notice of such modifications as the same become available from time to time. Franchisee will promptly comply with any such modifications and understands and agrees that such modifications may obligate Franchisee to invest additional capital and/or incur higher operating costs.

5.5 Advertising Materials. From time to time and at Franchisor's discretion, Franchisor may provide or arrange for the provision of certain advertising and promotional materials for use by Franchisee in conducting Local Store Marketing for the Restaurant. Franchisee may be required to purchase or pay a charge for any such required or optional advertising or promotional materials Franchisee acquires from Franchisor or its Affiliates. There is no contractual limitation on the amount of materials Franchisor may require Franchisee to purchase.

5.6 Collateral Merchandise, Equipment and Decor. From time to time and at Franchisor's discretion, Franchisor may provide or arrange for the provision of certain merchandise identifying the System, such as pre-packaged food products and Jaggers memorabilia may be made available by Franchisor to Franchisee at a reasonable cost, for resale to Franchisee's customers. Similarly, at Franchisor's discretion, Franchisor may make available to Franchisee from time-to-time certain restaurant equipment and decor items at a reasonable cost. If Franchisor provides and Franchisee purchases any collateral merchandise, equipment or décor items from Franchisor or its Affiliates, Franchisee will be responsible for all shipping and delivery costs.

## **6. FRANCHISEE'S ORGANIZATION, OWNERSHIP, MANAGEMENT AND LEGAL COMPLIANCE**

6.1 Organization and Ownership Information. Franchisee represents, warrants and covenants that:

6.1.1 Franchisee is duly organized and validly existing under all applicable Legal Requirements.

6.1.2 Franchisee is duly qualified and is authorized to do business in the jurisdiction in which its business activities or the nature of the properties owned by it require such qualification.

6.1.3 Franchisee's corporate charter, by-laws, articles of incorporation, written partnership agreement, written limited liability company operating agreement or other governing documents will at all times provide that the activities of Franchisee are confined exclusively to the operation of the Restaurant, unless otherwise consented to in writing by Franchisor and will contain no term that is contrary to or inconsistent with any provision of this Agreement, as determined by Franchisor in its sole discretion.

6.1.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's corporate power; if Franchisee is a corporation, partnership, limited liability company or other entity, are permitted under Franchisee's articles of incorporation, by-laws, partnership agreement, articles of organization and limited liability company or unlimited liability corporation operating agreement or other governing documents and any amendments thereto; and, have been duly authorized by Franchisee.

6.1.5 Franchisee will have provided to Franchisor, prior to the execution of this Agreement, true and correct copies as applicable of Franchisee's articles of incorporation, bylaws, partnership agreement, articles of organization and limited liability company operating agreement and other governing documents and any amendments thereto, as well as resolutions of the Board of Directors, shareholders, partners or members authorizing entry into and performance of this Agreement. During the Term of this Agreement, Franchisee will promptly provide to Franchisor true and correct copies of any proposed amendments or other changes to such governing documents and annually, within forty-five (45) days following the end of each calendar year during the Term of this Agreement and at such other times as Franchisor may reasonably request in writing, shall provide to Franchisor then-current copies of Franchisee's governing documents. No such

documents will contain any provision that is contrary to or inconsistent with any provision of this Agreement.

6.1.6 The ownership interests in Franchisee are accurately and completely described in **Exhibit “D”**. Further, if Franchisee is a corporation, Franchisee will maintain at all times a current list of all Owners of record and all beneficial Owners of any class of voting securities in Franchisee or, if Franchisee is a partnership or other form of legal entity, Franchisee will maintain at all times a current list of all Owners of an interest in the partnership or entity. Franchisee shall promptly notify Franchisor of any ownership change in writing, including, without limitation, annually, within forty-five (45) days following the end of each calendar year during the Term of this Agreement, and at such other times as Franchisor may reasonably request in writing, and shall provide to Franchisor any changes to **Exhibit “D”** which are necessary to accurately and completely describe the then-current ownership interests in Franchisee. Franchisee shall make its list of Owners available to Franchisor upon written request.

6.1.7 If Franchisee is a corporation, Franchisee will maintain stop-transfer instructions, or the equivalent under applicable Legal Requirements, against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation will have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement. The written partnership or limited liability company agreement of a partnership or limited liability company Franchisee shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon assignments by this Agreement.

6.1.8 The representations, warranties and covenants set forth above in this Section 6.1 are continuing obligations and any failure to comply with such representations, warranties and covenants will constitute a material event of default under this Agreement. Franchisee and each Owner will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

## 6.2 Financial Covenants.

6.2.1 Franchisee agrees that it will maintain at all times, during the Term of this Agreement, sufficient working capital to fulfill its obligations under this Agreement. Franchisee further agrees that it shall provide Franchisor with any and all loan or other documents regarding the financing of its Restaurant business that Franchisor may request.

6.2.2 Franchisee and each Guarantor have provided Franchisor with their most recent financial statements. Such financial statements present the financial position of Franchisee and each Guarantor, respectively, fairly at the dates indicated therein and with respect to Franchisee, the results of its operations and its cash flow for the years then ended. Each of the financial statements mentioned above has been prepared in conformity with GAAP applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, un-liquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements of Franchisee or the Guarantors. Annually, within forty-five (45) days following the end of each calendar year during the Term of this Agreement, and at such other times as Franchisor may reasonably request in writing, Franchisee shall provide to Franchisor current financial statements of Franchisee and each Guarantor, prepared in accordance with GAAP and certified by an authorized representative of Franchisee or such Guarantor (as applicable) to be true, complete and correct. In furtherance of the foregoing, within forty-five (45) days following the end of each calendar year, Franchisee shall deliver to Franchisor an annual omnibus certification substantially in the same form as the certification attached hereto as **Exhibit “J”**.

6.2.3 Each Guarantor will, jointly and severally, guarantee Franchisee's performance of all of Franchisee's obligations, covenants and agreements hereunder by signing the Guarantee and Assumption Agreement (the "**Guarantee**") following the signature page to this Agreement. This Agreement will be contingent upon the execution by each Guarantor of the Guarantee. Franchisee and Guarantors acknowledge and agree that the execution of the Guarantee will bind each Guarantor personally to certain of the covenants set forth in this Agreement, including, without limitation, those set forth in this Section 6.2 and in Sections 10, 14.2 through 14.8, 15, 17.4., 18, 19.7 through 19.14., 19.19 and 20. In addition, Franchisee agrees to obtain from any Owner not executing the Guarantee covenants in substantially the form of **Exhibit "E"** to this Agreement.

6.2.4 The representations, warranties and covenants set forth above in this Section 6.2 are continuing obligations and any failure to comply with such representations, warranties and covenants will constitute a material event of default under this Agreement. Franchisee and each Guarantor will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

6.3 Operating Principal.

6.3.1 Franchisee shall designate and maintain at all times during the Term of this Agreement one (1) of its Owners who satisfies the following conditions and who is consented to by Franchisor to serve as Operating Principal. The Operating Principal must: (i) be the same for all Jagers Restaurant franchise agreements executed between Franchisor and Franchisee or its Affiliates and, if this Agreement is executed pursuant to a Development Agreement, must be the same as the Operating Principal designated under such Development Agreement; (ii) satisfy Franchisor's qualifications, requirements, standards and criteria, as set forth in the Manuals (and attached hereto as **Exhibit "I"**) or otherwise in writing by Franchisor; (iii) complete Franchisor's Initial Orientation Program to Franchisor's satisfaction; and (iv) execute the Guarantee. The Operating Principal must maintain Control of Franchisee and the Operating Principal's voting and financial interests shall remain free of any pledge, mortgage, hypothecation, lien charge, encumbrance, voting agreement, proxy, security interest, purchase right or option. Without limitation of the foregoing, Franchisee agrees to vest the Operating Principal; with sufficient decision-making authority to expedite the determinations and decisions that are essential to the effective and efficient operation of the franchised business.

6.3.2 If during the Term of this Agreement the Operating Principal is not able to continue, or no longer qualifies, to serve as Operating Principal (including, without limitation, if the Operating Principal is removed in compliance with Franchisee's governing documents and this Agreement), an authorized representative of Franchisee shall promptly notify Franchisor and shall propose a replacement Operating Principal who satisfies the criteria set forth in this Section 6.3. Franchisor shall have the right to consent, or withhold consent, to any proposed replacement Operating Principal and no replacement Operating Principal shall be appointed absent Franchisor's consent, which consent shall not be unreasonably withheld. If required by Franchisor, Franchisee shall provide for interim management conducted in accordance with this Agreement until a replacement Operating Principal is designated.

6.4 Restaurant Management. At least four (4) months prior to the Opening Date, Franchisee shall hire a Single Unit Operator and at least one (1) assistant manager(s) for the Restaurant (each, a "**Restaurant Manager**"). Each Restaurant Manager must at all times (a) satisfy Franchisor's qualifications, including, without limitation, Franchisor's educational and business experience criteria as set forth in the Manuals or otherwise in writing, (b) satisfy Franchisor's training requirements, and (c) be an individual acceptable to and consented to by Franchisor. In addition:

6.4.1 Each Restaurant Manager will devote full-time and best efforts to the supervision and management of the Restaurant. Without limitation of the foregoing, each Restaurant Manager will have day-to-day responsibility for compliance with Franchisor's standards which may include, without limitation, standards regarding recruiting, staff selection, training, service and kitchen shift staffing requirements, wait person station size, menus, recipes, kitchen food quality, plate presentation, temperature and preparation time guidelines. Each Restaurant Manager will at all times ensure that such standards are met.

6.4.2 If any Restaurant Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, Franchisee will promptly notify Franchisor and designate a replacement within thirty (30) days after such member ceases to serve, such replacement being subject to the same qualifications listed above. Franchisee will provide for interim management of the Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement.

6.5 Above Restaurant-Level Management. If Franchisee and its Affiliates operate more than one Jagers Restaurant (whether or not pursuant to a Development Agreement), Franchisee agrees that it and its Affiliates will adopt and maintain a management structure that is sufficient (in Franchisor's judgment) to conduct the operation of all such Jagers Restaurants in compliance with their respective franchise agreements, the Manuals, and the System. Franchisee acknowledges and agrees that this undertaking may require the creation of above Restaurant-level executive, financial and operational positions to be filled by one or more full-time managers dedicated to the Jagers Restaurant business and/or the appointment of one or more full time managers whose responsibility is to oversee the operation of multiple Jagers Restaurants owned by Franchisee and its Affiliates in compliance with Franchisor's guidelines for determining the number of Restaurants an individual may supervise or serve (each, a "**Multi-Unit Manager**"). Each Multi-Unit Manager shall be subject to Franchisor's consent and shall satisfy Franchisor's qualifications including, without limitation, Franchisor's training requirements.

6.6 Other Restaurant Personnel. In addition to the Restaurant Managers, Franchisee will employ such additional personnel for the Restaurant as Franchisor from time to time designates in the Manuals. Franchisee will hire people for these positions who possess the qualifications and skills that Franchisor designates to perform the functions that Franchisor specifies. Franchisee will ensure that each such employee receives the initial and supplemental training that Franchisor requires.

6.7 Training. Franchisee agrees that it is necessary to the continued operation of the Restaurant in accordance with this Agreement and the System that the Operating Principal, Single Unit Operator and assistant manager (including their respective successors and replacements) receive such training as Franchisor may require. Accordingly, Franchisee agrees as follows:

6.7.1 Franchisee's Operating Principal will attend and complete, to Franchisor's satisfaction, Franchisor's initial orientation program for operating principals, as it may change and evolve from time to time (the "**Initial Orientation Program**").

6.7.2 Not later than one hundred twenty (120) days prior to the Opening Date Franchisee's Single Unit Operator, and not later than ninety (90) days prior to the Opening Date Franchisee's assistant manager, will attend Franchisor's initial training program for the operation of Jagers Restaurants, as it may evolve or change from time to time (the "**Initial Training Program**"). The Initial Training Program must be completed by all required trainees, to Franchisor's satisfaction, not later than forty-five (45) days prior to the Opening Date. Franchisor may, in its discretion, extend the Initial Training Program for any trainee in order to assess such trainee's performance. Such an extension may delay the Opening Date of the Restaurant.

6.7.3 Franchisor will provide the instructors and training materials for the Initial Orientation Program and the Initial Training Program at no additional charge to Franchisee;

however, Franchisor reserves the right to charge a reasonable training fee and to charge for the training materials if Franchisee or one or more of Franchisee's Affiliates have previously established a Jagers Restaurant and for any initial training provided to any replacement or successor personnel, whether for Franchisee's first or a subsequent Restaurant. Franchisee will be responsible for any and all expenses incurred by Franchisee and those of its personnel attending the Initial Orientation Program and Initial Training Program, including, without limitation, the costs of salary, travel, lodging, meals and wages. Franchisor will determine, in its sole discretion, whether the trainees have satisfactorily completed the Initial Orientation Program and Initial Training Program. If a trainee fails to complete the Initial Orientation Program or Initial Training Program to Franchisor's satisfaction, or if Franchisor in its reasonable business judgment determines that any such person cannot satisfactorily complete the Initial Orientation Program or Initial Training Program, Franchisee will designate a replacement who must satisfactorily complete the required training.

6.7.4 Franchisee's Operating Principal, Restaurant Managers, and such other Restaurant personnel as Franchisor may designate shall attend such additional training programs and seminars as Franchisor may offer from time to time, if Franchisor requires attendance. Franchisor will provide the instructors and training materials but reserves the right to impose a reasonable fee for such additional training programs. Franchisee will be responsible for any and all expenses incurred by Franchisee and its personnel in connection with such additional training, including, without limitation, costs of salary and wages, travel, lodging and meals. In addition, Franchisor may from time to time require certain personnel employed by Franchisee to attend periodic system-wide meetings held at locations designated by Franchisor to address matters of general interest to the System. Franchisee will cause all required personnel to attend such meetings and will be responsible for the travel expenses, room, board and wages of its personnel attending the meetings.

6.7.5 In addition to the foregoing, Franchisee's Multi-Unit Managers shall, if appointed, attend and complete, at Franchisee's expense and in accordance with Franchisor's requirements, such initial and additional training programs and seminars as Franchisor may offer from time to time, if Franchisor requires attendance.

6.7.6 Upon the reasonable written request of Franchisee or as Franchisor deems appropriate, Franchisor will provide on-site remedial training to Franchisee's Restaurant personnel subject to the availability of Franchisor's personnel and at Franchisee's expense.

6.7.7 Upon Franchisor's written notice and at all times subject to Franchisor's approval, Franchisee or an Affiliate of Franchisee designated by Franchisor will, at its expense, conduct the Initial Training Program and other training programs required by Franchisor. Prior to approving Franchisee or its Affiliate to provide training, Franchisor will have the right to evaluate the operations of all Jagers Restaurants operated by Franchisee and its Affiliates to determine whether they comply with Franchisor's operational requirements and to certify those persons who will conduct training, at Franchisee's expense (which may include payment of a reasonable fee in connection with training certification). In addition, Franchisor may require Franchisee to have any person trained by Franchisee or its Affiliate examined by Franchisor. If Franchisor determines, in its discretion, that any such person has not satisfactorily completed training, Franchisor may require that person to be retrained by Franchisor and may require Franchisee to pay a retraining fee. Franchisor's approval of Franchisee or its Affiliate to conduct training may be revoked at any time in its discretion if Franchisee or its Affiliate fails to continue to meet Franchisor's operational and training standards.

6.8 Covenants of Managerial Personnel. Franchisee agrees to obtain a signature from each Covenantor (as defined in Exhibit E), if requested by Franchisor in writing, and from any other

personnel of Franchisee who have received or will have access to training or other Confidential Information, covenants in substantially the form of Exhibit “E” to this Agreement.

6.9 Legal Compliance. Franchisee is solely responsible for complying with all applicable Legal Requirements related to the development, construction and operation of the Restaurant, including those relating to tax reporting and payments, safety and service quality, public health, and consumer protection. Without limitation of the foregoing, Franchisee shall timely obtain, at its own cost and expense, all licenses, approvals, permits, certificates, registrations and any other documentation necessary for the performance of Franchisee’s obligations under this Agreement, including, without limitation, those necessary for the full and proper conduct of the Restaurant operations such as fictitious name registrations, liquor licenses, sales tax permits, fire clearances, health permits, and certificates of occupancy; those required by any environmental, disability or handicap law, rule or regulation; and those required for the transmission of royalties and all other payments payable pursuant hereto.

6.10 Material Agreements. In addition to the information that Franchisee is required to submit under other provisions of this Agreement, Franchisee will also submit to Franchisor for its review and written consent, at least ten (10) Business Days prior to the date of execution or filing, any material contracts or agreements proposed to be entered into with respect to the Restaurant (including, without limitation, any financing agreement). No such contract or agreement will contain any term which is contrary to or inconsistent with any provision of this Agreement.

6.11 Crisis Management. Franchisee will immediately inform Franchisor upon the occurrence of a Crisis Management Event and, in an effort to mitigate the possible damage to the Marks and System, will cooperate fully with the appropriate authorities and with Franchisor’s policies with respect to the investigation of, public statements regarding, and other responses to the Crisis Management Event.

6.12 Privacy.

6.12.1 Franchisee will comply with all Privacy Laws and Franchisor’s standards and take such actions and execute such documents as requested by Franchisor that are necessary for compliance with any Privacy Laws by Franchisor or its Affiliates. Franchisee will not take any action that could cause Franchisor or its Affiliates to violate any of the Privacy Laws. Franchisee will reimburse Franchisor and its Affiliates for all costs and damages incurred in connection with Franchisee’s loss of Personal Data, or Franchisee’s non-compliance with applicable Privacy Laws or Franchisor’s standards.

6.12.2 Franchisor may, from time-to-time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Restaurant, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the Data so collected and maintained. All Data pertaining to or derived from the Restaurant (including without limitation data pertaining to or otherwise about Restaurant customers and Personal Data) is and shall be the exclusive property of Franchisor, and Franchisor hereby grants a royalty-free non-exclusive and limited license to Franchisee to use said Data during the Term. Franchisee may not sublicense, sell, enrich, transfer, or otherwise process the Data without Franchisor’s written authorization.

6.12.3 Franchisee shall abide by all applicable Privacy Laws.

6.12.4 Franchisee shall comply with Franchisor’s standards pertaining to Privacy Laws. If there is a conflict between Franchisor’s standards pertaining to Privacy Laws and actual applicable law, Franchisee shall: (i) comply with the requirements of applicable law; (ii) immediately give Franchisor written notice of such conflict; and (iii) promptly and fully cooperate with Franchisor and Franchisor’s counsel in determining the most effective way, if any, to meet Franchisor’s standards pertaining to Privacy Laws within the bounds of applicable law.

6.12.5 Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

6.12.6 Franchisee shall notify Franchisor with seventy-two (72) hours upon discovering a Data Security Incident. With respect to Personal Data or Confidential Information, Franchisee will take commercially reasonable measures, including measures: (i) to preserve the security of such Personal Data or Confidential Information; (ii) to prevent unauthorized access to or unauthorized modification of such Personal Data or Confidential Information or a Franchisee system (including all associated interfaces, hardware and software); and (iii) to establish and maintain environmental, safety, facility and data security procedures and other safeguards against destruction, loss, alteration or theft of, or unauthorized access to, such Personal Data or Confidential Information.

6.12.7 Franchisee shall implement appropriate technical, physical, and administrative safeguards to protect Franchisee's Computer Systems and Personal Data.

6.12.8 In furtherance of Franchisee's obligations under this Section 6.12, promptly following written request from Franchisor, the parties shall execute a data processing agreement substantially in the same form as the form attached hereto as **Exhibit "F"**.

6.13 **Digital Marketing Platforms**. Franchisor may, in its sole discretion, establish and operate Digital Marketing Platforms to promote the Marks and the System. Franchisor shall have the sole right to control all aspects of any Digital Marketing Platforms. Unless Franchisor consents otherwise in writing, Franchisee may not, directly or indirectly, conduct or be involved in any Digital Marketing Platforms that use the Marks or that relate to the System. If Franchisor allows Franchisee to establish and operate any Digital Marketing Platforms, Franchisee must comply with any policies, standards, guidelines, or content requirements that Franchisor may establish periodically and must immediately modify or delete any Digital Marketing Platforms that Franchisor determines, in its sole discretion, is not compliant with such policies, standards, guidelines, or requirements. Franchisor may withdraw its approval for any Digital Marketing Platforms at any time.

6.14 **Loyalty**. Franchisee shall, at Franchisee's expense, participate in all Loyalty Programs, in accordance with the terms and conditions established by Franchisor for each such Loyalty Program. Franchisee shall honor, and to the extent Franchisee processes payments through a DSP rather than directly processing payments, Franchisee shall require such DSP to honor, all coupons, discounts, gift cards, Loyalty Program cards (if any), and gift certificates, whether to be sent through direct mail, written advertising materials, or through online or electronically available coupon offers, codes and/or discounts as reasonably specified by Franchisor's and in accordance with procedures specified by Franchisor in the Manuals or otherwise in writing. Upon Franchisor's request, Franchisee shall establish and operate a gift card program in compliance with applicable laws and approved by Franchisor.

6.15 **Best Efforts**. During the Term, Franchisee, each of its Owners, and the Operating Principal, covenants individually to use its best efforts in operating the Restaurant and in recommending, promoting, and encouraging patronage of the Restaurant and all other Jaggers Restaurants in the System.

## **7. RESTAURANT OPERATIONS**

7.1 **Uniform Standards**. The parties acknowledge and agree that (i) the System is a comprehensive and distinctive restaurant system for the retailing of certain uniform and quality food and beverage products, (ii) the foundation of the System is the establishment and maintenance of a public reputation for the operation of high quality fast-casual restaurant units, and (iii) a fundamental requirement of the System, this Agreement, and the license and franchise granted by Franchisor hereunder is adherence by all franchisees, including Franchisee, to Franchisor's standards and policies providing for the uniform operation of all Restaurants within the System, including, without limitation: (A) selling only those products

that Franchisor has designated and approved, (B) using only Franchisor's Design Specifications, (C) strictly adhering to Franchisor's standards, specifications, and guidelines relating to all aspects of the operation of the Restaurant hereunder (including, without limitation, the Manual, Site Selection Guidelines, and materials, requirements, and guidance presented by Franchisor to Franchisee from time to time), and (D) promptly and consistently satisfying all of Franchisor's prescribed standards of quality, service, and cleanliness. Franchisee understands the importance of maintaining uniformity among all of the Jaggers Restaurants and the importance of strictly complying with all of Franchisor's standards, specifications, policies and procedures relating to the operation of Jaggers Restaurants and that such strict compliance provides the basis for wide public acceptance of the System and its valuable goodwill. Franchisee agrees not to deviate from such standards without Franchisor's prior written consent. Franchisee acknowledges and understands that Franchisor may from time to time modify the Manual, the System, and the related standards and agrees that Franchisee will incorporate such modifications into its operation of the Restaurant as and when required. Franchisee understands and agrees that such modifications may obligate it to invest additional capital and/or incur higher operating costs. Notwithstanding the foregoing, however, if in the reasonable judgment of Franchisor local conditions or other special circumstances warrant a deviation from such standards, specifications, policies, or procedures, then Franchisor may allow such deviation.

7.2 Maintenance. Franchisee will maintain the Restaurant in a high degree of sanitation and good repair and condition and will make such additions, alterations, repairs and replacements to the Restaurant (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such biannual repainting or re-staining of building, replacement of obsolete signs, furnishings, equipment, computer hardware, computer software and related documentation, and decor as Franchisor may reasonably direct. Except as may be expressly provided in the Manuals, no alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings will be made in or about the Restaurant or its premises without the prior written approval of Franchisor.

7.3 Improvements and Modernization. Franchisee will obtain, at Franchisee's cost and expense, any new or additional equipment, Computer System or other computer hardware, computer software and related documentation, fixtures, supplies and other products and materials which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items or to provide the Restaurant's services by alternative means, such as through carry-out, catering or delivery arrangements and will make other improvements to modernize the Restaurant to Franchisor's then-current standards and specifications (including, without limitation, improvements and additions to, and substitutions of, equipment, computer hardware, computer software and related documentation), signs, interior and exterior decor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Restaurant, to Franchisor's then-current standards and specifications. Notwithstanding the above, Franchisee agrees that it will make such capital improvement or modifications described in this Section 7.3 if so requested by Franchisor in writing on or before the fifth anniversary of the Opening Date.

7.4 Sourcing and Approved Suppliers. Franchisee will comply with all of Franchisor's standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment, computer hardware, computer software and related documentation, decor items, signs, catering or delivery vehicles and other products used or offered for sale at the Restaurant. Franchisee will obtain such items from Approved Suppliers. If Franchisee desires to purchase, lease or use any products or other items from a supplier who is not an Approved Supplier, Franchisee will submit to Franchisor a written request for such approval, or will request the supplier itself to do so. Franchisee will not purchase or lease from any supplier until and unless such supplier has been approved in writing by Franchisor as an Approved Supplier. Franchisor will have the right to require that its representatives be permitted to inspect the proposed supplier's facilities, and that samples from the proposed supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test will be paid by Franchisee or the proposed supplier. Franchisor reserves the right, at its option, to

re-inspect from time to time the facilities and products of any Approved Supplier and to revoke its approval upon the Approved Supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing will be construed to require Franchisor to approve any particular supplier as an Approved Supplier. Franchisee acknowledges and agrees that (a) Franchisor may change the number of Approved Suppliers at any time and may designate itself, an Affiliate, or a third party as the exclusive Approved Supplier for any particular item; (b) Franchisor may profit from Franchisee's purchases from Approved Suppliers, and (c) Franchisor and/or its Affiliates may receive rebates, payments, fees, commissions or reimbursements (collectively, "**Rebates**") from such suppliers in respect of Franchisee's purchases and are under no obligation to share such Rebates, in whole or part, with Franchisee.

7.5 Restaurant Operations. Franchisee covenants and agrees that it will operate the Restaurant so as to achieve optimum sales and in accordance with this Agreement and the Manuals. To ensure that the highest degree of quality and service is maintained, Franchisee will operate the Restaurant in strict conformity with the methods, standards and specifications of Franchisor, as set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, and without limitation of the foregoing, Franchisee agrees:

7.5.1 To sell or offer for sale all menu items, products and services required by Franchisor and utilizing the method, manner and style prescribed by Franchisor, including, but not limited to, dine-in, carry-out, catering and delivery services, as expressly authorized by Franchisor in writing. Without limitation of the foregoing, Franchisee shall comply with Franchisor's specifications for off-site catering, delivery and on-line or telephone orders and must participate, at Franchisee's expense, in any programs Franchisor may require for these services. Any third-party delivery services utilized by Franchisee must be approved by Franchisor prior to use. Franchisee agrees to comply with the terms of any such program and to execute such documents or instruments that Franchisor may deem necessary in connection therewith.

7.5.2 To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by Franchisor; to discontinue selling and offering for sale any menu items, products or services and any method, manner or style of distribution which Franchisor may, in its sole discretion, disapprove in writing at any time; and to refrain from deviating from Franchisor's standards and specifications without Franchisor's prior written consent.

7.5.3 To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, products, materials, supplies and paper goods that conform to Franchisor's standards and specifications; to prepare all menu items in accordance with Franchisor's recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from Franchisor's standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without Franchisor's prior written consent.

7.5.4 To permit Franchisor or its agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from Franchisee's inventory, or from the Restaurant, without payment therefore, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether such samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item is not an Approved Supplier or if the sample fails to conform to Franchisor's specifications.

7.5.5 To purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, equipment (including without limitation Computer Systems, and all other computer hardware, software and related documentation), decor items, signs, catering or delivery vehicles, and related items as Franchisor may reasonably direct from time to time in the Manuals or otherwise

in writing; and to refrain from installing or permitting to be installed on or about the Restaurant premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, catering or delivery vehicles, decor items, signs, games, vending machines or other items not previously approved as meeting Franchisor's standards and specifications. If any of the property described above is leased by Franchisee from a third party the lease must be approved by Franchisor in writing prior to execution. Franchisor's approval will be conditioned upon such lease containing a provision which permits any interest of Franchisee in the lease to be assigned to Franchisor or its designee upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon Franchisor or its designees in connection with such assignment.

7.5.6 To grant Franchisor and its agents the right to enter the Restaurant and any Restaurant catering or delivery motor vehicles at any time for the purpose of conducting inspections; to cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor will have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable by Franchisee immediately upon demand.

7.5.7 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe.

7.5.8 To play in the Restaurant only such recorded music as Franchisor may from time to time require in the Manual or otherwise in writing and to obtain such copyright licenses as may be necessary to authorize the playing of such recorded music.

7.5.9 To properly maintain all landscaping and lighting in accordance with Franchisor's standards as set forth in the Manual or otherwise in writing.

7.5.10 To adhere to Franchisor's standards regarding training, service and staffing requirements, and food quality, plate presentation, temperature and preparation time guidelines.

7.5.11 To maintain the days and hours of operation specified by Franchisor in the Manual or otherwise in writing and not to deviate therefrom without Franchisor's prior written consent.

7.5.12 To comply with Franchisor's dress and grooming requirements, including a requirement that all of Franchisee's employees wear uniforms that have been approved by Franchisor.

7.6 Proprietary Products. Franchisee acknowledges and agrees that Franchisor may develop or acquire for use in the System certain products which are prepared from highly confidential secret recipes and which are trade secrets of Franchisor and/or its Affiliates. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that Franchisor closely controls the production and distribution of such products. Accordingly, Franchisee agrees that if such products become a part of the System, Franchisee will use only Franchisor's secret recipe products and will purchase, at a reasonable cost, solely from Franchisor or from a source designated by Franchisor all of Franchisee's requirements for such products. Franchisee agrees to purchase merchandise identifying the System (such as pre-packaged food products and Jagers

memorabilia bearing the Marks) only from Franchisor, or any Approved Supplier. Franchisee further agrees to purchase said items identifying the System as Franchisor will require, for resale, in amounts sufficient to satisfy Franchisee's customer demand.

7.7 Display of the Marks. Franchisee agrees that all advertising and promotional materials (including Internet advertising, web pages and other social mediums), billboards, signs, decorations, paper goods (including menus and all forms and stationery used in the Restaurant), employee uniforms, apparel, memorabilia and mementos intended for retail sale, and other items which may be designated by Franchisor shall bear the Marks in the form, color, location and manner prescribed by Franchisor.

7.8 Computer and Technology Systems.

7.8.1 Franchisee shall at its expense acquire, install and maintain the computer hardware and software (including, without limitation, any proprietary software that Franchisor may acquire or develop for Jaggers Restaurants) that Franchisor requires for the Computer Systems (including, without limitation, point-of-sale system, kitchen system and back office system) used in the operation of Jaggers Restaurants and shall follow the procedures Franchisor specifies in the Manuals or otherwise in writing. Among other things, Franchisor may require that Franchisee obtain and maintain, at Franchisee's expense (a) helpdesk, information technology and other support services, and (b) a secure technology infrastructure to serve as the network for all Computer Systems and customer facing systems, such as guest Wi-Fi, payment systems, gift card systems and security cameras. All technology must comply with the then-current regulations of the Payment Card Industry Data Security Standards council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act (FACTA)) and must meet Franchisor's requirements, which may change from time to time.

7.8.2 Franchisor may require that Franchisee install and maintain systems that permit Franchisor to access and retrieve electronically, by telecommunication or other designated method, any information stored in Franchisee's electronic cash registers or Computer Systems, including, without limitation, information concerning Royalty Sales, at the times and in the manner that Franchisor may specify from time to time. Franchisee agrees that Franchisor has the right to access and use the information contained in and collected by Franchisee's Computer Systems in any manner Franchisor deems appropriate. Franchisee shall treat such information as Franchisor's Confidential Information and, without limitation of Section 10.2, shall not sell or otherwise dispose of such information. Without limitation of the foregoing, Franchisee agrees, promptly following written notice from Franchisor, to electronically link Franchisee's electronic cash registers and/or Computer Systems (including any point of sale system) to Franchisor or its designated Affiliate and to allow Franchisor and/or such designated Affiliate to poll such systems on a daily or other basis at such times and in such manner as Franchisor may from time to time establish and to retrieve such transaction information as Franchisor determines to be appropriate, including, without limitation, sales, sales mix, usage, and other operations data. Franchisee further agrees that Franchisor will have and be afforded access to such information at the times and in the manner that Franchisor may specify from time to time. It will be a material event of default under this Agreement if Franchisee fails to make such information accessible to Franchisor at all times throughout the Term and Franchisor may, in its discretion and without limitation of any other rights provided for in this Agreement, assess a reasonable monetary charge for such failure.

7.8.3 Franchisee acknowledges that Franchisor may, during the Term of this Agreement, require Franchisee to modify, enhance and/or replace all or any part of the computer hardware and software comprising one or more of the Computer Systems and all or any part of the technology used in the operation of the Restaurant at Franchisee's expense. Any such modifications, enhancements, and replacements may require Franchisee to incur costs to purchase,

lease and/or license new or modified equipment and software and to obtain different and/or additional support services. Franchisee acknowledges that Franchisor cannot estimate the costs of future enhancements, modifications, and replacements.

#### 7.9 Internet and Social Media.

7.9.1 Franchisee shall at Franchisee's expense acquire, install and maintain in accordance with Franchisor's standards, specifications and requirements the Computer Systems and other hardware, software and related equipment required to access the Internet in the manner required by Franchisor from time to time.

7.9.2 In no event shall Franchisee advertise, promote, post or list information relating to the Restaurant or the System or including the Marks on the Internet (including, but not limited to, Facebook, Twitter or any other social media sites), through the creation or use of a website or otherwise, except with Franchisor's prior written consent and subject to Franchisee's strict compliance with Franchisor's guidelines and policies set forth in the Manuals or otherwise in writing.

7.9.3 Franchisor has established, or may establish, an internet website (the "**Website**") that provides information about the System and the products and services offered by Jaggers Restaurants. Franchisor has sole discretion and control over the Website (including timing, design, contents and continuation). Franchisor may (but is not required to) include at the Website an interior page containing information about Franchisee's Restaurant (the "**Franchisee's Page**"). If Franchisor includes such information on the Website, Franchisor may require Franchisee to prepare all or a portion of Franchisee's Page, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting. Any modifications (including customizations, alterations, submissions or updates) to the template made by Franchisee for any purpose will be deemed to be a "work made for hire" under the copyright laws, and therefore, Franchisor shall own the Intellectual Property Rights in and to such modifications. To the extent any modification does not qualify as a work made for hire as stated above, Franchisee hereby assigns those modifications to Franchisor for no additional consideration and with no further action required and shall execute such further assignments(s) as Franchisor may request. Without limiting Franchisor's general unrestricted right to permit, deny and regulate Franchisee's participation on the Website in Franchisor's discretion, if Franchisee breaches this Agreement, or any other agreement with Franchisor or its Affiliates, Franchisor may disable or terminate the Franchisee's Page and remove all references on the Website to the Jaggers Restaurant operated under this Agreement until the breach is cured.

7.9.4 Franchisee agrees to communicate via email in strict compliance with the standards, protocols and restrictions that Franchisor includes in the Manuals (including, without limitation, standards, protocols and restrictions relating to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements). Franchisee will be solely responsible for compliance with any laws pertaining to sending e-mails, including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 ("**CAN-SPAM Act of 2003**").

#### 7.10 Handling and Notice of Customer Complaints; Notice of Adverse Orders.

7.10.1 Franchisee will process and handle all customer complaints connected with or relating to the Restaurant and will within twenty-four (24) hours, notify Franchisor by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) safety or health violations, (iii) claims exceeding One Thousand Dollars (\$1,000.00), and (iv) any other material claims against or losses suffered by Franchisee.

7.10.2 Franchisee will notify Franchisor in writing within five (5) days of 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, which may adversely affect the operation or financial condition of the Restaurant and within twenty-four (24) hours after Franchisee receives notice of the filing of any tax or other lien.

7.10.3 Franchisee will maintain for Franchisor's inspection any reports affecting the Restaurant or equipment located in the Restaurant during the Term of this Agreement and for thirty (30) days after the expiration or earlier termination hereof.

7.10.4 Franchisee will immediately inform Franchisor upon the occurrence of a Crisis Management Event and, in an effort to mitigate possible damage to the Marks and System, will cooperate fully with the appropriate authorities and with Franchisor's policies with respect to the investigation of, public statements regarding, and other responses to the Crisis Management Event.

7.10.5 Failure to notify Franchisor within the required time period is a material breach of this Agreement and may result in a fine or termination.

7.11 Powers of Attorney. Upon the execution of this Agreement and at any time thereafter that Franchisor requires, Franchisee will execute all forms and documents that Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact with full power and authority for the sole purpose of (i) assigning to Franchisor or its designee (at the sole discretion and direction of Franchisor) effective upon the termination or expiration of this Agreement, all rights to the telephone numbers of the Restaurant, any related telephone directory advertisements and listings, and all rights to any internet websites, domain names, URLs, listings, services, search engines or systems and any other business listings related to the Restaurant, as required under Section 18; (ii) obtaining any returns and reports that Franchisee files with any local, state, provincial or federal authority, provided that Franchisee fails to provide Franchisor copies of such returns and reports within a reasonable time after Franchisor requests them; and, (iii) implementing its options with respect to Franchisee's leases, as set forth in this Agreement.

7.12 Coupons, Certificates, Vouchers and Gift Cards. Franchisee shall participate in, and comply with the requirements of, any gift card, gift certificate, Loyalty Program, or other customer loyalty or retention program that Franchisor implements, at Franchisee's expense, for all or part of the franchise system and shall sign the forms and take the other action that Franchisor requires in order for Franchisee to participate in such programs. Without limitation, Franchisee shall honor coupons, gift cards, gift certificates, or vouchers sold or distributed by other Jagers Restaurants and include the related proceeds in Royalty Sales. Franchisee will utilize a Franchisor approved vendor for gift card processing. Any coupon offer proposed by Franchisee must be approved by Franchisor prior to being extended.

7.13 Liquidated Damages for Operational and Reporting Violations. Franchisee acknowledges the importance of operating the Restaurant in accordance with the System, as modified from time to time. Franchisee also acknowledges the importance of the financial and other reporting requirements set forth in this Agreement and that deviations from these requirements will damage Franchisor and the System. Franchisee further acknowledges that deviations from the requirements of the System, as specified in the Manuals, and this Agreement will damage Franchisor, the System and Franchisor's goodwill, which damage is difficult to quantify. Accordingly, the parties agree that in the event of deviations from the requirements of the Manuals, Franchisee will, upon written notice from Franchisor, pay to Franchisor, as liquidated and agreed upon damages, for each violation in a calendar year, One Thousand Dollars (\$1,000). Similarly, the parties agree that if any statement or other report referred to herein is more than thirty (30) days past due, Franchisee will pay to Franchisor as liquidated and agreed upon damages for each such violation the sum of Two Hundred Dollars (\$200). Liquidated damages under this Section 7.13 will be paid to Franchisor within five (5) days of receipt of notice from Franchisor. The imposition of liquidated damages pursuant to this Section 7.13 will be at Franchisor's option. Franchisor is not required to impose

liquidated damages under this Section 7.13 and may, in addition to or in lieu thereof, pursue all other remedies at law or in equity, including termination of this Agreement pursuant to Section 17. Payment to Franchisor of any amount provided for in this Section will not constitute an election of remedies by Franchisor or an excuse for performance of Franchisee's obligations hereunder. If Franchisor imposes liquidated damages under this Section 7.13 for any violation, Franchisor may, in addition to all other remedies available to Franchisor at law or in equity, thereafter terminate this Agreement pursuant to Section 17 for a subsequent violation.

7.14 Pricing. Franchisor reserves the right, to the fullest extent permitted by applicable Legal Requirements, to establish maximum, minimum or other pricing requirements with respect to the prices Franchisee may charge for products and services.

## 8. ADVERTISING AND RELATED FEES

8.1 Participation in Advertising and Promotional Programs. Franchisor may from time to time develop and administer national, regional, or local advertising and sales promotion programs designed to promote the System and the Jagers Restaurants operating under the System. Franchisee shall participate, at Franchisee's expense, in all required advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. The cost of participating in any such advertising and sales promotion programs is in addition to any other required expenditures for marketing and advertising under this Agreement. The standards and specifications established by Franchisor for all aspects of such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, will be final and binding upon Franchisee.

8.2 Aggregate Brand Development Fund Contributions and Local Store Marketing Expenditures. Recognizing the value of advertising and marketing to the goodwill and public image of the Jagers Restaurants operating under the System, Franchisee agrees to make required contributions to the Jagers brand development fund (the "**Brand Development Fund**" or "**Fund**") and to make required expenditures for Local Store Marketing, each as further described below. Franchisor will determine the amount of the required Fund contributions and required expenditures for Local Store Marketing and may, in its sole discretion, periodically modify and re-allocate such amounts between the Fund and Local Store Marketing, but the total aggregate amount of required contributions to the Fund and required expenditures for Local Store Marketing will not exceed three and one-half percent (3.5%) of Royalty Sales. In making such determinations, Franchisor will consider the level of advertising expenditures by Jagers Restaurants and by competitors of the System, media costs, available marketing resources, population changes, changes in market conditions, the degree of market penetration of the System, and such other factors as Franchisor deems relevant. Franchisee will be given at least thirty (30) days' prior written notice of any change in the required Fund contribution or Local Store Marketing expenditure amount.

### 8.3 Local Store Marketing.

8.3.1 Unless and until modified by written notice from Franchisor pursuant to Section 8.3, Franchisee shall spend each month two percent (2%) of the Royalty Sales of the Restaurant on advertising and marketing for the Restaurant in the Assigned Area ("**Local Store Marketing**"). Franchisee will submit to Franchisor a Local Store Marketing expenditure report accurately documenting such expenditures at the same time as the monthly Royalty Report. Costs and expenditures incurred by Franchisee in connection with any of the following shall not be included in Local Store Marketing, unless approved by Franchisor in writing: (a) the cost of honoring any coupons; (b) research expenditures; (c) salaries and expenses of any employees of Franchisee, including salaries or expenses for attendance at advertising meetings or activities; (d) charitable, political or other contributions or donations; (e) in-store materials consisting of fixtures or equipment; (f) seminar and educational costs and expenses of employees of Franchisee; (g) specialty items such as T-shirts, premiums, pins and awards, unless such items are part of a market-

wide advertising program and then only to the extent that the cost of such items is not recovered by the promotion. Local Store Marketing expenditures made in compliance with this Section 8.3 will offset the amount required to be contributed to the Fund under Section 8.5 of this Agreement.

8.3.2 Franchisee will develop advertising, promotional and marketing materials and programs to be used for Local Store Marketing at Franchisee's own cost and expense. Franchisee shall be responsible for ensuring that all Local Store Marketing materials and programs are in compliance with all applicable Legal Requirements. In order to facilitate Franchisee's Local Store Marketing efforts, Franchisor will provide Franchisee with copies of the written advertising, promotional and marketing materials that Franchisor and its Affiliates use for the Jaggers Restaurants they operate. The Local Store Marketing materials and programs developed by Franchisee will be based upon the marketing, advertising and promotional materials provided by Franchisor; provided, however, that Franchisor must be notified of and approve, in writing, any modifications to such materials made by Franchisee prior to their use. Any representation of the Restaurant or use of the Marks in Local Store Marketing materials and programs will be designed to conform as nearly as practical to the representation of the Jaggers Restaurants owned and operated by Franchisor and its Affiliates, as may be modified by Franchisor from time-to-time. Franchisee shall not use any Local Store Marketing materials or implement any Local Store Marketing programs without first having obtained the prior written approval of Franchisor in accordance with Section 8.6 below.

8.4 Cooperatives. Franchisor may, in its sole discretion, designate any geographic area in which two or more Jaggers Restaurants are located as a region for purposes of establishing an advertising and marketing cooperative (the "**Cooperative**") to conduct advertising and marketing for the Jaggers Restaurants located within the designated region. If a Cooperative is established for an area that encompasses the Restaurant, Franchisee must become a member of the Cooperative, execute all required Cooperative documents, and submit to the Cooperative and to Franchisor such statements and reports as may be required by Franchisor or by the Cooperative. Franchisee must contribute to the Cooperative all amounts required by the Cooperative's governing documents ("**Minimum Cooperative Contribution**") and any additional amount authorized by a vote of the Cooperative's members and approved by Franchisor ("**Excess Cooperative Contribution**"). Any Minimum Cooperative Contribution may be applied to offset Franchisee's required Local Store Marketing expenditure under Section 8.3 above. Excess Cooperative Contributions may not be applied to offset the required Local Store Marketing expenditure. All contributions to the Cooperative will be maintained and administered in accordance with the Cooperative's governing documents, and the Cooperative will be operated solely as a conduit for the collection and authorized expenditure of Cooperative contributions. No marketing or promotional plans or materials may be used by the Cooperative or furnished to its members without Franchisor's prior approval. Each Cooperative will be organized and governed in a form and manner and will commence (and cease) operation on a date, we determine in our sole discretion.

8.5 Brand Development Fund. Franchisor may establish a Fund to advertise, promote and market the Jaggers brand, the Restaurants operating under the brand and the products and services offered by Jaggers Restaurants. Unless and until modified by written notice from Franchisor pursuant to Section 8.3, Franchisee agrees to contribute to the Fund each month, at the time and in the manner set forth in Section 4.2.1, one and one-half percent (1.5%) of the Restaurant's monthly Royalty Sales. Franchisee agrees that the Fund shall be maintained and administered by Franchisor or its designee as follows:

8.5.1 Franchisor shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund are intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all restaurants operating under the System. Franchisor shall, with respect to Jaggers Restaurants operated by Franchisor or any Affiliate, contribute to the Fund generally on

the same basis as Franchisee. In administering the Fund, Franchisor and its designees undertake no obligation to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or to ensure that expenditures are proportionate or equivalent to contributions to the Fund by or are made for the benefit of local franchisees.

8.5.2 Franchisee agrees that the Fund may be used to satisfy any and all costs of developing, maintaining, administering, directing and preparing advertising, marketing and promotions including, without limitation, payment or reimbursement of the costs of developing, maintaining and updating the Website; preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies to assist therein; and costs of Franchisor's personnel and other departmental costs for advertising that is internally administered or prepared by Franchisor (including the costs of preparing and customizing advertising materials and media for local use); provided, however, that Franchisor may change its practices regarding the use of the Fund from time to time without notice. All sums paid by Franchisee to the Fund shall be maintained in a separate account by Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Fund and advertising programs for Franchisees and the System. The Fund and its earnings shall not otherwise inure to the benefit of Franchisor. The Fund is operated solely as a conduit for collecting and expending the advertising fees as outlined above.

8.5.3 Upon request, a statement of the operations of the Fund (which need not be audited) shall be prepared annually by Franchisor and shall be made available to Franchisee upon written request.

8.5.4 Franchisor reserves the right, upon thirty (30) days' prior written notice to Franchisee, to defer, increase (subject to the maximum level permitted herein), reduce or suspend contributions to (and, if suspended, deferred or reduced, to reinstate such contributions) and to suspend operations of, the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Fund without interest in proportion to their respective contributions to the Fund during the preceding twelve (12) month period.

8.6 Advertising Approval. All advertising and promotion by Franchisee in any medium (including, without limitation, all permitted Internet advertising, web pages and other social mediums) will be conducted in a dignified manner and will conform to the standards and requirements of Franchisor as set forth in the Manuals or otherwise. Franchisee will obtain Franchisor's approval of all advertising, promotional plans and materials, and coupon offers prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee will submit such unapproved plans and materials to Franchisor, and Franchisor will approve or disapprove such plans and materials within fourteen (14) days of Franchisor's receipt thereof. Franchisee will not use such unapproved plans or materials until they have been approved by Franchisor and will promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor.

8.7 Design Services. In order to facilitate Franchisee's marketing and advertising efforts, Franchisor may provide Design Services for an agreed upon Design Services Fee. Franchisee assumes all cost, liability, expense and responsibility for ensuring that the Design Services comply with all Legal Requirements. Any alteration or revision of the marketing materials produced by Franchisor will be subject to the review and approval process set forth in Section 8.6.

## 9. MARKS AND OTHER INTELLECTUAL PROPERTY

9.1 License to Use the Marks. Franchisor grants Franchisee the right to use the Marks in accordance with this Agreement, the System and Franchisor's standards and specifications for use of the Marks.

9.2 Agreements Regarding the Marks. Franchisee expressly understands and agrees that:

9.2.1 As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

9.2.2 Franchisee will not take any action that would prejudice or interfere with the validity, ownership or enforceability of Franchisor's or its Affiliate's rights with respect to the Marks. Nothing in this Agreement will give the Franchisee any right, title, or interest in or to any of the Marks or any of Franchisor's or its Affiliate's Trademarks, copyrights, or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Restaurant and only at or from its Restaurant Site consented to by Franchisor or in approved advertising related to the Restaurant.

9.2.3 Any and all goodwill arising from Franchisee's use of the Marks and the System will inure solely and exclusively to Franchisor's or its Affiliate's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

9.2.4 Franchisee will not contest, or assist others to contest, the validity of Franchisor's or any Affiliate's interest in the Marks.

9.2.5 Any unauthorized use of the Marks will constitute an infringement of Franchisor's or its Affiliate's rights in the Marks and a material event of default hereunder. Franchisee agrees that it will provide Franchisor with all assignments, affidavits, documents, information and assistance Franchisor reasonably requests to fully vest in Franchisor or its Affiliate all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by Franchisor to register, maintain and enforce such rights in the Marks.

9.2.6 Franchisor reserves the right to substitute different Marks for use in identifying the System and the Restaurant if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute Marks.

9.2.7 Franchisee shall permit Franchisor or its authorized representatives, at such reasonable times as Franchisor may designate, to inspect the operations of the Restaurant to determine that Franchisee is using the Marks in accordance with this Agreement and the specifications, standards, procedures and rules that Franchisor may establish from time to time, in the Manuals or otherwise, and Franchisee shall provide to Franchisor, at such times and in such manner as Franchisor may request in writing, with samples of all goods and services sold, offered for sale, advertised or otherwise used in connection with the Marks.

9.3 Use of the Marks. With respect to Franchisee's licensed use of the Marks pursuant to this Agreement, Franchisee further agrees that:

9.3.1 Unless otherwise authorized or required by Franchisor, Franchisee will operate and advertise the Restaurant only under the name "Jaggers" without prefix or suffix. Franchisee will not use the Marks as part of its corporate or other legal name.

9.3.2 Franchisee will identify itself as the owner of the Restaurant and as a franchisee of Franchisor in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the Restaurant or any Restaurant catering or delivery vehicle as Franchisor may designate in writing.

9.3.3 Franchisee will not use the Marks to incur any obligation or indebtedness on behalf of Franchisor or its Affiliates.

9.3.4 Franchisee will comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations and will execute any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

9.4 Infringement. Franchisee will notify Franchisor immediately of any apparent infringement of or challenge to Franchisee's use of any Mark and of any claim by any person of any rights in any Mark. Franchisee will not communicate with any person other than Franchisor or any designated Affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor or its Affiliates will have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its Affiliates of, any settlement, arbitration, litigation or governmental proceeding or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor or its counsel, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any Affiliate in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. Franchisee acknowledges that Franchisor will have no obligation to protect Franchisee's rights to use the Marks or to protect Franchisee against claims of infringement or unfair competition.

9.5 Scope of License. The right and license to use the Marks granted to Franchisee is nonexclusive and Franchisor and its Affiliates thus have and retain the following rights, among others, subject only to the limitations in Section 1.3 of this Agreement:

9.5.1 To grant other licenses for use of the Marks;

9.5.2 To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to Franchisee; and

9.5.3 To engage, directly or indirectly, through its employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (1) the production, distribution, license and sale of products and services, and (2) the use in connection with such production, distribution and sale, of the Marks and any and all Trademarks as may be developed or used from time to time by Franchisor.

## 10. **CONFIDENTIALITY AND NON-COMPETITION COVENANTS**

### 10.1 Manuals.

10.1.1 The Manuals and any modifications to the Manuals will supplement this Agreement. Franchisor may from time to time revise the contents of the Manuals and Franchisee expressly agrees to comply with each new or changed standard. Franchisee will at all times treat the Manuals and the information contained therein as confidential and will maintain such information as secret and confidential in accordance with this Section 9.5.3. Without the written consent of Franchisor, Franchisee will not at any time copy, duplicate, record or otherwise

reproduce the Manuals, in whole or in part, or otherwise make the same available to any unauthorized person.

10.1.2 The Manuals and any other nonpublic communications, including the Confidential Information provided or approved by Franchisor, will at all times remain the sole property of Franchisor, be kept secure, and be returned to Franchisor immediately upon written request or upon termination or expiration of this Agreement. Franchisee will at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor will control. If all or any part of the Manuals are accessed through a secure or restricted site, Franchisee agrees to limit access to the site and any related password only to those persons who are authorized and to monitor the site for any updates to the Manuals.

10.2 Confidentiality. At all times Franchisee shall not communicate or use any Confidential Information to or for the benefit of any other person or other entity and following the termination or expiration of this Agreement or the transfer of its interest herein, shall not use such Confidential Information for its own benefit or for the benefit of any others. Confidential Information may be divulged only to those Owners, Affiliates, officers, directors, members, managers, partners, employees, or agents (collectively, the “**Representatives**”) of Franchisee who must have access to it in order to operate the Restaurant and conduct the franchised business in accordance with this Agreement and the System; provided, however, that Franchisee shall advise and require the Representatives to be bound by confidentiality obligations at least as restrictive as those contained herein. Franchisee shall at all times remain responsible for any violations of this Agreement by and of its Representatives. Franchisee agrees to indemnify and hold harmless Franchisor from all damages and expenses, including reasonable attorney fees, which the Franchisor may sustain as a result of any unauthorized disclosure or other breach of this Agreement by the Franchisee and/or its Representatives. Franchisee shall not, at any time, without Franchisor’s prior written consent, copy, duplicate, record or otherwise reproduce the Confidential Information, in whole or in part, or otherwise make the same available to any unauthorized person. Franchisee agrees to take all necessary actions to preserve the confidential nature of the Confidential Information and refrain from disclosing all or any part of the Confidential Information by any means necessary, unless otherwise required by court order or law. Franchisee will notify Franchisor within two (2) Business Days of obtaining knowledge of the commencement, or threat, of a judicial or administrative proceeding to compel disclosure of some or all of the Confidential Information. Franchisee will cooperate with Franchisor in defending any such proceeding and in obtaining a protective order to prevent disclosure of the Confidential Information. The covenants in this Section will survive the expiration, termination or transfer of this Agreement or any interest in this Agreement and will be perpetually binding.

10.3 Rights to Work Product. If Franchisee, its Owners, or Representatives develop any new concept, process, recipe, menu item, improvement, invention, or work of authorship in the operation or promotion of the Restaurant, alone or jointly with others and within or without the facilities of the Restaurant, before, during or after normal business hours (the “**Work Product**”), then Franchisee will promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Franchisee acknowledges that any such Work Product will inure to the benefit of and become the sole property of Franchisor, and Franchisor may use or disclose such Work Product to other franchisees and developers and to Franchisor’s Affiliates, successors and assigns, as it determines to be appropriate. Franchisee, its Affiliates, Operating Principal, Representatives, and Owners hereby assign to Franchisor, or shall cause the applicable Representative to, any rights they may have or acquire in the Work Product, including the right to modify the Work Product, and waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee, its Affiliates, Operating Principal, and Owners agree to assist Franchisor in obtaining and enforcing the Intellectual Property Rights to any such Work Product in any and all countries and further agree to execute and provide, and cause others to execute and provide, Franchisor with all necessary documentation and to do all other lawful acts to further the prosecution and issuance of the Intellectual Property Rights related to any such Work Product, including waivers of moral rights.

Franchisee further agrees to cooperate to the extent and in the manner reasonably requested by Franchisor in the prosecution or defense of any litigation or other proceedings involving any Work Product, but all of the reasonable expenses in connection therewith will be paid by Franchisor. If a copyright registration, industrial design, or patent is filed by Franchisee or its Owners or Representatives, or on their behalf, within one (1) year following the earlier of the termination or expiration of this Agreement or the time at which such person ceases to be associated with Franchisee, describing a work which relates to the business of Franchisor, it will be conclusively presumed that such work is to be treated as a Work Product for all purposes hereunder. In the event that the foregoing provisions of this Section 10.3 are found to be invalid or otherwise unenforceable, Franchisee, its Affiliates, Operating Principal, Representatives, and the Owners hereby grant Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Work Product to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on Franchisee's, its Affiliates', its Representatives', Operating Principal's, and Owners' rights therein.

10.4 Non-Competition Covenants. Franchisee specifically acknowledges the uniqueness of the System and that, pursuant to this Agreement, Franchisee will receive valuable training, trade secrets, knowledge, know-how, expertise, and Confidential Information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System which are beyond their present skills and experience. Franchisee further acknowledges that such specialized training, trade secrets, knowledge, know-how, expertise, and Confidential Information provide a competitive advantage and will be valuable in the development and operation of the Restaurant, and that gaining access to such specialized training, trade secrets, knowledge, know-how, expertise, and Confidential Information is, therefore, a primary reason for entering into this Agreement. For the purposes of this Section 10.4, unless otherwise specified, "Franchisee" shall include, collectively and individually, the Franchisee and all of its Operating Principals, Owners, Family Members of Owners and Operating Principals, Guarantor(s), and any Affiliate of such Persons. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee covenants that:

10.4.1 During the Term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee will not, directly or indirectly, for itself or through, on behalf of or in conjunction with a Person(s):

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

10.4.1.2 Own, maintain, operate, engage in, perform any services for, acquire, be an employee of, or have any financial, equity, or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, joint ventures or any other legal entity), advise, assist or make loans to, any Competitive Business located anywhere within (i) the U.S., (ii) U.S. territories or commonwealths, or (iii) any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks. Notwithstanding the foregoing, this Section 10.4.1.2 shall not apply to any financial or beneficial interest in the restaurant chains identified in **Exhibit "G"** to this Agreement.

10.4.2 For a continuous uninterrupted period commencing upon the expiration, termination, or transfer of its interest in this Agreement and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, Franchisee will not, directly or indirectly, for itself, or through, on behalf of or in conjunction with any Person(s):

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

10.4.2.2 Own, maintain, operate, engage in, perform any services for, acquire, be an employee of, or have any financial, equity, or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, joint ventures or any other legal entity), advise, assist or make loans to, any Competitive Business, which business is, or is intended to be located (i) at the Restaurant Site, (ii) within the Assigned Area, or (iii) within a three (3) mile radius of any Jagers Restaurant or other Jagers food service facility in existence or under construction at any given time during such period. Notwithstanding the foregoing, this Section 10.4.2.2 shall not apply to any financial or beneficial interest in the restaurant chains identified in **Exhibit "G"** to this Agreement.

The covenants in this Section 10.4.2 will survive the expiration, termination or transfer of this Agreement or any interest in this Agreement.

10.4.3 Franchisee acknowledges and agrees that each of the covenants contained herein, and the Franchisee's full, uninhibited, and faithful observance of each of the covenants contained herein, contain reasonable limitations as to time, geographical area, and scope of activity to be restrained; do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor; are fair and responsible and are not the result of overreaching, duress, or coercion of any kind; and do not impose any undue hardship. Franchisee further acknowledges and agrees that each of the covenants contained herein, and the Franchisee's full, uninhibited, and faithful observance of each of the covenants contained herein, will not impair Franchisee's ability to obtain employment commensurate with its respective abilities and on terms fully acceptable to Franchisee or otherwise to obtain income required for Franchisee's comfortable support and, if such Person is an individual, his or her Family Members, and the satisfaction of his or her creditors. Franchisee further agrees that each of the covenants herein will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

10.4.3.1 Franchisee understands and acknowledges that Franchisor will have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 10.4, or any portion thereof, without its consent, effective immediately upon notice to Franchisee; and Franchisee agree that it will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 19.2 hereof.

10.4.3.2 Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

10.4.4 Franchisee acknowledges that to disregard the provisions of this Section 10.4 would effectively foreclose Franchisor from selling other franchises and Franchisee could be unjustly enriched and unfairly derive benefit from the goodwill of and training that Franchisee receives from Franchisor. Moreover, Franchisor's other franchisees and the Jagers Restaurants

could be severely disadvantaged if Franchisee competes against them using the System, Trade Dress, Marks, or other Confidential Information. Franchisor intends to restrict Franchisee's activities under this Section 10.4 only to the extent necessary for the protection of Franchisor's, its Affiliates', and its franchisees' legitimate business interests. The terms of this confidentiality and non-compete are assignable by Franchisor and will inure to Franchisor's benefit, as well as its successors and assigns. In the event of any assignment, sale, merger, or change in Franchisor's ownership or structure, the resulting entity will step into Franchisor's place for all purposes of this Section 10.4.

10.5 Injunctive Relief Franchisee acknowledges that any failure to comply with the requirements of this Section 10 will constitute a material event of default under Section 17 hereof and that a violation of the terms of this Section 10 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Franchisee accordingly consents that Franchisor will be entitled to seek the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 10 in any court of competent jurisdiction, without the obligation to post a bond for Franchisee's violation or threatened violation of any covenant described in this Section 10. Franchisee agrees to pay all costs and reasonable attorneys' fees incurred by Franchisor in connection with the enforcement of this Section 10, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section 10.

## **11. BOOKS AND RECORDS**

11.1 Maintenance Requirement. Franchisee will maintain during the Term of this Agreement, and will preserve for at least five (5) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales reports, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers. The foregoing will be maintained in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing (which requirements may include, in Franchisor's discretion, common fiscal year end and fiscal period designations) and in accordance with GAAP.

### **11.2 Reporting.**

11.2.1 In addition to all other reports required by this Agreement, Franchisee will, at its expense, submit to Franchisor, in the form prescribed by Franchisor:

11.2.2 A balance sheet and profit and loss statement (which may be unaudited) showing the results of operation for each month during the Term on or before the twentieth (20<sup>th</sup>) day of the following month. Each such statement will be signed by Franchisee's treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct.

11.2.3 A balance sheet and profit and loss statement (which may be unaudited) showing the results of operation for each quarter during the Term as soon as available and in any event within thirty (30) days after the end of each fiscal quarter of Franchisee. Each such statement will be signed by Franchisee's treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct.

11.2.4 A complete annual audited financial statement (including balance sheet, statement of operations, statement of cash flows and statement of stockholders' equity) showing the results of operations for each fiscal year of Franchisee during the Term, prepared in accordance with GAAP and as prescribed by Franchisor from time to time in the Manuals or otherwise in writing, audited by an independent certified public accountant satisfactory to Franchisor, as soon as available and in any event within forty-five (45) days after the end of each such fiscal year.

11.2.5 Franchisee will also submit to Franchisor, for review or auditing, such other forms, reports, records, information and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in writing. Without limitation of the foregoing, Franchisee will furnish to Franchisor quarterly forecasts of sales, food expenses and staffing levels for the Restaurant (which Franchisor may require be combined with similar reports for other Restaurants operated by Franchisee or its Affiliates). Such forecasts will be in reasonable detail and may be relied upon by Franchisor to permit Franchisor and its Affiliates to incorporate such forecasts into forecasts and other information regarding the entire Jagers Restaurant System.

11.3 Franchisor Audits. Franchisor or its designees will have the right at all reasonable times to review, audit, examine and copy the books and records of Franchisee as Franchisor may require at the Restaurant. If any required royalty payments to Franchisor are delinquent, or if an audit reveals that such payments have been understated in any report to Franchisor, then Franchisee will immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.4. If an inspection discloses an understatement in any report of two percent (2%) or more, Franchisee will, in addition, reimburse Franchisor or its designee for any expenses incurred in conducting such audit or examination, including, without limitation, reasonable accounting and attorneys' fees, and the costs of salary, travel, lodging, meals and wages of Franchisor's representatives. These remedies will be in addition to any other remedies Franchisor may have at law or in equity.

11.4 No Waiver. Franchisee understands and agrees that the receipt or acceptance by Franchisor of any of the statements furnished or Royalty Fees paid to Franchisor (or the cashing of any royalty checks) will not preclude Franchisor from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they will immediately be rectified by the Franchisee and the appropriate payment will be made by the Franchisee.

11.5 Authorization to Release Information. Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which Franchisee does business to disclose to Franchisor any requested financial information in their possession relating to Franchisee or the Restaurant. Franchisee authorizes Franchisor to disclose data from Franchisee's reports, if Franchisor determines, in its sole discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

11.6 Privacy Laws. Franchisee will comply with all relevant Privacy Laws and obtain all consents to allow Franchisee to comply with the provisions of this Section 11.

## 12. **INSURANCE**

12.1 Requirement to Obtain and Maintain Insurance. Upon the execution of this Agreement, Franchisee will procure, from an insurance company or companies acceptable to Franchisor and authorized to do business in the jurisdiction where the Restaurant is located, and will maintain throughout the Term of this Agreement insurance policies providing at least the minimum types and amounts of coverage specified in **Exhibit "H"** to this Agreement, as well as any other insurance that may be required by law or under any lease for the Restaurant Site or that is consistent with local industry standards and acceptable to Franchisor.

12.2 Deductibles; Waiver of Subrogation. Franchisee may, with the prior written consent of Franchisor, elect to have reasonable deductibles in connection with the coverage required under Section 12.1. Such policies will also include a waiver of subrogation in favor of Franchisor and its Affiliates (including Jagers Holdings LLC and TRI), their successors and assigns, and the respective officers,

directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them.

12.3 No Limitations. Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor will Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 15 of this Agreement.

12.4 Additional Insureds. Absent Franchisor's written consent, all policies will contain a provision that Franchisor and its Affiliates (including Jaggers Holdings LLC and TRI), their successors and assigns, and the respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, shall be named as additional insureds, and that such persons, although named as additional insureds, will nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees and will expressly provide that any of their interests will not be affected by Franchisee's breach of any policy provisions.

12.5 Evidence of Insurance; Notice of Alteration or Cancellation. Upon execution of this Agreement, and thereafter within thirty (30) days prior to the expiration, renewal or replacement of any such policy, Franchisee will deliver to Franchisor Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, (a), within forty-five (45) days following the end of each calendar year during the Term of this Agreement an authorized representative of Franchisee shall certify to Franchisor in writing that all required insurance policies remain in full force and effect, and (b) if requested by Franchisor in writing, Franchisee will deliver to Franchisor a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder will expressly provide that no less than thirty (30) days' prior written notice will be given to Franchisor in the event of a material alteration to or cancellation of the policies.

12.6 Remedies. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in writing, Franchisor will have the right and authority (without, however, any obligation to do so) immediately to procure such insurance without prior notice to Franchisee and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, will be payable by Franchisee immediately upon notice. The foregoing remedies will be in addition to any other remedies Franchisor may have at law or in equity.

### **13. DEBTS AND TAXES**

13.1 Payment of Obligations. Franchisee will promptly pay when due all accounts and other indebtedness of every kind incurred by Franchisee in the development, construction and operation of the Restaurant.

13.2 Taxes. Franchisee bears sole and exclusive responsibility for the reporting and payment of all Taxes imposed upon it by any jurisdiction, including, without limitation and to the extent required by applicable Legal Requirements, the responsibility to report to the applicable governmental authorities any payment made to Franchisor. Franchisee will promptly pay when due all Taxes, levied or assessed, in connection with the development, construction and operation of the Restaurant, including, without limitation, any turnover taxes, sales taxes, use taxes, excise taxes, franchise fee taxes, consumer taxes, stamp taxes or similar taxes payable in respect of this Agreement. Without limiting the provisions of Section 15, Franchisee will be solely liable for the payment of all Taxes and will indemnify Franchisor for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether Taxes were correctly or legally asserted or not.

13.3 Disputed Liability. In the event of any bona fide dispute as to Franchisee's liability for Taxes or other indebtedness, Franchisee may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or Legal Requirements. The occurrence of a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor against the Restaurant or any improvements thereon, constitutes a material event of default under this Agreement.

## 14. **TRANSFER OF INTEREST**

14.1 By Franchisor. Franchisor will have the right to transfer or assign this Agreement and all or any part of its rights, interests or obligations herein to any Person without Franchisee's consent, subject to such terms and conditions as it determines are appropriate. Specifically, and without limitation to the foregoing, Franchisee agrees that Franchisor may sell its assets, and Franchisor and its Affiliates may sell their rights in and to the Marks or the System to a third party; may offer its securities privately or publicly; may merge with or acquire other entities or be acquired by another entity; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor and its Affiliates arising from or related to the transfer of the Marks (or any variation thereof) or the System from Franchisor or its Affiliate to any other party. Nothing contained in this Agreement will require Franchisor to offer any services or products, whether or not bearing the Marks, to Franchisee, if Franchisor assigns its rights in this Agreement.

### 14.2 By Franchisee and Owners.

14.2.1 Franchisee understands and acknowledge that the rights and duties set forth in this Agreement are personal to Franchisee and its Owners, and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee and its Owners. Accordingly, neither Franchisee nor any Owner of Franchisee, nor any successor or assign of Franchisee or any Owner, will sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Restaurant, or in Franchisee (including, without limitation, any new issuance of stock or other ownership interest in Franchisee or any of its Owners) (any of the foregoing transactions, for purposes of this Section 14.2 and the remaining provisions of this Section 14, a "transfer") without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement will be null and void and will constitute a material event of default under this Agreement.

14.2.2 If Franchisee wishes to transfer all or part of its interest in the Restaurant or this Agreement, or if any Owner wishes to transfer all or part of its interest in Franchisee, then Franchisee or such Owner and the proposed transferee will apply to Franchisor for its consent. Franchisor will not unreasonably withhold (as provided by law and by this Agreement) its consent to a transfer of any interest in Franchisee, in the Restaurant, or in this Agreement. Except as set forth in Section 14.3, Franchisor may, in its sole discretion, require any or all of the following as conditions of its consent:

14.2.2.1 All of the accrued monetary obligations of Franchisee and its Affiliates and all other outstanding obligations to Franchisor and its Affiliates arising under this Agreement or any other agreement will have been satisfied in a timely manner and Franchisee will have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

14.2.2.2 Franchisee and its Affiliates will not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates, and

Franchisee will have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof; and the transferee and its Owners (if applicable) will not be in default of any provision of any agreement between Franchisor or any of its Affiliates, on the one hand, and the transferee and/or its Owners (if applicable) or any of their respective Affiliates, on the other hand, and the transferee will have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof;

14.2.2.3 Franchisee and its Owners (if applicable), and the transferee and its Owners (if applicable), will have executed a general release, in the form set forth on attached **Exhibit “K”** (or such other form satisfactory to Franchisor), of any and all claims against Franchisor, its parents, Affiliates, successors and assigns, and the respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and Legal Requirements;

14.2.2.4 The transferee demonstrates to Franchisor’s satisfaction that the transferee meets the criteria considered by Franchisor when reviewing a new franchisee’s application for a franchise, including, but not limited to, Franchisor’s educational, managerial and business standards; transferee’s good moral character, business reputation and credit rating; transferee’s aptitude and ability to conduct the business licensed herein (as may be evidenced by prior related business experience or otherwise); transferee’s financial resources and capital for operation of the business; and the geographic proximity of other Jagers Restaurants (if any) owned or operated by transferee;

14.2.2.5 The transferee may not be engaged in or associated with a Competitive Business;

14.2.2.6 The transferee will enter into a written agreement and guaranty, in a form satisfactory to Franchisor, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; if transferee is a corporation, partnership or other form of legal entity, transferee’s shareholders, partners or other investors or owners designated by Franchisor will be required to execute a guarantee agreement in substantially the form attached hereto as the Guarantee, and those shareholders, partners or other investors or owners not required to sign the guarantee agreement shall execute confidentiality, non-competition, and other covenants required by Franchisor in substantially the form of **Exhibit “E”**;

14.2.2.7 The transferee will execute, for a period of time ending on the expiration date of this Agreement and with such then-remaining Renewal Terms as may be provided by this Agreement, the then-current form franchise agreement then being offered by Franchisor to new franchisees, including such other ancillary agreements as Franchisor may require for the Restaurant; if transferee is a corporation, partnership or other form of legal entity, transferee’s shareholders, partners or other investors or owners designated by Franchisor will be required to execute a guarantee and those shareholders, partners, or other investors or owners not required to execute a guarantee shall execute confidentiality, non-competition and other covenants required by Franchisor; such agreements will supersede this Agreement and its ancillary documents in all respects and the terms of such agreements may differ from the terms of this Agreement, including, without limitation, a higher percentage Royalty Fee, Fund contribution, or Local Store Marketing expenditure requirement; provided, that the transferee will not be obligated to pay to Franchisor an Initial Franchise Fee;

14.2.2.8 The transferee, at its expense, will renovate, modernize and otherwise upgrade the Restaurant to conform to the then-current standards and specifications of the System, and will complete the upgrading and other requirements within the time period specified by Franchisor, as required by Section 7.3;

14.2.2.9 Franchisee will remain liable for all of the obligations to Franchisor in connection with the Restaurant incurred prior to the effective date of the transfer and will execute any and all instruments reasonably requested by Franchisor to evidence such liability;

14.2.2.10 At the transferee's expense, the transferee, the transferee's Restaurant Managers and/or any other applicable personnel will complete any training programs then in effect for franchisees of Jaggers Restaurants upon such terms and conditions as Franchisor may reasonably require;

14.2.2.11 All franchise agreements held by Franchisee and its Affiliates, and the Restaurants operated thereunder, shall be transferred to the same transferee and shall, unless otherwise mutually agreed, Franchisee and its Affiliates shall pay to Franchisor a transfer fee in the amount of Three Thousand Five Hundred Dollars (\$3,500) per Restaurant, or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, legal and accounting fees;

14.2.2.12 Franchisor must have approved the material terms and conditions of the transfer, including, without limitation, a determination by Franchisor that, in its business judgment, the price and terms of payment are not so burdensome as to adversely affect Franchisor's rights and interests; and

14.2.2.13 If the transferee is a corporation, partnership or other legal entity, the transferee will make and will be bound by any or all of the representations, warranties and covenants set forth in Section 6 as Franchisor requests. Transferee will provide to Franchisor evidence satisfactory to Franchisor that the terms of such Section have been satisfied and are true and correct on the date of transfer.

14.2.3 Franchisee acknowledges and agrees that each condition that must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

14.3 Transfer to Affiliate. In the event the proposed transfer is to an Affiliate of Franchisee, Franchisor's consent may be conditioned upon any of the requirements set forth at Section 14.2.1, except that the requirements set forth at Sections 14.2.2.3, 14.2.2.4, 14.2.2.7, 14.2.2.8 and 14.2.2.10 will not apply; provided that Franchisor will have the right to require that Franchisee pay or reimburse Franchisor's actual costs incurred in connection with any transfer under Sections 14.2 and 14.3, not to exceed Three Thousand Five Hundred Dollars (\$3,500).

14.4 Grant of Security Interests. Neither Franchisee nor any Owner shall pledge, mortgage, encumber, or grant a security interest in the Restaurant, or in this Agreement or any of Franchisee's assets, or any ownership interest in Franchisee without Franchisor's prior written consent, which consent will not be unreasonably withheld.

14.5 Right of First Refusal.

14.5.1 If Franchisee wishes to transfer all or part of its interest in the Restaurant or this Agreement or if an Owner of Franchisee wishes to transfer a Controlling Interest in Franchisee pursuant to any bona fide offer received from a third party, then Franchisee will notify

Franchisor in writing of each such offer within five (5) days of the receipt of such offer, and will provide such information and documentation relating to the offer as Franchisor may require. Franchisor will have the right and option, exercisable within the later of forty-five (45) days after receipt of such written notification or thirty (30) days following receipt of any additional information requested by Franchisor, to send written notice to Franchisee (and any Owner, if applicable) that Franchisor intends to purchase the interest on the same terms and conditions offered by the third party. Failure to exercise the option within such relevant time period shall be deemed to be Franchisor's election not to exercise the option. In the event that Franchisor elects to purchase the interest, closing on such purchase must occur within ninety (90) days from the date of notice of Franchisor's election to purchase, or such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing will constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section 14.5 will not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 14, with respect to a proposed transfer.

14.5.2 In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount will be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations will be binding. In the event of such appraisal, each party will bear its own legal and other costs and will split the appraisal fees. In the event that Franchisor exercises its right of first refusal herein provided, it will have the right to set off against payment of the purchase price (i) all fees for any such independent appraiser due from Franchisee hereunder and (ii) all amounts due from Franchisee to Franchisor or any of its Affiliates.

14.5.3 Failure to comply with the provisions of this Section 14.5 prior to the transfer of any interest in Franchisee, the Restaurant, or this Agreement will constitute a material event of default under this Agreement.

#### 14.6 Death or Permanent Disability.

14.6.1 Upon the death of any Owner (the "**Deceased**"), the executor, administrator or other legal representative of the Deceased will transfer the Owner's interest in Franchisee to a third party approved by Franchisor within six months after the death. If no legal representative is designated or appointed or no legal proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee will transfer such interest to a third party approved by Franchisor within twelve (12) months after the death of the Deceased.

14.6.2 Upon the Permanent Disability of any Owner, Franchisor may, in its sole discretion, require the Owner's interest in Franchisee to be transferred to a third party in accordance with the conditions described in this Section 14 within six (6) months after notice to Franchisee. Permanent Disability will be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically will be deemed to have a Permanent Disability as of the date of such refusal for the purpose of this Section 14.6.2. The costs of any examination required by this Section will be paid by Franchisor.

14.6.3 Franchisee must promptly notify Franchisor of the death or Permanent Disability of any Owner. At Franchisor's request, within a reasonable period of time not to exceed thirty (30) days from the date of death or Permanent Disability, the executor, administrator or other personal representative of the Deceased or disabled person will provide for interim management of

the Restaurant until such time as a transfer has been effected in accordance with the provisions of this Section 14.6, such interim management to be conducted in accordance with the terms of this Agreement. Franchisor may (but is not obligated to) assume or designate someone to assume such interim management of the Restaurant, provided that (i) such interim management will not relieve Franchisee of its obligations under this Agreement; (ii) neither Franchisor nor its designee will be liable for any debts, losses, costs or expenses incurred in the operation of the Restaurant during any such period of interim management; (iii) Franchisor or its designee will have the right to charge a reasonable fee for its management services; and, (iv) Franchisee will, and hereby does, indemnify and hold Franchisor, its Affiliates and its designee harmless against any and all judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with Franchisor's or its Affiliate's interim management of the Restaurant, except by reason of Franchisor's or its designee's gross negligence or willful misconduct.

14.6.4 Any transfer upon death or Permanent Disability will be subject to the same terms and conditions as described in this Section 14 for any *inter vivos* transfer. If an interest is not transferred upon death or Permanent Disability as required in this Section, then such failure will constitute a material event of default under this Agreement.

14.7 Securities Offerings. Securities, stock, partnership or other ownership interests in Franchisee may not be offered to the public under the U.S. Securities Act of 1933, as amended, nor may they be registered under the U.S. Securities Exchange Act of 1934, as amended, or any comparable federal, state, or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent will not be unreasonably withheld. All materials required for any such private offering by applicable Legal Requirements will be submitted to Franchisor for the limited review described below prior to being filed with any governmental agency; and any materials to be used in any exempt offering will be submitted to Franchisor for such review prior to their use. No offering materials shall contain any term that is contrary to or inconsistent with any provision of this Agreement or imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee or Franchisor, and Franchisor's review of any offering materials will be limited solely to the subject of the relationship between Franchisee and Franchisor and its Affiliates. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee, each Guarantor and any other participants in the offering must fully indemnify Franchisor, and its parents, Affiliates, successors and assigns, and the respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them, in connection with the offering. For each proposed offering, Franchisee will pay to Franchisor a non-refundable fee of Five Thousand Dollars (\$5,000.00), or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Franchisee will give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 14.7, which notice shall include copies of the proposed offering materials.

14.8 Franchisor's Option to Purchase the Franchised Businesses.

14.8.1 At any time on or after the earlier of the three (3) year anniversary of the Effective Date or a Triggering Event (as defined below), Franchisor shall have the right and option, but no obligation, to purchase the assets of the Restaurant in accordance with the terms set forth in this Section 14.8. (the "**Purchase Option**").

14.8.2 Franchisor may exercise its right under this Section 14.8:

14.8.2.1 By delivering to Franchisee a written notice of intent to exercise the Purchase Option, along with a request for any information about the ownership of

Franchisee and the operation of the Restaurant that Franchisor determines is necessary for purposes of evaluating its decision to exercise the Purchase Option (the “**Initial Notice**”). Franchisee shall execute and deliver all agreements, questionnaires, certificates, affidavits and other information and documents that Franchisor requests within fifteen (15) days following receipt of the Initial Notice and will otherwise cooperate fully with Franchisor; or

14.8.2.2 At any time after the Initial Notice (or without delivery of an Initial Notice, at Franchisor’s option), by giving written notice to Franchisee, which notice will include the Purchase Price (defined below) and Asset Purchase Agreement (defined below) that will document the transaction (the “**Purchase Option Exercise Notice**”).

14.8.2.3 Franchisee will sign the Asset Purchase Agreement within the time period specified by Franchisor in the Purchase Option Exercise Notice, and upon execution of the Asset Purchase Agreement, the terms of such Asset Purchase Agreement will constitute the complete understanding and agreement of the parties relating to the terms of Franchisor’s acquisition of the Restaurant’s assets.

14.8.2.4 If Franchisee owns the real property on which the Restaurant is located (the “**Real Property**”), Franchisor will lease the Real Property from Franchisee upon the closing of the Asset Purchase Agreement. The lease will be in the form attached to the Asset Purchase Agreement (the “**Lease**”) and will contain such commercially reasonable terms as Franchisor may determine in good faith. In addition, if Franchisee has any Affiliate Arrangement (defined below) which Franchisor elects to assume from and after the closing of the Asset Purchase Agreement (e.g., a lease) and Franchisor determines in good faith that the payments pursuant to the Affiliate Arrangement (or other material terms) are not commercially reasonable, then Franchisee shall cause its Affiliate to modify such terms so that the terms are commercially reasonable as determined by Franchisor in good faith. Failure of any such Affiliate to make such modifications within fifteen (15) days after written notice from Franchisor setting forth the terms that are not commercially reasonable and the changes required to make them commercially reasonable, will constitute a material default under this Agreement, giving Franchisor the right to terminate immediately upon written notice to Franchisee.

14.8.3 At all times prior to any exercise of the Purchase Option, Franchisee shall annually, within forty-five (45) days following the end of each fiscal year, provide Franchisor with annual audited financial statements prepared in accordance with GAAP, as required by Section 11.2.1.3 of this Agreement. Following any exercise of the Purchase Option, Franchisee and its Owners (excluding any Owner affiliated with Franchisor) shall comply with the post-termination obligations set forth in Section 18 of this Franchise Agreement, including the obligations of confidentiality and non-competition in Section 18.1.9, but excluding Franchisor’s options under Sections 18.3.1 through 18.3.2 of this Franchise Agreement.

14.8.4 As used in this Section 14.8:

14.8.4.1 “**Adjusted EBITDA**” means EBITDA subject to the following adjustments: (A) increased or decreased to the extent EBITDA was calculated using Restaurant royalty costs that were more or less than five percent (5%) of the Gross Sales of the Restaurants; (B) increased or decreased to the extent EBITDA was calculated using Restaurant overhead costs that were more or less than three percent (3%) of the Gross Sales of the Restaurants; (C) decreased to the extent necessary to reflect all amounts required to be expended in the operation of the Restaurant during the Trailing 12-Month Period pursuant to the terms of this Agreement even if such expenses were not incurred (e.g.,

royalties, local marketing and similar expenses); (D) increased or decreased, as applicable, to reflect changes in expenses during the Trailing 12-Month Period that are reasonably expected to stay at such level for at least twelve (12) months from the date of the change if Franchisee continued to operate the Restaurant (e.g., changes to wage rates/salaries, rent or other contract obligations, repairs and maintenance, insurance premiums, advertising fund contribution percentage and similar expenses); (E) decreased by an amount that reflects the estimated annual maintenance capital expenditures incurred with respect to the Restaurants; and (F) decreased by the Negative Remodel Adjustment Amount. The determination of EBITDA and Adjusted EBITDA shall be made by Franchisor in its sole discretion.

14.8.4.2 “**Affiliate Arrangement**” means any arrangement (whether pursuant to a written agreement or otherwise) between Franchisee and one or more of its Affiliates pursuant to which Franchisee makes payments to the Affiliate(s) relating to the ownership or operation of the Restaurant.

14.8.4.3 “**Asset Purchase Agreement**” means Franchisor’s then-current form of Asset Purchase Agreement for the exercise of its Purchase Option rights, as modified in good faith by Franchisor to reflect the specific terms of the transaction.

14.8.4.4 “**EBITDA**” means the net income of the Restaurant (including all above-store general and administrative/overhead expenses) for the Trailing 12-Month Period before any deductions for interest, income taxes, depreciation and amortization, allocable to such Trailing 12-Month Period.

14.8.4.5 “**Multiplier**” means the number seven (7).

(vi) “**Negative Remodel Adjustment Amount**” means Franchisor’s estimated cost to complete a remodel of the Restaurant based on the then-current remodel package approved by Franchisor, multiplied by a fraction, the numerator of which is the number of years since the date of the last complete remodel of the Restaurant (measured in 12-month increments since the date of the last complete remodel) and the denominator of which is five (5).

14.8.4.6 “**Purchase Price**” means the Adjusted EBITDA for the Restaurant multiplied by the Multiplier, subject to any additional adjustments contemplated in the Asset Purchase Agreement.

14.8.4.7 “**Trailing 12-Month Period**” means the period of twelve (12) consecutive calendar months ending as of the last day of the calendar month immediately preceding the date of the Initial Notice (or if no Initial Notice is given, the date of the Purchase Option Exercise Notice).

14.8.4.8 “**Triggering Event**” means Franchisee’s commission of any of the defaults specified in Section 17.2.1 of this Franchise Agreement, or Franchisee, the Owners or Guarantors are, in Franchisor’s judgment, impairing the goodwill associated with the Marks and the System by committing a default under Sections 17.2.6 or 17.2.7 of this Franchise Agreement or otherwise.

14.8.5 Franchisor may assign this Purchase Option to a third party at any time before the closing of the Asset Purchase Agreement, including, without limitation, to Texas Roadhouse, Inc. (“**TRI**”), any subsidiary of TRI, an Affiliate or any existing or prospective Jaggers franchisee. Further, and whether or not any such assignment is made, TRI will be a third-party beneficiary of this Section 14.8 and may enforce the Purchase Option directly, in its own name.

14.8.6 Neither Franchisee nor any of their respective Owners shall enter into any arrangement with any third party that would require such third party's approval of the transactions set forth herein or which may otherwise prevent or inhibit the ability of Franchisee to perform under this Section 14.8.

14.8.7 This Purchase Option shall survive the expiration or termination of this Agreement and shall act as an amendment to each Franchise Agreement executed pursuant hereto.

14.9 No Waiver. Franchisor's consent to the transfer of any interest described in this Section 14 shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand transferee's exact compliance with any of the terms of this Agreement.

## 15. INDEMNIFICATION

15.1 Indemnity. Franchisee and each Guarantor will, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its parents, Affiliates, successors and assigns, and the respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees of each of them ("**Indemnitees**"), from all Losses And Expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

15.1.1 The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any Owner of any patent, industrial design, mark or copyright or other proprietary right owned or controlled by third parties (excluding any action, suit proceeding, claim, demand, investigation or inquiry resulting from Franchisee's authorized use of the Marks and System in compliance with this Agreement);

15.1.2 The violation, breach, or asserted violation or breach, by Franchisee or any Owner of any applicable Legal Requirements or any industry standard or directive;

15.1.3 Libel, slander or any other form of defamation of Franchisor, the System or any developer or franchisee operating under the System, by Franchisee or any Owner;

15.1.4 The violation or breach by Franchisee or any Owner of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates;

15.1.5 any and all violations stemming from a Data Security Incident or any violations stemming from a breach of Personal Data; and

15.1.6 Acts, errors, or omissions of Franchisee or any Owner in connection with the development, construction and operation of the Restaurant.

References herein to "Franchisee or any Owner" shall include the officers, directors, shareholders, partners, members, agents, representatives, independent contractors and employees of each of them.

15.2 Defense of Claim. Franchisee shall give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. Franchisee shall promptly undertake the defense of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of Franchisee and each Guarantor, Franchisor may elect to assume (but under no circumstance is obligated to undertake) or associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor

will, in no manner or form, diminish the obligation of Franchisee and each Guarantor to indemnify the Indemnitees and to hold them harmless.

15.3 Remedial Action. In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that: (a) any of the acts or circumstances enumerated in Sections 15.1.1 - 15.1.4 above have occurred; or (b) any act, error, or omission as described in Section 0 may result directly or indirectly in damage, injury, or harm to any person or any property. Franchisor's election to settle shall not diminish Franchisee's obligation to defend, indemnify and hold the Indemnitees harmless from all liability. Franchisee shall give its full cooperation to Franchisor in assisting with the defense of any claim and shall not settle or compromise any claim in which any Indemnitee is a defendant without Franchisor's prior written consent, which Franchisor may grant or withhold in its sole discretion.

15.4 Contributory Negligence. The obligation of Franchisee and the Guarantors to indemnify and hold harmless the Indemnitees includes, without limitation, any claims related to or resulting from the actual or alleged strict liability, negligence or fault of any Indemnitee (whether such negligence be sole, joint or concurrent, or active or passive); provided, that this indemnity shall not apply to any liability arising from Franchisor's gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event this indemnity shall extend to any finding of comparative or contributory negligence attributable to Franchisee or any Owner.

15.5 Recovery Not Limited; Mitigation Not Required. All losses and expenses incurred under this Section 15 will be chargeable to and paid by Franchisee or any Guarantor pursuant to its obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense. Under no circumstances will the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee or any Guarantor. Franchisee and each Guarantor agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from Franchisee or any Guarantor by the Indemnitees.

15.6 Notice of Legal Actions. Within seven (7) days of receipt, Franchisee will notify Franchisor and provide copies of: (i) any legal action involving the Restaurant, Franchisee or Franchisor; or (ii) any judgment, order, or other decree related to the Restaurant or Franchisee. This Section 15.7 will not change any notice requirement that Franchisee may have under any insurance policies.

15.7 Survival of Obligation. The terms of this Section 15 will survive the termination, expiration or transfer of this Agreement or any interest herein.

## **16. RELATIONSHIP OF THE PARTIES**

16.1 Independent Contractor Relationship. The parties acknowledge and agree that this Agreement does not create a trust or fiduciary relationship between them, that Franchisee will be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose.

16.2 Notice of Relationship. During the Term, Franchisee will hold itself out to the public as an independent contractor conducting its Restaurant operations pursuant to the rights granted by Franchisor. Franchisee agrees to take such action as will be necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Restaurant established for the purposes hereunder or on any Restaurant catering or delivery vehicle, the content and form of which

Franchisor reserves the right to specify in writing. Franchisee further agrees to communicate clearly with Restaurant employees in applications, agreements, manuals, handbooks and other materials that Franchisee and not Franchisor is the employer of all Restaurant employees.

16.3 No Liability. Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee or any Owner to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Franchisee or any Owner or any claim or judgment arising therefrom. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's control. Each of the parties shall file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

## 17. **TERMINATION**

17.1 Material Obligations. Franchisee acknowledges and agrees that each of Franchisee's obligations described in this Agreement is a material and essential obligation of Franchisee; that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System; and that the exercise by Franchisor of the rights and remedies set forth herein is appropriate and reasonable.

17.2 Termination on Notice. Franchisee will be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon written notice to Franchisee, upon the occurrence of any of the following events:

17.2.1 If Franchisee becomes insolvent; or if proceedings are commenced in connection with a winding up, dissolution or liquidation of Franchisee; or if Franchisee makes a general assignment for the benefit of creditors; or if Franchisee is declared or adjudicated bankrupt or insolvent or files a voluntary petition or similar application under any section or chapter of any federal bankruptcy law or under any similar law or statute in the United States or any state or province thereof, or such a petition is filed against and consented to by Franchisee, or if an involuntary petition is filed with respect to Franchisee under any such laws and is not dismissed within 60 days after it is filed; or if Franchisee admits in writing its inability to pay its debts when due; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any Legal Requirements should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersede as bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Restaurant, the Restaurant Site, or equipment utilized at the Restaurant is instituted against Franchisee and not dismissed within thirty (30) days; or if any of Franchisee's real or personal property will be sold after levy thereupon by any sheriff, marshal or constable;

17.2.2 If Franchisee fails to acquire a site consented to in writing by Franchisor for the Restaurant within the time and in the manner specified in Section 2;

17.2.3 If Franchisee fails to construct or remodel the Restaurant in accordance with the plans or specifications provided to Franchisee, as adapted with Franchisor's approval in accordance with Section 3;

17.2.4 If Franchisee fails to open the Restaurant for business within the period specified in Section 3;

17.2.5 If Franchisee at any time ceases to operate or otherwise abandons the Restaurant, or loses the right to possession of the Restaurant Site, or otherwise forfeits the right to do or transact business in the jurisdiction where the Restaurant is located; provided, however, that this provision will not apply if through no fault of Franchisee the Restaurant or Restaurant Site is damaged or destroyed by, or the Franchisee is otherwise unable to operate the Restaurant as a result of, a Force Majeure Event, provided that Franchisee applies within thirty (30) days after such event, for Franchisor's consent to relocate or reconstruct the Restaurant or Restaurant Site (which consent will not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to Franchisor during the period in which the Restaurant is not in operation) and Franchisee diligently pursues such reconstruction or relocation;

17.2.6 If Franchisee or any Owner is convicted of, or has entered a plea of *nolo contendere* to, a felony, an indictable offense, a crime involving moral turpitude, or any other crime or offense that Franchisor in its sole discretion, believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interests therein;

17.2.7 If, in Franchisor's sole judgment, a threat or danger to public health or safety results from the construction, maintenance or operation of the Restaurant (including, without limitation, Franchisee's failure to follow Franchisor's standards or applicable Legal Requirements), and the prompt shutdown of the Restaurant is determined by Franchisor to be necessary to avoid substantial liability or loss of goodwill; provided, however, Franchisor shall reinstate this Agreement if, within six (6) months after termination under this Section, the threat or danger to public health or safety is eliminated and Franchisor determines that reopening the Restaurant would not cause a substantial loss of goodwill;

17.2.8 If Franchisee fails to propose a qualified replacement or successor Operating Principal within the time required under Section 6.3 or fails to propose a qualified replacement or successor Restaurant Manager within the time required under Section 6.4.2;

17.2.9 If Franchisee or any Owner purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or the Restaurant to any third party without Franchisor's prior written consent or without offering Franchisor a right of first refusal with respect to such transfer in violation of, or otherwise fails to comply with, Section 14 of this Agreement;

17.2.10 If Franchisee or any Owner fails to comply with the in-term covenants in Section 10.4;

17.2.11 If, contrary to the terms of Section 10.2, Franchisee or any Owner discloses or divulges any Confidential Information provided by Franchisor;

17.2.12 If Franchisee knowingly reports false sales and/or maintains false financial books or records related to the operations of the Restaurant or is grossly negligent with respect thereto;

17.2.13 If Franchisee or any Owner breaches in any material respect any of the covenants, or has falsely made any of the representations or warranties, set forth in Section 6;

17.2.14 If three (3) material events of default are committed under this Agreement within any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured after notice by Franchisor; or

17.2.15 If Franchisee or any of its Affiliates materially defaults under the terms and conditions of any other agreement between them and Franchisor or its Affiliates and fails to cure such default within the applicable cure period, if any, set forth in such agreement.

17.2.16 Termination with Notice and Opportunity to Cure. Except as provided in Section 17.2 upon any default by Franchisee which is susceptible of being cured, Franchisor may terminate this Agreement by giving written notice to Franchisee stating the nature of the default and the applicable cure period. Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the cure period. If any such default is not cured within the applicable cure period, or such longer period as Legal Requirements may require, this Agreement will terminate without further notice to Franchisee, effective immediately upon the expiration of the cure period or such longer period as Legal Requirements may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

17.2.17 If Franchisee or any of its Affiliates or any Guarantor fails, refuses, or neglects promptly to pay any monies owing to Franchisor or any of its Affiliates, when due under this Agreement, or to submit the financial or other information required by Franchisor under this Agreement and does not cure such default within five (5) days following notice from Franchisor;

17.2.18 If Franchisee operates the Restaurant or sells any products or services authorized by Franchisor for sale at the Restaurant at a site which has not been consented to in writing by Franchisor and does not cure such default within five (5) days following notice from Franchisor;

17.2.19 If Franchisee fails to obtain execution of the covenants and related agreements required under Section 6.4.1 or under Section 10 within thirty (30) days following written notice from Franchisor;

17.2.20 If Franchisee submits any false reports related to sales and/or financial records to Franchisor and fails to cure such default within thirty (30) days following notice from Franchisor;

17.2.21 If Franchisee fails to procure and maintain such insurance policies as required by Section 12 and Exhibit "H" and fails to cure such default within seven (7) days following notice from Franchisor;

17.2.22 If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's or its Affiliate's rights therein and fails to cure such default within twenty-four (24) hours following notice from Franchisor;

17.2.23 If Franchisee fails to maintain or observe any of the standards, specifications or procedures prescribed by Franchisor in this Agreement, the Manual, or otherwise in writing and fails to cure such default within thirty (30) days following notice from Franchisor; or

17.2.24 If Franchisee fails to comply with any other requirement imposed by this Agreement (including, without limitation any failure, refusal or neglect to obtain Franchisor's prior written consent as required herein), as it may from time to time be amended, or fails to carry out the terms of this Agreement in good faith and fails to cure such default within thirty (30) days following notice from Franchisor.

## 18. POST-TERM RIGHTS AND OBLIGATIONS

18.1 Obligations On Termination or Expiration. Upon termination or expiration (without renewal) of this Agreement, all rights granted hereunder to Franchisee will terminate, and:

18.1.1 Cease Operations. Franchisee will immediately cease to operate the Restaurant under this Agreement, and will not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

18.1.2 Cease Use of the Marks and Confidential Materials. Franchisee will immediately and permanently cease to use, in any manner whatsoever, any and all Confidential Information and Marks (including, without limitation, the mark “Jaggers”) and, without limitation, will cease to use all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks.

18.1.3 Cancel Assumed Name Registrations. Franchisee will take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark “Jaggers” or any other Trademark of Franchisor, and Franchisee will furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

18.1.4 No Future Identification with Jaggers. Franchisee agrees not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, in connection with any other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor’s rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

18.1.5 Pay Amounts Owed. Franchisee will promptly pay all sums owing to Franchisor and its Affiliates. Such sums will include all damages, costs and expenses, including reasonable attorneys’ fees, incurred by Franchisor as a result of any default by Franchisee, which obligation will give rise to and remain, until paid in full, and to the extent permitted by applicable law, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default.

18.1.6 Pay Enforcement Costs. Franchisee will pay to Franchisor all damages, costs and expenses, including reasonable attorneys’ fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18.

18.1.7 Deliver Manuals and Other Materials. Franchisee will immediately deliver to Franchisor all Manuals and other Confidential Information (including, without limitation, recipe books, records, files, instructions, correspondence, proprietary computer software, and all materials related to operating the Restaurant (including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Restaurant in Franchisee’s possession or control, and all copies thereof, all of which are acknowledged to be Franchisor’s property)), and will retain no copy or record of any of the foregoing, except Franchisee’s copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

18.1.8 De-Identify. Unless Franchisor acquires the Restaurant pursuant to Section 17.4 or Section 18.3, Franchisee will make such modifications or alterations to the

Restaurant as are necessary, in Franchisor's judgment, to distinguish the appearance of the Restaurant from that of other restaurants operating under the System and will make such specific additional changes as Franchisor may reasonably request. If Franchisee fails or refuses to do so, Franchisor will have the right to enter upon the premises of the Restaurant Site, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required at the expense of Franchisee. Franchisee agrees to pay such expenses upon demand.

18.1.9 Comply with Confidentiality and Non-competition Covenants. Franchisee and each Owner will comply with the post-term restrictions on the use and disclosure of Confidential Information contained in Section 10 of, and **Exhibit "E"** to, this Agreement, as applicable, and with the post-term non-competition covenants contained in Section 10 and **Exhibit "E"**, as applicable. Any other Person required to execute similar covenants will also comply with such covenants.

18.2 Franchisor's Post-Term Options. Unless otherwise acquired in connection with an exercise of Franchisor's Pre-Termination Purchase Option, upon termination or expiration (without renewal) of this Agreement,

18.2.1 Advertising and Promotional Materials. Franchisor will have the option to purchase, at Franchisee's cost, all advertising and sales promotion materials bearing the Marks or any of Franchisor's distinctive markings, designs, labels, or other marks, whether located on Franchisee's premises or under Franchisee's control at any other location. Promptly following termination or expiration (without renewal) of this Agreement, Franchisee shall provide to Franchisor an itemized list of all such materials. Franchisor will have the right to inspect these materials and shall exercise its purchase option (if at all) within thirty (30) days after such inspection. Materials not purchased by Franchisor will not be utilized by Franchisee or any other party for any purpose unless authorized in writing by Franchisor.

18.2.2 Option to Acquire Telephone Numbers and Other Business Listings. At Franchisor's option, Franchisee will assign to Franchisor all rights to the telephone numbers of the Restaurant and any related telephone directory Trademark listings, as well as all rights to any Internet websites, domain names, URLs, listings, services, search engines or systems and any other business listings related to the Restaurant. Franchisee will execute all forms and documents required by Franchisor, the telephone company, any internet service provider or domain name registrar, or other third party to transfer the telephone service, telephone numbers, domain names and other rights listed above to Franchisor. Franchisee hereby appoints Franchisor as its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking all action necessary to complete such assignment. This power of attorney will survive the expiration or termination of this Agreement. After the assignment, Franchisee will use different telephone numbers, domain names and listings at or in connection with any subsequent business it may conduct.

18.3 Franchisor's Additional Options On Expiration of Agreement. Upon expiration (without renewal) of this Agreement,

18.3.1 Option to Acquire Restaurant Site. Franchisee will, at Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Restaurant Site. Franchisee acknowledges and agrees that Franchisor shall have no obligation under any circumstances to reimburse or otherwise compensate Franchisee in connection with any such lease assignment, including, without limitation, no obligation to reimburse or otherwise compensate Franchisee for any leasehold improvement costs or expenses or other costs or expenses incurred by Franchisee in connection with the Restaurant premises. Franchisee also acknowledges and agrees that Franchisor shall have no obligation under any circumstances to reimburse or otherwise compensate Franchisee for any goodwill, business start-up costs, or other losses during start-up. If

Franchisee or its Affiliate owns the Restaurant Site, then Franchisor will have the option to purchase the Restaurant Site (including any building thereon) for the Fair Market Value of the land and building, at Franchisee's cost or Fair Market Value, whichever is less. Franchisor will purchase assets only and will assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. Franchisor may exercise its options hereunder at or within thirty (30) days after the expiration (without renewal) of this Agreement.

18.3.2 Option to Acquire Restaurant Assets. Franchisor will have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase any or all of the furnishings, equipment (including any computer hardware and software and related documentation), signs, fixtures, motor vehicles, supplies, and inventory of Franchisee related to the operation of the Restaurant, at Franchisee's cost or Fair Market Value, whichever is less. Franchisor will be purchasing Franchisee's assets only and will be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If any equipment used in the operation of the Restaurant is operated under a lease or sublease, Franchisee will, at Franchisor's option, assign to Franchisor any interest which Franchisee has in any such lease or sublease solely in consideration of Franchisor's agreement to assume Franchisee's obligations thereunder.

18.3.3 Closing. With respect to the options described in Sections 18.3.1 and 18.3.2,

18.3.4 Franchisee or its Affiliate (as applicable) will deliver to Franchisor in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents. Franchisee will be responsible for compliance with bulk sales law to the extent it applies and will bear the costs of that compliance.

18.3.5 Franchisor will have the right to set off against any payment due (i) all fees for any independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its Affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees) and will pay the remaining amount in cash.

18.3.6 The time for closing of the purchase and sale will be a date not later than thirty (30) days after the purchase price is determined, unless the parties mutually agree to designate another date; provided, that the time for closing on the assignment of the lease described in Section 18.3.1 will be a date no later than ten (10) days after Franchisor's exercise of its option thereunder unless Franchisor is exercising its option under Sections 18.3.2, in which case the date of the closing will be on the same closing date prescribed for such option. Closing will take place at Franchisor's corporate offices or at such other location as the parties may agree.

18.4. Assignment of Option Rights. Franchisor will be entitled to assign any and all of its options under Section 18.2 and Section 18.3 to any other party, without the consent of Franchisee.

## 19. MISCELLANEOUS

19.1 Notices. Any and all notices required or permitted under this Agreement will be in writing and will be deemed (i) at the time delivered by hand to the recipient (or to an officer, director or partner of the recipient party); (ii) on the same day of the transmission by facsimile, telegraph or other reasonably reliable electronic communication system; or (iii) at the date and time of delivery by an internationally recognized commercial carrier service (for example, without limitation, FedEx or UPS) for

overnight, two (2) or three (3) day delivery. All payments and reports required by this Agreement will be sent to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: Jagers Development Corporation  
6040 Dutchmans Lane  
Louisville, Kentucky 40205  
Attention: Legal Department  
Facsimile: (502) 426-9984  
Email: [legal@texasroadhouse.com](mailto:legal@texasroadhouse.com)

Notices to Franchisee  
and Guarantors:

\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Email: \_\_\_\_\_

19.2 Entire Agreement; Amendment. This Agreement, the documents referred to herein, and the addenda (if applicable), Attachments and Exhibits hereto, constitute the entire, full and complete agreement between Franchisor and Franchisee and all Guarantors concerning the subject matter hereof and will supersede all prior related agreements between Franchisor and Franchisee and all Guarantors. No officer, employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement or in any such franchise disclosure document. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation made by Franchisor in its most recent franchise disclosure document (including exhibits and amendments) delivered to Franchisee or Franchisee's representative. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

19.3 No Waiver. Franchisor shall not be deemed to waive or impair any right, power or option under this Agreement because of (i) any custom or practice at variance with the terms of this Agreement; (ii) any failure, refusal, delay or neglect to exercise any right under this Agreement or to insist on Franchisee's compliance with this Agreement or the System; (iii) Franchisor's waiver of or failure to exercise any right, power, or option (whether of the same, similar or different nature) with respect to other Jagers Restaurants; or (iv) Franchisor's acceptance of any payment from Franchisee after any breach of this Agreement.

19.4 Procedure for Approval or Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee will make a timely written request to Franchisor, and such approval or consent will be obtained in writing.

19.5 No Implied Warranties. Franchisor makes no warranties, conditions or guarantees, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore.

19.6 Force Majeure. If a Force Majeure Event occurs, then, in addition to payments required under Section 17.2.5, Franchisee will continue to be obligated to maintain insurance coverages specified in Section 12 and **Exhibit "H"** and to pay to Franchisor any and all amounts that it will have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence and during the continuance of any Force Majeure Event and the Indemnitees will continue to be indemnified and held

harmless by Franchisee in accordance with Section 15. Except as provided in Section 17.2.5 and the immediately preceding sentence, none of the parties hereto will be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by a Force Majeure Event. Upon the occurrence of any Force Majeure Event, the party affected thereby will give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party will promptly undertake and maintain with due diligence. Such affected party will be liable for failure to give timely notice only to the extent of damage actually caused. Notwithstanding the foregoing, for the Franchisee to be entitled to the relief given by this Section, Franchisee must be in full compliance with its obligations under this Agreement.

19.7 Mediation. Franchisor and Franchisee acknowledge that certain disputes may arise that Franchisor and Franchisee are unable to resolve, but that may be resolvable through mediation. Accordingly, except as set forth in Section 19.7.3, Franchisee and Franchisor agree to submit any claim, controversy or dispute between Franchisor or any of its Affiliates (and their respective owners, officers, directors, agents, representatives and/or employees) and Franchisee or any of its Affiliates (and their respective Owners, agents, representatives and/or employees) arising out of or related to this Agreement (including the validity of this Agreement), the relationship created by this Agreement, or any other agreement between them, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

19.7.1 The mediation shall be conducted by a mediator experienced in the mediation of food service business disputes, agreed upon by the parties and, failing such agreement within a reasonable period of time (not to exceed fifteen (15) days) after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization (“AAA”) in accordance with its rules governing mediation, at Franchisor’s corporate headquarters, currently in Louisville, Kentucky. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorney’s fees incurred by either party), shall be borne by the parties equally.

19.7.2 If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then either party may bring a legal proceeding under section 19.8. below to resolve such claim, controversy or dispute unless such time period is extended by written agreement of the parties. The parties agree that statements made by either party in any such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

19.7.3 Notwithstanding the foregoing provisions of this Section 19.7., this agreement to mediate shall not apply to controversies, disputes or claims related to or based on monies owed to the Franchisor or those related to the Marks or the Confidential Information. In addition, Franchisee and Franchisor each shall have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction and without posting a bond. A party’s only remedy if any such measure is entered against the party will be the dissolution of the injunction, if warranted, all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby.

19.8 Litigation. With respect to any controversies, disputes or claims which are not finally resolved through mediation as provided in Section 19.7. above, the parties irrevocably submit themselves to the jurisdiction of the state courts of Jefferson County, Kentucky and the federal district court for the Western District of Kentucky and hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. Franchisee and Franchisor agree that service of process may be made upon them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Kentucky or federal law. Franchisee and Franchisor further agree that venue for any proceeding relating to or arising out of this agreement shall be Jefferson County, Kentucky;

provided, however, with respect to any action (i) for monies owed, (ii) for injunctive or other extraordinary relief or (iii) involving possession or disposition of, or other relief relating to, real property, Franchisor may bring such action in any state or federal district court which has jurisdiction.

19.9 Governing Law. This Agreement, and all claims arising from or in connection with the relationship created hereby will be governed by and interpreted and construed under the laws of Kentucky, without regard to its conflicts of law rules.

19.10 Parties' Acknowledgments. Franchisee and Franchisor acknowledge that the agreements regarding applicable state law and forum set forth above provide each of Franchisor and Franchisee with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the relationship created by this Agreement. Franchisee and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit. Further, Franchisee and Franchisor acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Louisville, Kentucky, and further acknowledge that the performance of certain obligations of Franchisee arising under this agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of Franchisor, shall occur in Louisville, Kentucky.

19.11 Waiver Of Punitive Damages. Except with respect to Franchisee's obligation to indemnify Franchisor pursuant to Section 15 and claims Franchisor brings against Franchisee for Franchisee's unauthorized use of the Marks or unauthorized disclosure of any Confidential Information, Franchisor and Franchisee waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between Franchisee and Franchisor, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

19.12 Limitations Of Claim. Except for claims arising from Franchisee's nonpayment or underpayment of amounts owed to Franchisor pursuant to this Agreement and claims Franchisor brings with regard to Franchisee's obligations to indemnify Franchisor pursuant to Section 15, any and all claims arising out of or relating to this Agreement or the relationship between Franchisee and Franchisor pursuant to this Agreement will be barred unless an action is commenced within two (2) years from the date on which the act or event giving rise to the claim occurred, or two (2) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to such claims, whichever occurs first.

19.13 Jury Waiver. Franchisee and Franchisor hereby unconditionally and irrevocably waive any right to a jury trial in any action arising out of or in connection with this Agreement, the relationship created by this Agreement, or any other agreements between Franchisee and Franchisor or their respective Affiliates. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court. In the event of litigation, this Agreement may be filed as written consent to a trial by the court.

19.14 Costs of Enforcement. Franchisee agrees to pay or reimburse Franchisor for any of the costs and expenses which Franchisor incurs in enforcing this Agreement, including, without limitation, accounting, attorneys', arbitrators' and related fees.

19.15 Judgment; Discretion. Franchisee and Franchisor acknowledge that various provisions of this Agreement specify certain matters that are within the discretion or judgment of Franchisor or are otherwise to be determined unilaterally by Franchisor. If the exercise of Franchisor's discretion or judgment as to any such matter is subsequently challenged, the parties to this Agreement expressly direct the trier of fact that Franchisor's reliance on a business reason in the exercise of its discretion or judgment is to be viewed as a reasonable and proper exercise of such discretion or judgment, without regard to whether other reasons for its decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason.

19.16 Successors and Assigns. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

19.17 Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which when so executed will be an original, and all of which will constitute one and the same instrument. Each party agrees that signature pages may be exchanged by email or other electronic transmission and that electronic signatures of the parties have the same force and effect as manual signatures.

19.18 Headings. The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions will not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor will such captions otherwise be given any legal effect.

19.19 Survival. Any obligation of Franchisee or any Owner or Guarantor that contemplates performance of such obligation after termination or expiration of this Agreement or after the transfer of any interest in this Agreement or Franchisee will be deemed to survive such termination, expiration or transfer.

19.20 Severability. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement will be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this will not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter will continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions will be deemed not to be part of this Agreement; and there will be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which will be valid and not contrary to or in conflict with any law or regulation.

19.21 Gender. All references herein to the masculine, neuter or singular will be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by any Guarantor under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Franchisee in this Agreement will be deemed, jointly and severally, undertaken by such Guarantor.

19.22 Remedies Cumulative. All rights and remedies of the parties to this Agreement will be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates. The rights and remedies of the parties to this Agreement will be continuing and will not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Section 17 of this Agreement will not discharge or release Franchisee or any Guarantor from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

19.23 Interpretation. Each reference in this Agreement to a corporation or partnership will be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, Owners, directors, and officers of a corporation in this Agreement will be deemed to refer to the functional equivalents of such organizational documents, Owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity

or organization similar thereto. Any reference to “include” or “including” (or any similar term) shall be without limitation and shall not be construed as implying any limitation and general words introduced by the word “other” (or any similar term) will not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things.

19.24 No Third-Party Beneficiaries. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any Person other than Franchisee, Franchisor, and Franchisor’s Affiliates (and their respective successors and assigns as may be contemplated and, as to Franchisee, authorized by Section 15), any rights or remedies under or as a result of this Agreement.

19.25 Agreement Effective Upon Execution by Franchisor. This Agreement will not become effective until signed by an authorized officer of Franchisor.

## 20. **ACKNOWLEDGMENTS**

20.1 Representations and Warranties. Franchisee and each Owner represent and warrant to Franchisor, that: (a) neither Franchisee, Owner, nor anyone acting on behalf of Franchisee or Owner has made any untrue statement of any material fact or has omitted to state any material fact in obtaining the rights granted hereunder; and, (b) neither Franchisee nor any Owner has any direct or indirect legal or beneficial interest in Competitive Business, except as otherwise completely and accurately disclosed in writing to Franchisor. Franchisee and each Owner recognize that Franchisor has relied on all of the statements Franchisee and each Owner made in connection therewith.

### 20.2 Disclosure of Information.

20.2.1 Franchisee expressly permits Franchisor to disclose in any franchise disclosure document (whether required by law to be provided to a prospective franchisee or made available on a voluntary basis) personal information relating to Franchisee and the Owners and, if applicable, Franchisee’s directors and shareholders, including their names, addresses, telephone numbers and facsimile numbers, as well as sales, revenues, expenses, costs, results of operations, and similar information regarding Franchisee’s Restaurant, and any information regarding non-renewal, closure, expiry or termination of this Agreement. Franchisee will obtain the consent of any of its persons and entities necessary to permit the disclosure of their personal information as contemplated under this Section 20.2.1.

20.2.2 Franchisee expressly permits Franchisor to disclose financial performance information related to Franchisee’s Restaurant, including sales, revenues, results of operations and similar information, to other Jagers franchisees, including through the publication of financial performance ranking on a Restaurant-by-Restaurant basis.

20.3 Execution by Authorized Representative. Franchisee represents that its legal representative executing this Agreement has the necessary authority to represent it and act on behalf of it, which authority has not been revoked, limited nor modified in any manner whatsoever.

*[Signatures appear on the following pages]*

**IN WITNESS WHEREOF**, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date set forth below.

**FRANCHISOR**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
  
Date: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
  
Date: \_\_\_\_\_

## **GUARANTEE AND ASSUMPTION AGREEMENT**

This Guarantee and Assumption Agreement (this “**Guarantee**”) is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, in consideration of, and as an inducement to, **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“**Franchisor**”), to enter into that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”) with \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**”). Each of the undersigned and any other parties who sign counterparts of this Guarantee (referred to herein individually as a “**Guarantor**” and collectively as “**Guarantors**”) are direct or indirect owners of Franchisee and will receive material benefit from the execution of the Agreement by Franchisor.

Each Guarantor, individually, jointly and severally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee’s obligations under the Agreement will be punctually paid and performed. Upon default by Franchisee under the Agreement, or upon notice from Franchisor, each Guarantor shall immediately make each payment and perform each obligation required of Franchisee under such Agreement (collectively, “**Franchisee’s Obligations**” or “**Obligations**”).

Each Guarantor waives:

- (i) all statutes of limitations as a defense to any action brought by Franchisor against such Guarantor; and
- (ii) any defense based upon the unenforceability or invalidity of all or any part of the Franchisee’s Obligations or Franchisor’s present or future method of dealing with any Guarantor; and
- (iii) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and
- (iv) notice of demand for payment of any indebtedness or nonperformance of any Obligations hereby guaranteed; and
- (v) protest and notice of default to any party with respect to the indebtedness or nonperformance of any Obligations hereby guaranteed; and
- (vi) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability or to require Franchisor to accelerate the Franchisee’s Obligations or to proceed and to exhaust any recourse against Franchisee or resort to or marshal or realize on any security it may hold before being entitled to payment from Guarantor; and
- (vii) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guarantee; and
- (viii) all surety defenses and rights of every nature otherwise available under the laws of any jurisdiction; and
- (ix) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

- (a) his or her direct and immediate liability under this Guarantee will be joint and several not only with Franchisee, but also among the Guarantors; and
- (b) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and
- (c) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
- (d) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Agreement or by any extension of time, credit or other indulgence that 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 will in any way modify or amend this Guarantee, which will be continuing and irrevocable throughout the Term of the Agreement and for so long thereafter as there are any monies or Obligations owing by Franchisee to Franchisor under the Agreement; and
- (e) Franchisee's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

This Guarantee shall be a continuing guarantee, and the liability and obligation of each Guarantor shall be absolute and remain in full force and effect and shall not be released or discharged without a written release of Franchisor releasing the undersigned from their obligations hereunder.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Guarantor set forth in the Agreement and is obligated to perform thereunder and expressly agrees to be bound thereby, including, without limitation, under the following Sections of the Agreement: 6.2, 10, 14.2 through 14.8, 15, 17.4, 18, 19.7 through 19.14., 19.19 and 20. These obligations of the undersigned shall survive any expiration, termination or transfer of the Agreement or any interest therein and include a number of provisions that may affect the legal rights of the undersigned, including a waiver of jury trial, waiver of punitive or exemplary damages and limitations on when claims may be raised.

Guarantor acknowledges and agrees that Guarantor has received and read a copy of the Agreement and understands all of Franchisee's Obligations contained in the Agreement.

Without in any way diminishing the liability of Guarantor under this Guarantee, all debts and liabilities, present or future, owed by Franchisee to Guarantor are hereby postponed to the payment in full of all indebtedness and liabilities (present and future, contingent or otherwise) of Franchisee to Franchisor. All monies received by Guarantor or legal representatives of Guarantor or assigns from Franchisee will be paid over to Franchisor for so long as there is any indebtedness outstanding from Franchisee to Franchisor or its Affiliates. This postponement is independent of and severable from this Guarantee and will remain in full effect whether or not Guarantor is liable for any amount under this Guarantee.

Guarantor agrees to indemnify and save Franchisor harmless from and against, and reimburse Franchisor for, all costs and expenses it may suffer as a result or consequence of attempting to enforce this Guarantee and the Agreement and any inability by Franchisor to recover the ultimate balance due or remaining unpaid to Franchisor in respect of Franchisee's Obligations, including, but not limited to, legal and accounting fees and costs, administrative, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding,

whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding.

This Guarantee shall be governed by and construed in accordance with Kentucky law, without reference to Kentucky conflict of law principles.

**IN WITNESS WHEREOF**, each Guarantor has hereunto affixed his signature on the same day and year as the Agreement was executed.

**GUARANTORS**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDMENT TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE AGREEMENT**

**FOR THE STATE OF CALIFORNIA**

The Jagers Franchise Agreement between \_\_\_\_\_ (“**Franchisee**” or “**You**”) and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“**Franchisor**”), dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”):

**CALIFORNIA LAW MODIFICATIONS**

1. The California Department of Corporations requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. California Business and Professions Code 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.
- b. The Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- c. The Agreement contains a covenant not to compete which extends beyond the expiration or termination of the franchise. This provision may not be enforceable under California law.
- d. The Agreement requires application of the laws of Kentucky. This provision may not be enforceable under California law.
- e. The Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- f. Payment of all initial fees is postponed until after all franchisor’s initial obligations are complete and franchisee is open for business.
- g. 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. See NASAA STATEMENT OF POLICY REGARDING THE USE OF FRANCHISE QUESTIONNAIRES AND ACKNOWLEDGMENTS. <https://www.nasaa.org/wp-content/uploads/2022/11/sop-franchise-questionnaires.pdf>
- h. The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit is deferred until that unit is open.

IN WITNESS WHEREOF, Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDMENT TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE AGREEMENT**

**FOR THE STATE OF ILLINOIS**

The Jagers Franchise Agreement between \_\_\_\_\_ (“*Franchisee*” or “*You*”) and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“*Franchisor*”), dated \_\_\_\_\_, 20\_\_ (the “*Agreement*”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “*Amendment*”):

**ILLINOIS LAW MODIFICATIONS**

1. The Illinois Attorney General’s Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 *et seq.* To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to You concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.
- c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.
- d. If this Agreement requires that it be governed by a state’s law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, Illinois law governing claims arising under the Act will control.

2. Section XIX, “**Miscellaneous**” should be amended by the addition of the following as the last sentence of the section:

“However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/41.”

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice

of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDMENT TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE AGREEMENT**

**FOR THE STATE MARYLAND**

The Jagers Franchise Agreement between \_\_\_\_\_ (“**Franchisee**” or “**You**”) and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“**Franchisor**”), dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”):

**MARYLAND LAW MODIFICATIONS**

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., BUS. REG. §§ 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2010) (the “**Law**”). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.
- b. Any acknowledgments or representations of Franchisee made in the agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Law.
- c. A Franchisee may bring a lawsuit in Maryland for claims arising under the Law.
- d. The limitation on the period of time mediation and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a Franchisee for bringing a claim arising under the Law. Any claims arising under the Law must be brought within 3 years after the grant of the franchise.
- e. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- f. Based on the Franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_\_\_. This Agreement shall not become effective until signed by an authorized officer of Franchisor.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDMENT TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF MINNESOTA**

The Jagers Franchise Agreement between \_\_\_\_\_ (“**Franchisee**” or “**You**”) and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“**Franchisor**”), dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”):

**MINNESOTA LAW MODIFICATIONS**

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 *et seq.*, and the Rules and Regulations promulgated under the Act (collectively the “**Franchise Act**”). To the extent that the Agreement/and or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the franchisor’s proprietary marks infringes trademark rights of the third party.
- b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
- c. If Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.
- d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.
- e. Any provision that requires Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat § 80C.17, Subd. 5. may not be enforceable under Minnesota.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the franchise disclosure document or agreement can

abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement/and or Franchise Disclosure Document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse the franchisee from liability for actual or other damages and the formula for Liquidated Damages in the Agreement/and or Franchise Disclosure Document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement/and or Franchise Disclosure Document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement/and or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

6. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDMENT TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE AGREEMENT**

**FOR THE STATE NEW YORK**

The Jagers Franchise Agreement between \_\_\_\_\_ (“*Franchisee*” or “*You*”) and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“*Franchisor*”), dated \_\_\_\_\_, 20\_\_ (the “*Agreement*”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “*Amendment*”):

**NEW YORK LAW MODIFICATIONS**

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.
- b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

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2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDMENT TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE AGREEMENT**

**FOR THE STATE OF NORTH DAKOTA**

The Jagers Franchise Agreement between \_\_\_\_\_ (“*Franchisee*” or “*You*”) and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“*Franchisor*”), dated \_\_\_\_\_, 20\_\_ (the “*Agreement*”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “*Amendment*”):

**NORTH DAKOTA LAW MODIFICATIONS**

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.
- b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.
- d. If the Agreement requires that it be governed by the law of a state, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.
- e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.
- f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.
- g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

- h. Any provision that provides that Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota Law.
- i. Any provision that requires Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota Law may not be enforceable under North Dakota Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDMENT TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE AGREEMENT**

**FOR THE STATE OF RHODE ISLAND**

The Jagers Franchise Agreement between \_\_\_\_\_ (“*Franchisee*” or “*You*”) and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“*Franchisor*”), dated \_\_\_\_\_, 20\_\_ (the “*Agreement*”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “*Amendment*”):

**RHODE ISLAND LAW MODIFICATIONS**

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law, tit. 19 chap. 28.1 §§19-28.1-1 -19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-28.1-14.
- b. If this Agreement requires that it be governed by a state’s law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.
- c. If Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDMENT TO JAGGERS DEVELOPMENT CORPORATION  
FRANCHISE AGREEMENT**

**FOR THE STATE OF WASHINGTON**

The Jagers Franchise Agreement between \_\_\_\_\_ (“**Franchisee**” or “**You**”) and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation (“**Franchisor**”), dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”):

**WASHINGTON LAW MODIFICATIONS**

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 RCW 19.100.220(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.

IN WITNESS WHEREOF, Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISOR:**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT “A”**

### **DEFINITIONS**

Capitalized terms have the following meanings:

“**Affiliate**” means, with respect to Franchisor, Franchisee or any Owner, any Person which, directly or indirectly, controls, is controlled by, or is under common control with such party.

“**Agreement**” is defined in the Preamble to this Agreement.

“**Adjusted EBITDA**” is defined in Section 14.8.4 of this Agreement.

“**Affiliate Arrangement**” is defined in Section 14.8.4 of this Agreement.

“**Approved Supplier**” means any supplier (including manufacturers, distributors and other sources) who demonstrates the ability to meet Franchisor’s then-current standards and specifications for items used or offered for sale at Jagers Restaurants; who possess adequate quality controls and capacity to supply Franchisee’s needs promptly and reliably; who has been approved in writing by Franchisor prior to any purchases by Franchisee; and who has not thereafter been disapproved by Franchisor. Franchisor may, from time to time, publish lists of its then-current Approved Suppliers in the Manuals or otherwise in writing.

“**Asset Purchase Agreement**” is defined in Section 14.8.4 of this Agreement.

“**Assigned Area**” is defined in Section 1.3 and **Exhibit “B”** to this Agreement.

“**Business Day**” means any day other than Saturday, Sunday or national holidays in the U.S.

“**Cash Register System**” means computer-based point of sale systems approved by Franchisor or such other types of cash registers or back office programs used to record, analyze and report sales, labor, inventory and tax information as may be designated by Franchisor in the Manual or otherwise in writing.

“**Competitive Business**” means any fast-casual restaurant of a character and concept that is the same as or similar to Jagers Restaurants operating under the Jagers System (as such System evolves or changes over time) including: (A) a fast-casual restaurant featuring the sale of burgers (including, by way of example and not limitation, Five Guys, Shake Shack or Smashburger), or (B) a fast-casual restaurant featuring the sale of chicken (including, by way of example and not limitation, Chick-fil-A, PDQ, Raising Cane’s, or Zaxby’s), except for those existing restaurant concepts set out in **Exhibit “G”** to this Agreement and any other specific restaurant concepts which Franchisor may in the future expressly consent in writing to be excluded from this definition.

“**Computer System**” means the computer systems, and hardware to be used by Jagers Restaurants, including without limitation: (i) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Jagers Restaurants,; (ii) Cash Register Systems; (iii) physical, electronic, and other security systems; (iv) printers and other peripheral devices; (v) archival back-up systems; and (vi) internet access mode and speed.

“**Confidential Information**” means any and all information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to Franchisee, or which Franchisee or its employees develop, in connection with this Agreement or the operation of the Restaurant hereunder, including, without limitation, any actual or potential recipes, menu items, Approved Suppliers,

products, services, systems, applications, procedures, or methods of advertising, marketing, training, inventory or financial controls, management, service or procurement, and any confidential matter regarding the business of Franchisor or any of its Affiliates. Confidential Information includes, without limitation, Franchisor's Manuals, conceptual schematic designs, standard prototypical design documents, menu design, local store marketing and standard photography. Confidential Information does not include any information which (a) is already known to Franchisee or is publicly available at the time of disclosure by Franchisor; (b) is disclosed to Franchisee by a third party not known by Franchisee to have an obligation of confidentiality to Franchisor; or (c) becomes publicly available after disclosure by Franchisor through no fault of Franchisee, its Affiliates; its employees or Owners.

**"Control"** or **"Controlling Interest"** means, with respect to Franchisee, the power, directly or indirectly (including via a nominee arrangement), either to (i) vote fifty percent (50%) or more of the securities having ordinary voting power; (ii) determine the majority of the board of directors, management committee or similar governing body of Franchisee; or (iii) direct or cause the direction of the management and policies of Franchisee whether by contract or otherwise.

**"Crisis Management Event"** means any event that has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, data breaches, real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

**"Data"** means all content, materials, or other data hosted, submitted, sent, or uploaded to Franchisor's system from Franchisee's Computer System, or downloaded or otherwise transferred from Franchisee's Computer System to Franchisor's system.

**"Data Security Incident"** means a suspected, attempted, successful, or imminent threat of unauthorized access, use, disclosure, breach, modification, or destruction of Personal Data or Confidential Information or interference with information technology operations.

**"Deceased"** is defined in Section 14.6.1 of this Agreement.

**"Deposit"** is defined in Section 5.2 of this Agreement.

**"Design Services"** means the graphic design services offered by the in-house Jagers design department for use in connection with the marketing, advertising and promotion of Jagers Restaurants.

**"Design Services Fee"** means a project-based fee for the Design Services agreed upon in advance. Franchisee may deposit with Franchisor an agreed upon monthly retainer which will be applied against all project-based Design Services Fees.

**"Design Specifications"** is defined in Section 2.3.1 of this Agreement.

**"Designated Area"** is defined in Section 1.2 and **Exhibit "B"** to this Agreement.

**"Development Agreement"** means that certain Development Agreement dated \_\_\_\_\_ by and between Franchisor, as franchisor, and \_\_\_\_\_, as developer.

**"Digital Marketing Platforms"** means social media accounts, blogging and vlogging accounts, file or media sharing accounts, applications, mobile applications, keyword or ad word purchasing programs, e-mail marketing campaigns, metaverse or similar virtual-reality space, or other means of digital advertising on the internet or any electronic communications network.

**“Dollars”, “U.S. Dollars”, “US\$” and “\$”** mean the legal currency of the United States.

**“DSP”** means a food delivery or aggregator service.

**“Due Date”** is defined in Section 4.2.1 of this Agreement.

**“EBITDA”** is defined in Section 14.8.4 of this Agreement.

**“Effective Date”** is defined in the Preamble to this Agreement.

**“Fair Market Value”** means the fair market value of the specified assets or interests as mutually agreed by the parties. If the parties cannot agree on the fair market value within a reasonable period of time (not to exceed thirty (30) days following the event giving rise to the determination), fair market value will be determined by two (2) appraisers. Each party shall select one (1) appraiser, and the average of their determinations will be binding. In the event of such appraisal, each party will bear its own legal and other costs and the parties will split the appraisal fees.

**“Family Member”** means an individual’s spouse or domestic partner, children, stepchildren, grandchildren, parents, stepparents, siblings, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, or first- or second-cousins.

**“Force Majeure Event”** means any event or circumstance, which is unforeseeable and beyond the reasonable control of the affected party, which could not have been prevented by the exercise of reasonable skill and care, and which causes a delay in or interrupts or prevents the total or partial performance by the affected party of its obligations under this Agreement, including, but not limited to, acts of God, strikes, lockouts or other industrial disturbances, terrorism, war, riot, epidemic, fire or other catastrophe.

**“Franchisee”** is defined in the Preamble to this Agreement.

**“Franchisor”** is defined in the Preamble to this Agreement.

**“Fund” or “Brand Development Fund”** is defined in Section 8.2 of this Agreement.

**“GAAP”** means United States generally accepted accounting principles in effect from time to time.

**“Gift Cards”** is defined in Section 7.12 of this Agreement.

**“Guarantor”** means Owners of the Franchisee designated by Franchisor to sign the Guarantee.

**“Indemnities”** is defined in Section 15.1 of this Agreement.

**“Initial Franchise Fee”** is defined in Section 4.1 of this Agreement.

**“Initial Notice”** is defined in Section 14.8.2 of this Agreement.

**“Initial Term”** is defined in Section 3.1 of this Agreement.

**“Initial Orientation Program”** is defined in Section 6.7 of this Agreement.

**“Initial Training Program”** is defined in Section 6.7.1 of this Agreement.

**“Intellectual Property Rights”** means all intellectual property rights comprising or relating to: (a) all patents, patent applications, other patent rights, and any other governmental authority-issued indicia of invention ownership; (b) all rights in and to United States and foreign trademarks, service marks, tradenames, brand names, logos, trade dress, corporate names, logos, insignia, slogans, emblems, symbols, designs, and domain names, and other similar designations or indicia of source, ownership, sponsorship, association, or origin, together with the goodwill symbolized by any of the foregoing, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, these rights and all similar or equivalent rights or forms of protection in any part of the world (**“Trademarks”**), including the Marks; (c) internet domain names, whether or not Trademarks, registered by any authorized private registrar or Governmental Authority, web addresses, web pages, website, and URLs; (d) works of authorship, expressions, designs, and design registrations, whether or not copyrightable, including copyrights and copyrightable works, software, and firmware, data, data files, and databases and other specifications and documentation; (e) all inventions, discoveries, trade secrets, business and technical information and know-how, and other confidential and proprietary information and all rights therein, including, without limitation, the Manuals, Work Product, and Confidential Information; and (f) all industrial, moral, and other intellectual property rights, and all rights, interests, and protections that are associated with, equivalent or similar to, or required for the exercise of, any of the foregoing, however arising, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, these rights or forms of protection under the Laws or other requirement or rule of law of any governmental authority of any jurisdiction.

**“Jaggers Restaurant”** is defined in Recital A of this Agreement.

**“Lease”** is defined in Section 14.8.2.

**“Legal Requirements”** means all laws, constitutions, ordinances, codes, regulations, statutes, rules, orders, judgments, decrees and policies (including, without limitation, those relating to privacy and personal data protection) of any governmental entity, agency or judicial body applicable to Franchisee or the Restaurant.

**“Local Store Marketing”** is defined in Section 8.3.1 of this Agreement.

**“Losses And Expenses”** means, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys’ fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisor’s reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

**“Loyalty Programs”** means loyalty, recognition, affinity, or other programs designed to promote Jaggers Restaurants and their products designated or approved by Franchisor or its Affiliates, or any similar, complementary, or successor programs.

**“Manual”** or **“Manuals”** means Franchisor’s operating systems manual, basic design manual, and other written guidelines or materials that Franchisor has developed which relate to the procedures, methods, standards, and specifications for developing and operating Jaggers Restaurants, as modified from time to time by Franchisor. The term “Manual” or “Manuals” also includes alternative or supplemental means of communicating such information to Franchisee, including electronically, as well as by bulletins, videotapes, audio tapes, compact discs, computer diskettes and CD ROMs. The term “Manual” or “Manuals” does not refer to a single specific compilation of information, but rather to Franchisor’s then-current standards,

specifications, instructions, requirements, methods and procedures for management and operation of a Jaggers Restaurant, which may exist in numerous formats and locations.

**“Marks”** is defined in Recital D of this Agreement.

**“Monthly Sales Report”** is defined in Section 4.2.2 of this Agreement.

**“Multiplier”** is defined in Section 14.8.4 of this Agreement.

**“Multi-Unit Manager”** is defined in Section 6.5 of this Agreement.

**“Negative Remodel Adjustment Amount”** is defined in Section 14.8.4 of this Agreement.

**“Opening Date”** is defined in Section 2.4 and **Exhibit “B”** to this Agreement.

**“Opening Team Guidelines”** is defined in Section 5.2 of this Agreement.

**“Operating Principal”** means the Owner appointed in accordance with Section 6.3 of this Agreement and identified on **Exhibit “D”** to this Agreement.

**“Owner”** means the persons or entities holding direct or indirect, legal or beneficial interest in Franchisee or who has any other legal or equitable interests in the revenue, profits, rights or assets of Franchisee. The Owners of Franchisee as of the Effective Date are listed on **Exhibit “D”**.

**“Permanent Disability”** means any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guarantee of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely.

**“Person”** means an individual, corporation, limited liability company, partnership, association, joint stock company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, court or governmental unit or any agency or subdivision thereof, or any other legally recognizable entity.

**“Personal Data”** means any information about an identified or identifiable natural person, including profiles and guest preferences assembled from any loyalty program.

**“Plans”** is defined in Section 2.3.2 of this Agreement.

**“Privacy Laws”** means any applicable laws that govern the collection, protection, use, storage, retention, transfer, or other processing of Personal Data, including: (a) California Consumer Privacy Act, California Civil Code § 1798.100 et seq., (with any implementing regulations and as may be amended from time to time); (b) Payment Card Industry Data Security Standards; and (c) any other applicable laws and regulations in any jurisdiction where the Jaggers Restaurants operate as a business.

**“Publicly-Held Corporation”** means a corporation or other entity that is registered pursuant to Section 12 of the U.S. Securities Exchange Act of 1934 (the **“Act”**) or a corporation subject to the requirements of Section 15(d) of such Act, as amended, or the equivalent provision under applicable Legal Requirements.

**“Purchase Option”** is defined in Section 14.8.1.

**“Purchase Option Exercise Notice”** is defined in Section 14.8.2.

**“Purchase Price”** is defined in Section 14.8.2.

**“Real Property”** is defined in Section 14.8.2.

**“Rebates”** is defined in Section 7.4 of this Agreement.

**“Renewal Term”** is defined in Section 3.2 of this Agreement.

**“Reserved Area”** means any locations and areas that Franchisor determines, in its sole discretion, to have a restricted trade area, which includes, without limitation, any military bases and installations, malls, amusement parks, theme parks, casinos, convention centers, health and fitness facilities, sports stadiums and arenas, zoos, aquariums, airports, train stations, office buildings, toll plazas, hospitals, universities, and schools.

**“Restaurant”** is defined in Section 0 of this Agreement.

**“Restaurant Manager”** is defined in Section 6.4 of this Agreement.

**“Restaurant Operational Data”** means the records of all Restaurant sales, product mix, comparative Restaurant data, customer counts, and other similar data and information maintained or collected by Franchisee, as required by System standards.

**“Restaurant Site”** is defined in Section 1.2 of this Agreement.

**“Royalty Fee”** is defined in Section 4.2.1 of this Agreement.

**“Royalty Report”** is defined in Section 4.2.2 of this Agreement.

**“Royalty Sales”** is defined in Section 4.5 of this Agreement.

**“Section 368”** is defined in Section 17.4.2 of this Agreement.

**“Single Unit Operator”** is defined in Section 6.4 of this Agreement.

**“Store Opening Team”** is defined in Section 5.2 of this Agreement.

**“System”** is defined in Recital 0 of this Agreement.

**“Taxes”** means all present or future taxes, charges, fees, levies, duties, imposts, contributions, withholding and assessments of any kind and any other taxes (together with any related fine, penalty, surcharge or interest) including but not limited to, income taxes, gross receipt taxes, estimated taxes, corporate taxes, branch taxes, property taxes (whether relating to real or personal, tangible or intangible property), net worth taxes, social security taxes, welfare taxes, pension taxes, employment, consultant and payroll-related taxes, withholding taxes, transfer taxes, custom duties, import taxes, VAT, consumption taxes, goods and services taxes, stamp duties, recording fees, and any other assessments of any kind or of similar nature, however denominated or imposed, by any federal, provincial, state, local, or foreign government, province, agency or authority anywhere in the world.

**“Term”** means the Initial Term and any applicable Renewal Term.

**“Trade Dress”** is defined in Recital B of this Agreement.

**“Trailing 12-Month Period”** is defined in Section 14.8.4.

**“Transaction Tax”** has the meaning given to it in Section 4.6 of this Agreement.

**“Triggering Event”** is defined in Section 14.8.4.

**“TRI”** is Texas Roadhouse, Inc.

**“U.S.”** means the United States of America.

**“Website”** is defined in Section 7.9.2 of this Agreement.

**“Weekly Sales Report”** is defined in Section 4.2.2 of this Agreement.

**“Work Product”** is defined in Section 10.3 of this Agreement.

**EXHIBIT "B"**

**SELECTED TERMS**

**1. DESIGNATED AREA**

Pursuant to Section 1.2 of this Agreement, the Designated Area within which the Restaurant Site will be located is:

\_\_\_\_\_

This Agreement is executed pursuant to a Development Agreement dated \_\_\_\_\_, by and between Franchisor and \_\_\_\_\_. Accordingly, the Designated Area corresponds to the Territory described in the Development Agreement.

**2. RESTAURANT SITE CONSENTED TO BY FRANCHISOR**

Pursuant to Section 1.2 of this Agreement, the Restaurant will be located at the following Restaurant Site consented to by Franchisor:

\_\_\_\_\_

**3. ASSIGNED AREA**

Pursuant to Section 1.3 of this Agreement, Franchisee's Assigned Area will be the area described below, as further illustrated on the map attached hereto.

**4. OPENING DATE**

Pursuant to Section 3.4.1 of this Agreement, the Opening Date of the Restaurant is \_\_\_\_\_.

## **EXHIBIT "C"**

### **LEASE TERMS**

Unless otherwise agreed by Franchisor in writing, the lease for the Restaurant premises shall contain substantially the following terms:

(1) During the Term of the Franchise Agreement, the Premises will be used only for the operation of the Restaurant.

(2) Landlord consents to Franchisee's use of such marks and neon signs, border neon, exterior roof and building material, decor items, color schemes and related components of the Jagers restaurant system as Franchisor may prescribe for the Restaurant.

(3) Landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the Lease and the Premises, at the same time that such letters and notices are sent to Franchisee.

(4) Franchisor will have the right to enter the Premises to make any modification or alteration necessary to protect the Jagers restaurant system and marks. Franchisor will also have the right, but not the obligation to cure any default under the Franchise Agreement entered into between Franchisor and Franchisee or under the Lease, without being guilty of trespass or any other crime or tort.

(5) Franchisee will be permitted to assign the Lease to Franchisor, its Affiliates or an approved Jagers franchisee upon the expiration or earlier termination of the Franchise Agreement or upon any purchase of Franchisee's assets under Section 15 of the Franchise Agreement, and the Landlord hereby consents to (and agrees to provide written consent to) such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate or increase rent under the Lease in connection with such assignment.

(6) In the event of such assignment, Franchisor or any Affiliate or other Jagers franchisee designated by Franchisor may agree to assume from the date of assignment all obligations of Franchisee remaining under the Lease, and in such event Franchisor or any Affiliate will assume Franchisee's occupancy rights, and the right to sublease the Premises, for the remainder of the term of the Lease. Franchisee shall be responsible for payment of any stamp duty charged.

(7) Franchisee will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.

(8) Landlord and Franchisee will not amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(9) Landlord acknowledges and agrees that Franchisor does not have any liability, obligation, or commitment to Landlord.

(10) These terms will supersede any conflicting terms of the Lease.

**EXHIBIT "D"**

**OWNERSHIP AND MANAGEMENT STRUCTURE**

1. The following is a list of all shareholders, partners or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

| <b>Name</b> | <b>Percentage of Ownership</b> | <b>Nature of Interest</b> |
|-------------|--------------------------------|---------------------------|
|             |                                |                           |
|             |                                |                           |

2. Franchisee's Operating Principal is: \_\_\_\_\_.
3. The Restaurant Single Unit Operator is: \_\_\_\_\_.

## EXHIBIT "E"

### CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

THIS CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE (this "**Agreement**") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation ("**Franchisor**"), \_\_\_\_\_, a \_\_\_\_\_ ("**Franchisee**"), and \_\_\_\_\_ ("**Covenantor**").

### **RECITALS**

WHEREAS, Franchisor has developed or has acquired the right to use and license the use of a distinctive System (as defined below) for the development and operation of fast-casual restaurants under the name and mark "Jaggers" ("**Restaurants**" or "**Jaggers Restaurants**"); and

WHEREAS, the System includes, but is not limited to, certain identifying Marks and Confidential Information (each as defined below); and

WHEREAS, the Marks and Confidential Information provide economic advantages to Franchisor; and

WHEREAS, the Confidential Information is not generally known to, and are not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the Confidential Information; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Confidential Information; and

WHEREAS, Franchisor has granted Franchisee the right to open and operate that certain Jaggers Restaurant at \_\_\_\_\_ under a Franchise Agreement dated \_\_\_\_\_, 20\_\_ ("**Franchise Agreement**"); and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance of restricting the use, access and dissemination of the Confidential Information; and

WHEREAS, it will be necessary for certain direct and indirect owners, managers and other personnel of Franchisee (each, a "**Covenantor**") to have access to and to use some or all of the Confidential Information in the management and operation of the Restaurant; and

WHEREAS, Franchisee has agreed to obtain from those Covenantors written agreements protecting the Confidential Information and the System against unfair competition; and

WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Franchisee; and

WHEREAS, Covenantor wishes and needs to receive and use the Confidential Information in the course of his employment or association in order to effectively perform his services for Franchisee; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants

made by Covenantor herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

### **Confidentiality Agreement**

1. Covenantor shall receive the Confidential Information in confidence and shall, at all times, maintain it in confidence, and use it only in the course of his employment or association with Franchisee and then only in connection with the operation by Franchisee of the Restaurant business in accordance with the Franchise Agreement.

2. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission. Without limitation of the foregoing, Covenantor acknowledges that access to Franchisor's Manuals is provided for limited purposes only and such Manuals remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

3. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the operation of the Restaurant business.

4. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor upon the earlier of: (a) a request to do so, or (b) termination of Covenantor's employment by Franchisee, or (c) sale of Covenantor's direct or indirect interest in Franchisee, or (d) conclusion of the use for which such Confidential Information may have been furnished to Covenantor.

5. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

### **Agreement Relating to Work Product**

If Covenantor develops any new concept, process, recipe, menu item, improvement, invention, or work of authorship in the operation or promotion of the Restaurant, alone or jointly with others and within or without the facilities of the Jagers Restaurant business or any Restaurant, before, during or after normal business hours ("**Work Product**"), then Covenantor shall promptly notify Franchisee and Franchisor and shall provide them with all necessary related information, without compensation. Covenantor acknowledges that any such Work Product will inure to the benefit of and become the sole property of Franchisor, and Franchisor may use or disclose such Work Product to its developers and Franchisees and to its Affiliates, successors and assigns, as it determines to be appropriate. Covenantor hereby assigns to Franchisor any rights it may have or acquire in the Work Product, including the right to modify the Work Product, and waives and/or releases all rights of restraint and moral rights therein and thereto. Covenantor agrees to assist Franchisor in obtaining and enforcing the Intellectual Property Rights to any such Work Product in any and all countries and further agrees to execute and provide, and cause others to execute and provide, Franchisor with all necessary documentation and to do all other lawful acts to further the prosecution and issuance of the Intellectual Property Rights related to any such Work Product, including waivers of moral rights. Covenantor further agrees to cooperate to the extent and in the manner reasonably requested by Franchisor in the prosecution or defense of any litigation or other proceedings involving any

Work Product, but all of the reasonable expenses in connection therewith will be paid by Franchisor. If a copyright registration, industrial design or patent is filed by or on behalf of Covenantor within one (1) year following the earlier of the termination or expiration of the Franchise Agreement or the time at which Covenantor ceases to be employed by or associated with Franchisee, describing a work which relates to the business of Franchisor, it will be conclusively presumed that such work is to be treated as a Work Product for all purposes hereunder. In the event that the foregoing provisions of this Section are found to be invalid or otherwise unenforceable, Covenantor hereby grants Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Work Product to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on Covenantor's rights therein.

### **Covenants Not to Compete**

1. In order to protect the goodwill of the System and the confidentiality and value of the Confidential Information, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor agrees and covenants not to, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any Person(s), and without the prior written consent of Franchisor:

a. Divert, or attempt to divert any business, business opportunity, or customer of any Restaurant to any Competitive Business (defined below) by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

b. Except for the Restaurants operating under valid Franchise Agreements with Franchisor, not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership or corporation, without the prior written consent of Franchisor, own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business (as defined in the Franchise Agreement) located within (i) the Territory, (ii) the U.S., (iii) U.S. territories or commonwealths, or (iv) any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks. Notwithstanding the foregoing, this covenant shall not apply to any financial or beneficial interest in the Permitted Businesses (defined below).

2. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the System, Covenantor agrees and covenants that for two (2) years following the earlier of: (i) the expiration or termination (whether as a result of a sale or transfer by Franchisee or otherwise) of the Franchise Agreement, or (ii) the transfer of all of Franchisee's interest in the Franchise Agreement, or (iii) the termination of Covenantor's association with (whether as a result of a sale or transfer by Franchisee or otherwise) or employment by Franchisee, Covenantor will not, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any Person(s), and without the prior written consent of Franchisor:

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

b. Own, maintain, operate, engage in, perform any services for, acquire, be an employee of, or have any financial, equity, or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations, joint ventures or any other legal entity), advise, assist or

make loans to, any Competitive Business, which business is, or is intended to be located (i) in the Territory, (ii) within a three (3) mile radius of any Jagers Restaurant or other Jagers food service facility in existence or under construction at any given time during such period. Notwithstanding the foregoing, this covenant shall not apply to any financial or beneficial interest in the Permitted Businesses.

### **Covenants of Owners**

If Covenantor is the owner of a direct or indirect legal or beneficial ownership interest in Franchisee, Covenantor further represents, warrants and agrees as follows:

1. Covenantor acknowledges and agrees that Covenantor has received a copy of the Franchise Agreement and has read and understands the Franchise Agreement. Covenantor makes all of the covenants, representations, warranties and agreements set forth in, and expressly agrees to personally comply with and be bound by, the obligations set forth in Sections 10, 14.2 through 14.8, 17.4, 19.7 - 19.14, 19.19 and 20 of the Franchise Agreement.

2. Covenantor acknowledges and agrees that the foregoing obligations shall survive any expiration, termination or transfer of the Franchise Agreement or any interest therein and include a number of provisions that may affect the legal rights of Covenantor, including a waiver of jury trial, waiver of punitive or exemplary damages and limitations on when claims may be raised.

### **Definitions**

Initially capitalized terms used, but not otherwise defined, in this Agreement, have the meanings set forth below:

**“Affiliate”** means, with respect to Franchisor, Franchisee or an Owner, any Person which, directly or indirectly, controls, is controlled by, or is under common control with such party.

**“Business Day”** means any day other than Saturday, Sunday or national holidays in the U.S.

**“Competitive Business”** means any fast-casual restaurant of a character and concept that is the same as or similar to Jagers Restaurants operating under the Jagers System (as such System evolves or changes over time) including: (A) a fast-casual restaurant featuring the sale of burgers (including, by way of example and not limitation, Five Guys, Shake Shack or Smashburger), or (B) a fast-casual restaurant featuring the sale of chicken (including, by way of example and not limitation, Chick-fil-A, PDQ, Raising Cane’s, or Zaxby’s), except for those existing restaurant concepts set out in **Exhibit “G”** to this Agreement and any other specific restaurant concepts which Franchisor may in the future expressly consent in writing to be excluded from this definition.

**“Confidential Information”** means any and all information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to Franchisee, or which Franchisee or its Owners or employees develop, in connection with the Franchise Agreement or the operation of the Restaurant, including, without limitation, any actual or potential recipes, menu items, Approved Suppliers, products, services, systems, applications, procedures, or methods of advertising, marketing, training, inventory or financial controls, management, service or procurement, and any confidential matter regarding the business of Franchisor or any of its Affiliates. Confidential Information includes, without limitation, Franchisor’s Manuals, conceptual schematic designs, standard prototypical design documents, menu design, local store marketing and standard photography. Confidential Information does not include any information which (a) is already known to Franchisee or is publicly available at the time of disclosure by Franchisor; (b) is disclosed to Franchisee by a third party not known by Franchisee to

have an obligation of confidentiality to Franchisor; or (c) becomes publicly available after disclosure by Franchisor through no fault of Franchisee, its Affiliates; its employees or Owners.

**“Intellectual Property Rights”** means all intellectual property rights comprising or relating to: (a) all patents, patent applications, other patent rights, and any other governmental authority-issued indicia of invention ownership; (b) all rights in and to United States and foreign trademarks, service marks, tradenames, brand names, logos, trade dress, corporate names, logos, insignia, slogans, emblems, symbols, designs, and domain names, and other similar designations or indicia of source, ownership, sponsorship, association, or origin, together with the goodwill symbolized by any of the foregoing, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, these rights and all similar or equivalent rights or forms of protection in any part of the world (**“Trademarks”**), including the Marks; (c) internet domain names, whether or not Trademarks, registered by any authorized private registrar or Governmental Authority, web addresses, web pages, website, and URLs; (d) works of authorship, expressions, designs, and design registrations, whether or not copyrightable, including copyrights and copyrightable works, software, and firmware, data, data files, and databases and other specifications and documentation; (e) all inventions, discoveries, trade secrets, business and technical information and know-how, and other confidential and proprietary information and all rights therein, including, without limitation, the Manuals, Work Product, and Confidential Information; and (f) all industrial, moral, and other intellectual property rights, and all rights, interests, and protections that are associated with, equivalent or similar to, or required for the exercise of, any of the foregoing, however arising, in each case whether registered or unregistered and including all registrations and applications for, and renewals or extensions of, these rights or forms of protection under the Laws or other requirement or rule of law of any governmental authority of any jurisdiction.

**“Manual”** or **“Manuals”** means the Franchisor’s operating systems manual, basic design manual, and other written guidelines or materials that Franchisor has developed or develops in the future which relate to the procedures, methods, standards, and specifications for developing, establishing and operating Jagers Restaurants, as modified from time to time by Franchisor. The term **“Manual”** or **“Manuals”** also includes alternative or supplemental means of communicating such information to Franchisee, including electronically, as well as by bulletins, videotapes, audio tapes, compact discs, computer diskettes and CD ROMs. The term **“Manual”** or **“Manuals”** does not refer to a single specific compilation of information, but rather to Franchisor’s then-current standards, specifications, instructions, requirements, methods and procedures for management and operation of a Jagers Restaurant, which may exist in numerous formats and locations.

**“Marks”** means the certain Trademarks, including, but not limited to, the word and design service mark and trademark **“JAGGERS®”**, and variations of such Trademarks, and such other Trademarks as are now designated, and may hereafter be designated and adopted, by Franchisor for use in connection with the operation of Jagers Restaurants.

**“Permitted Businesses”** means the businesses listed on the attached Schedule I.

**“System”** means the distinctive system utilized in each Jagers Restaurant including, without limitation, the Marks; distinctive exterior and interior design, décor, color scheme, signs, and furnishings; procedures and formulae for preparing food and beverage products, specifications for certain food and beverage products, special recipes and menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures and concepts for inventory, management, and financial control; training facilities, teaching techniques, and other proprietary training and assistance; and advertising and promotional programs; all of which may be changed, improved, modified, altered, and further developed by Franchisor from time to time.

## **Miscellaneous**

1. Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to directly enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to an interim, interlocutory, temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement. Notwithstanding the foregoing, Franchisor may recover its costs incurred in enforcing this Agreement from Franchisee without the necessity of first making demand upon or bringing an action against Covenantor.

4. Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. This Agreement shall be governed by and construed in accordance with the law of the state in which the Covenantor resides.

6. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) Business Days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Jaggers Development Corporation  
6040 Dutchmans Lane, Suite 200  
Louisville, Kentucky 40205  
Attention: Legal Department  
Facsimile: (502) 426-3274  
Email: legal@texasroadhouse.com

If directed to Franchisee, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

If directed to Covenantor, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) Business Days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective Affiliates, successors and assigns. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

**IN WITNESS WHEREOF**, the undersigned have entered into this Agreement as witnessed by their signatures below.

**FRANCHISOR**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**COVENANTOR**

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

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

## EXHIBIT "F"

### DATA PROCESSING AGREEMENT

**THIS DATA PROCESSING AGREEMENT** (this "**Agreement**") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, between **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation ("**Franchisor**") and \_\_\_\_\_, a \_\_\_\_\_ ("**Franchisee**").

### RECITALS

**WHEREAS**, Franchisor has developed or has acquired the right to use and license the use of a distinctive system (the "**System**") relating to the establishment and operation of fast-casual restaurants featuring burgers, hand-breaded chicken tenders and chicken sandwiches and fresh-made salads served with signature sauces and dressings made-from-scratch under the "Jaggers" mark ("**Restaurants**"); and

**WHEREAS**, Franchisor has granted Franchisee the limited right to operate a Restaurant using the System and the Marks (as defined in the Franchise Agreement) for the period defined in the Franchise Agreement made and entered into on \_\_\_\_\_, 20\_\_ (the "**Franchise Agreement**"), by and between Franchisor and Franchisee; and

**WHEREAS**, in connection with the operation of the Restaurant, Franchisee will collect certain Personal Data (as defined in the Franchise Agreement), which such Personal Data is owned by (and obtained for the benefit of) Franchisor pursuant to Section 6.12 of the Franchise Agreement;

**WHEREAS**, in consideration of Franchisor's granting of the right to Franchisee to operate the Restaurant, Franchisor has required that Franchisee enter into this Agreement to impose certain rights, obligations and responsibilities of Franchisee with respect to Personal Data; and

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. **Definitions.** Notwithstanding anything to the contrary contained in the Franchise Agreement, the following terms shall have their ascribed definitions set forth below with respect to this Agreement:

(a) "**Franchisor Personal Data**" means Personal Data that is: (a) provided by or on behalf of Franchisor to Franchisee in connection with the operation of the Restaurant or otherwise, or (b) obtained, developed, produced or otherwise processed by Franchisee, or its agents or subcontractors, in connection with the operation of the Restaurant.

(b) "**US Data Protection Laws**" means, to the extent applicable, federal and state laws relating to data protection, the processing of Personal Data, privacy and/or data protection in force from time to time in the United States.

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Franchise Agreement.

2. **Agreements.** Franchisor and Franchisee hereby agree as follows with respect to Personal Data, Franchisor Personal Data and US Data Protection Laws:

(a) Franchisee will process Franchisor Personal Data solely on behalf of Franchisor and in accordance with the US Data Protection Laws. This Agreement, the Franchise Agreement and the Manuals will generally constitute instructions for the processing of Franchisor Personal Data. Franchisor may issue further written instructions in accordance with this Section. Without limiting the foregoing, Franchisee is prohibited from (1) selling Franchisor Personal Data or otherwise making Franchisor Personal Data available to any third party for monetary or other valuable consideration; (2) sharing Franchisor Personal Data with any third party for cross-context behavioral advertising; (3) retaining, using, or disclosing Franchisor Personal Data for any purpose other than for the business purposes specified in the Agreement or as otherwise permitted by US Data Protection Laws; (4) retaining, using, or disclosing Franchisor Personal Data outside of the direct business relationship between the parties; and (5) except as otherwise permitted by the US Data Protection Laws, combining Franchisor Personal Data with Personal Data that Franchisee receive from or on behalf of another person or persons, or collect from Franchisee own interaction with the applicable individual.

(b) Franchisee acknowledges and agrees it is acting solely as a “Service Provider” or “Processor” as defined under the U.S. Privacy laws and shall comply with all the US Data Protection Laws relating to the processing of Personal Data, including Franchisor Personal Data.

(c) Franchisee will limit access to Franchisor Personal Data to Franchisee personnel who have a business need to have access to such Franchisor Personal Data and will ensure that such personnel are subject to obligations at least as protective of the Franchisor Personal Data as the terms set forth in the Agreement.

(d) Franchisee will comply with and provide at least the same level of privacy protection as required under the US Data Protection Laws.

(e) Franchisee will provide Franchisor with all information necessary to (1) demonstrate Franchisee compliance with the US Data Protection Laws and (2) enable Franchisor to conduct and document any data protection assessments required under the US Data Protection Laws.

(f) Franchisee will assist Franchisor as necessary with respect to any of Franchisor’s compliance obligations in relation to the US Data Protection Laws, such as with respect to consumer requests, notification of security breaches, or response to any governmental or individual’s inquiries, requests, or complaints.

(g) Franchisee will promptly forward to Franchisor without undue delay any consumer request received by Franchisee or any subcontractor (along with any necessary background information regarding the consumer request) and may also advise the individual to submit their request directly to Franchisor.

(h) Franchisee will notify Franchisor of any subcontractors with whom Franchisee engage and share Franchisor Personal Data, and Franchisor shall have the right to object to Franchisee use of any such subcontractors by providing Franchisee with written notice of the objection. In the event Franchisor objects to Franchisee use of a subcontractor, Franchisee will work in good faith with Franchisor to find a mutually acceptable resolution to address such objections. Franchisee will be liable to Franchisor for the acts or omissions of any subcontractor or other third party to whom Franchisee have disclosed or permitted to access Franchisor Personal Data. In furtherance of the foregoing, Franchisee shall audit its subcontractors on a regular basis and will, upon Franchisor’s request, confirm their compliance with the US Data Protection Laws and subcontractor’s contractual obligations..

(i) Franchisor will have the right to take reasonable and appropriate steps to (1) ensure that Franchisee use Franchisor Personal Data in a manner consistent with Franchisor’s obligations under US

Data Protection Laws; and (2) upon notice, stop and remediate the unauthorized processing of Franchisor Personal Data by Franchisee. In furtherance of the foregoing, Franchisor has the right to monitor Franchisee compliance with the provisions of this Section directly, or by engaging a third-party auditor (provided that such auditor is suitably qualified and independent), through measures including, but not limited to, questionnaires and automated scans, and regular assessments, audits or other technical and operational testing no more than once every twelve (12) months, as described further in Franchisee agreements with Franchisor. Franchisor (or such third-party auditor) will promptly notify Franchisee of any non-compliance discovered during an audit.

(j) Franchisee will delete and permanently destroy Franchisor Personal Data (i) upon request by Franchisor as necessary to respond to a consumer request, and (ii) after termination of the Agreement, in accordance with the termination procedures set forth in the Agreement.

(k) Franchisee will employ physical, technical and administrative safeguards to protect Franchisor Personal Data from unauthorized access, acquisition or use. Franchisee shall implement and maintain as a minimum standard the measures set out in **Schedule 1** attached hereto and made part hereof. Franchisee will notify Franchisor promptly, in writing and in no event later than ten (10) business days, after making the relevant determination if Franchisee determines that Franchisee can no longer meet its obligations under the US Data Protection Laws.

(l) To the extent Franchisee receives data created using Franchisor Personal Data that cannot reasonably be linked to such Franchisor Personal Data, directly or indirectly ("***Deidentified Data***"), Franchisee will (a) take reasonable measures to ensure that the information cannot be associated with a consumer or household; (b) publicly commit to maintain and use the information in a deidentified form and not attempt to reidentify the information; and (c) contractually obligate any recipients of the Deidentified Data to the same requirements.

### 3. **Miscellaneous.**

(a) Franchisee agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

(b) Franchisee agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement. Notwithstanding the foregoing, Franchisor may recover its costs incurred in enforcing this Agreement from Franchisee without the necessity of first making demand upon or bringing an action against Franchisee.

(c) Any failure by Franchisor or Franchisee to object to or take action with respect to any breach of any provision of this Agreement shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach.

**(d) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY, WITHOUT REFERENCE TO KENTUCKY CHOICE OF LAW PRINCIPLES. FRANCHISEE HEREBY IRREVOCABLY SUBMITS ITSELF TO THE JURISDICTION OF THE**

STATE COURTS OF JEFFERSON COUNTY, KENTUCKY AND THE FEDERAL DISTRICT COURTS FOR THE WESTERN DISTRICT OF KENTUCKY. FRANCHISEE HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. FRANCHISEE HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY KENTUCKY OR FEDERAL LAW. FRANCHISEE FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE JEFFERSON COUNTY, KENTUCKY; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

(e) This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

(f) All notices and demands required to be given hereunder shall be in writing and shall be sent in the manner set forth in the Franchise Agreement.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

**FRANCHISOR**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## Schedule 1

### Technical and Organizational Measures

Franchisee shall implement (or has implemented) at a minimum, the following technical and organizational measures (including any relevant certifications) to ensure an appropriate level of security, taking into account the nature, scope, context, and purpose of the processing, as well as the risks for the rights and freedoms of natural persons:

(1) Organizational management and dedicated staff responsible for the development, implementation, and maintenance of Franchisee's information security program.

(2) Audit and risk assessment procedures for the purposes of periodic review and assessment of risks to Franchisee's organization, monitoring and maintaining compliance with Franchisee's policies and procedures, and reporting the condition of its information security and compliance to internal senior management.

(3) Utilization of commercially available and industry standard encryption technologies for Franchisor Personal Data.

(4) Data security controls which include at a minimum, but may not be limited to, logical segregation of data, logical access controls designed to manage electronic access to data and system functionality based on authority levels and job functions, (e.g., granting access on a need-to-know and least privilege basis, use of unique IDs and passwords for all users, periodic review, and revoking/changing access promptly when employment terminates or changes in job functions occur).

(5) Password controls designed to manage and control password strength, expiration and usage including prohibiting users from sharing passwords and requiring that Franchisee's passwords that are assigned to its employees: (i) be at least eight (8) characters in length, (ii) not be stored in readable format on Franchisee's computer systems; (iii) must have defined complexity; (iv) must have a history threshold to prevent reuse of recent passwords; and (v) newly issued passwords must be changed after first use.

(6) System audit or event logging and related monitoring procedures to proactively record user access and system activity for routine review.

(7) Physical and environmental security of data center, server room facilities and other areas containing Personal Data designed to: (i) protect information assets from unauthorized physical access, (ii) manage, monitor, and log movement of persons into and out of Franchisee facilities, and (iii) guard against environmental hazards such as heat, fire, and water damage.

(8) Operational procedures and controls to provide for configuration, monitoring and maintenance of technology and information systems according to prescribed internal and adopted industry standards, including secure disposal of systems and media to render all information or data contained therein as undecipherable or unrecoverable prior to final disposal or release from Franchisee's possession.

(9) Change management procedures and tracking mechanisms designed to test, approve, and monitor all changes to Franchisee's technology and information assets.

(10) Incident / problem management procedures design to allow Franchisee to investigate, respond to, mitigate, and notify of events related to Franchisee's technology and information assets.

(11) Network security controls that provide for the use of firewall systems, and intrusion detection systems and other traffic and event correlation procedures designed to protect systems from intrusion and limit the scope of any successful attack.

(12) Vulnerability assessment, patch management and threat protection technologies and scheduled monitoring procedures designed to identify, assess, mitigate, and protect against identified security threats, viruses, and other malicious code.

(13) Business resiliency/continuity and disaster recovery procedures designed to maintain service and/or recovery from foreseeable emergency situations or disasters.

(14) Franchisee will notify Franchisor of any incident (an “Incident”) without delay, but within forty-eight (48) hours of Franchisee’s knowledge or suspicion thereof, via telephone and secure email to the Franchisor Security Official identified below. The notification shall be made to:

Department: Legal

Email: [Legal@texasroadhouse.com](mailto:Legal@texasroadhouse.com)

In addition, upon request by Franchisor, within forty-eight (48) hours of notification to Franchisor of the Incident, Franchisee will provide a written report via secure email to such Franchisor Security Official describing in sufficient detail the Incident and Franchisee’s response and corrective actions. If requested, this written report will include:

- Detailed information on the Incident;
- Date and time of Incident (if known; where necessary an estimate can be made), and of detection of Incident;
- Circumstances of the Incident (e.g. loss, theft, copying);
- Nature and content of the Franchisor Personal Data concerned;
- Technical and organizational measures applied (or to be applied) by Franchisee to the affected Franchisor Personal Data;
- Relevant use of third parties (where applicable);
- Summary of the circumstances that caused the Incident (including the physical location of the breach and the storage media involved); and
- Other relevant information needed to assess the impact of the Incident.

For purposes of this section, an “Incident” means (i) any adverse event or activity (observable occurrence) that threatens or may threaten (a) the Franchisee systems or Franchisor Personal Data including an actual or potential accidental or unlawful violation, compromise or breach of the security of Franchisee systems or Franchisor Personal Data, (b) use of Franchisee systems or Franchisor Personal Data for purposes other than those intended under the Agreement, and (c) the confidentiality, integrity or availability of Franchisee systems or Franchisor Personal Data, (ii) disclosure of Personal Data by Franchisee in violation of the Agreement or applicable laws pertaining to privacy, data protection or data security, or (iii) any other unauthorized, accidental or unlawful access, acquisition, disclosure or use of Personal Data that has occurred or may have occurred, including, without limitation, any unauthorized access of which Franchisee is notified or suspects.

**EXHIBIT “G”**

**PERMITTED BUSINESS INTERESTS**

## **EXHIBIT “H”**

### **INSURANCE REQUIREMENTS**

In addition to any insurance required under the lease for the Restaurant Site or by the state and/or locality where the Restaurant is located, Franchisee must obtain and maintain the following minimum insurance coverages:

| <b>Type</b>                            | <b>Amount</b>                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Commercial General Liability Insurance | Single limit - \$1,000,000 for Bodily Injury/Property Damage<br>Per Occurrence/\$2,000,000 Aggregate                                                                                                                                                                                                                                                                                                                                         |
| Employee Benefits Liability            | Minimum - \$300,000<br>Per Occurrence/\$300,000 Aggregate                                                                                                                                                                                                                                                                                                                                                                                    |
| Property Insurance                     | Amount adequate to cover any co-insurance deficiency                                                                                                                                                                                                                                                                                                                                                                                         |
| Umbrella Liability Insurance           | \$10,000,000 for employer’s liability<br>\$10,000,000 over basic Comp./GL<br>\$10,000,000 - Products/Completed Operations Aggregate<br>Four or more common-owned Restaurants covered by the same policy: General Aggregate coverage shall be increased by \$1,000,000 for each Restaurant.<br>Eight or more common-owned Restaurants covered by the same policy: General Aggregate coverage shall be increased to a minimum of \$15,000,000. |
| Automobile Liability                   | Automobile Liability, including Non-owned and Hired Auto Liability, with a combined single limit of \$1,000,000 for Bodily Injury and Property Damage for any one accident                                                                                                                                                                                                                                                                   |
| Employment Practices Liability         | One to three common-owned Restaurants covered by the same policy: \$1,000,000 per claim and aggregate (i.e., third party discrimination)<br>Four or more common-owned Restaurants covered by the same policy: \$2,000,000 per claim and aggregate third party (i.e., guest discrimination)<br>All EPL Policies must include 3 <sup>rd</sup> party coverage. The term “common-owned” means all restaurants owned by you and your Affiliates.  |
| Business Income Coverage               | Amount sufficient to reimburse Franchisee for all direct and indirect loss of income and charges and costs arising out of all named perils insured against by Franchisee’s policies of property insurance for at least 180 days.                                                                                                                                                                                                             |
| Worker’s Compensation Insurance        | Amounts provided by applicable laws                                                                                                                                                                                                                                                                                                                                                                                                          |
| Cyber Coverage                         | Single limit - \$1,000,000                                                                                                                                                                                                                                                                                                                                                                                                                   |

Franchisor, in its sole discretion, may change the types of insurance and coverage amounts Franchisee is required to obtain.

## **EXHIBIT “I”**

### **OPERATING PRINCIPAL REQUIREMENTS**

The Operating Principal (if an individual) or the members of such Operating Principal’s executive management team (if an entity) must satisfy the following requirements, which may be amended from time to time by Franchisor in writing:

- A minimum of five (5) years proven hospitality experience (food service, including QSR, CDR or fast-casual, preferred);
- Local knowledge and expertise in the Designated Area in areas of consumer preferences, real estate, government regulations, labor and distribution;
- Corporate infrastructure dedicated to support the development and Restaurant operations required under the Development and Franchise Agreements; and
- In its discretion, Franchisor also may require an Operating Principal which is an entity to have a financial expert (e.g., CPA or equivalent) as a member of its management team.

**EXHIBIT "J"**

**ANNUAL OMNIBUS CERTIFICATION**

I, \_\_\_\_\_, an authorized officer of \_\_\_\_\_, a \_\_\_\_\_ ("**Franchisee**"), entered into a Franchise Agreement dated as of \_\_\_\_\_, respectively (the "**Agreement**") with **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation with a principal office address at 6040 Dutchmans Lane, Louisville, Kentucky 40205.

I understand that pursuant to the Agreement, the Franchisee made certain agreements, representations, warranties and covenants as of the Effective Date of the Agreement and to be made on an on-going and annual basis. In furtherance of the foregoing and notwithstanding the terms, representations and warranties of the Agreements, Franchisee hereby certified that:

- (1) Franchisee represents that the financial statements for 20\_\_\_\_, (including balance sheet, statement of operations, statement of cash flows and statement of stockholders' equity), attached hereto are true and correct and present fairly, in all material respects, the financial position of Franchisee.
- (2) Franchisee represents that no material liabilities, adverse claims, commitments or obligations of any nature exist as of the date hereof, whether accrued, un-liquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements of Franchisee.
- (3) Franchisee represents that all required insurance policies remain in full force and effect and any all Certificates of Insurance evidencing continuous coverage with limits not less than what is provided in the Agreement and are attached hereto.
- (4) Any and all agreements, representations, warranties and covenants as set forth in Section 6 of the Agreement remain true and correct as of the date of this certification.
- (5) In accordance with Section 6.1.5 of the Agreement, Franchisee confirms that there have been no changes to Franchisee's governing documents and any related amendments other than the following – which are attached to this certificate (if none, insert "NONE"): \_\_\_\_\_  
\_\_\_\_\_
- (6) In accordance with Section 6.1.6 of the Agreement, Franchisee confirms that there have been no changes to the ownership interests in Franchisee other than the following (if none, insert "NONE"): \_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, I have signed this certification this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**FRANCHISEE**

\_\_\_\_\_,  
a \_\_\_\_\_

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

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

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

## EXHIBIT "K"

### GENERAL RELEASE

**THIS GENERAL RELEASE** (this "**Release**") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_ (the "**Effective Date**"), by and among \_\_\_\_\_, a \_\_\_\_\_ whose address is \_\_\_\_\_, a \_\_\_\_\_ ("**Franchisee**"); \_\_\_\_\_, whose address is \_\_\_\_\_ (individually and collectively, "**Owners**"); and **JAGGERS DEVELOPMENT CORPORATION**, a Kentucky corporation having its principal place of business at 6040 Dutchmans Lane, Louisville, Kentucky 40205, Attention: Legal Department ("**Franchisor**"), relating to that certain Franchise Agreement dated \_\_\_\_\_ (the "**Franchise Agreement**") for a JAGGERS® restaurant located at \_\_\_\_\_.

1. **Release of Claims.** Franchisee and its Owners and their respective assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively referred to as the "**Franchisee Related Parties**") irrevocably and unconditionally release and forever discharge Franchisor, its predecessors, subsidiaries, affiliates and their respective owners, officers, directors, agents, independent contractors, servants, employees, representatives, attorneys, successors and assigns and all persons acting by, through, under or in concert with any of them (collectively, the "**Releasees**"), from all actions, causes of action, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, except for claims under the Maryland Franchise Registration and Disclosure Law ("**Claim**" or "**Claims**"), which they now have or claim to have or at any time heretofore have had or claimed to have against each or any of the Releasees, including, without limitation, any and all such Claims arising from, based upon or related to the Franchise Agreement, but excluding claims based on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative in connection with the offer of the Franchise Agreement, subject to agreed-upon changes to the contract terms described in such most recent Franchise Disclosure Document and reflected in the Franchise Agreement (including any riders or addenda signed at the same time as the Franchise Agreement).

In the State of Washington, the general release does not apply with respect to Claims arising under the Washington Franchise Investment Protection Act, RCW 19.100 and the rules adopted thereunder.

2. **Unknown Claims.**

(a) Franchisee acknowledges for itself and the Franchisee Related Parties that there is a risk that subsequent to the execution of this Release, it will discover, incur or suffer Claims which are unknown or unanticipated at the time this Release is executed, including, without limitation, unknown or unanticipated Claims which arose from, are based upon or are related to the Franchise Agreement or some part or aspect thereof, which if known by Franchisee on the date this Release is being executed may have materially affected its decision to execute this Release.

(b) Franchisee acknowledges and agrees for itself and the Franchisee Related Parties that by reason of the release contained in Section 1 above, it is assuming the risk of such unknown and unanticipated Claims and agrees that its release of the Releasees contained in this Release applies thereto.

3. **Covenant Not to Sue.** Franchisee covenants and agrees for itself and for the Franchisee Related Parties not to bring or allow to be brought on behalf of itself or any Franchisee Related Party, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against Franchisor and the Releasees arising out of, resulting from, or in any manner related to the matters referenced in Section 1.

4. **No Assignment of Claims.** Franchisee represents and warrants for itself and the Franchisee Related Parties that it has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claims released under Section 1 of this Release and agrees to indemnify, defend and hold the Releasees harmless from and against any and all Claims, based on or arising out of any such assignment or transfer, or purported assignment or transfer, of any Claims, or any portion thereof or interest therein. Franchisee represents and warrants that since the date of the Franchise Agreement, there has been no assignment or transfer, and no purported assignment or transfer, to any person or entity of the Franchise, the Franchise Agreement, or any rights or interests therein or in the Franchisee.

5. **Full and Independent Knowledge.** Franchisee represents that it has been represented by an attorney in connection with the preparation and review of this Release, that it has specifically discussed with its attorney the meaning and effect of this Release and that it has carefully read and understands the scope and effect of each provision contained herein. Franchisee further represents that it does not rely and has not relied upon any representation or statement made by the Franchisor or, any of the Releasees or any of their representatives with regard to the subject matter, basis or effect of this Release.

6. **Compromise.** Franchisee agrees for itself and the Franchisee Related Parties that the releases contained herein are the result of a compromise and shall never at any time for any purpose be considered as an admission of liability or responsibility on the part of Franchisor or the Releasees regarding any matter.

7. **General Provisions.**

(a) **Entire Agreement.** This Release, when fully executed, supersedes all previous negotiations, representations, and discussions by the parties hereto concerning the subject matter hereof and integrates the whole of all of their agreements and understandings concerning the subject matter hereof. No oral representations or undertakings concerning the subject matter hereof shall operate to amend, supersede, or replace any of the terms or conditions set forth herein.

(b) **Authority.** By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Release. Each party hereto represents and warrants that the party is entering into this Release solely for the purposes and consideration set forth herein.

(c) **Counterpart Execution; Electronic Signature.** This Release may be executed in multiple counterparts, each of which shall be fully effective as an original. This Release shall be binding on the parties when executed and delivered by the parties to one another by electronic transmission.

(d) **Survival.** All covenants, representations, warranties, and agreements of the parties shall survive execution and delivery of this Release and shall continue until such time as all the obligations of the parties hereto shall have lapsed in accordance with their respective terms or shall have been discharged in full.

(e) Further Assurance. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Release.

(f) Complete Defense. Franchisee acknowledges that this Release shall be a complete defense to any claim released under the terms of Section 1 of this Release and hereby consents to the entry of a temporary or permanent injunction to end the assertion of any such claim.

(g) Attorneys' Fees. In the event that Franchisor institutes legal proceedings of any kind to enforce this Release, Franchisee agrees to pay all costs and expenses associated therewith, including, but not limited to, all attorneys' fees.

IN WITNESS WHEREOF, each of the parties hereto has caused this Release to be executed by its duly authorized representative as of the Effective Date.

**FRANCHISOR**

**JAGGERS DEVELOPMENT CORPORATION,**  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**OWNERS**

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

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

**EXHIBIT C**  
**OPERATIONS MANUAL TABLE OF CONTENTS**

# STANDARD OPERATING PROCEDURES



## TABLE OF CONTENTS

### **Legendary Food**

Chapter 1    Page 2

Menu  
Menu Matrix  
Recipes  
Recipe Proposal  
Approved Product List  
Approval Processes (menu, product, supplier)  
Taste, Temperature, and Sanitation  
Production Planning  
Posters and Forms  
Ordering and Receiving

### **Legendary Operations**

Chapter 2    Page 53

Daily Checklist  
Team Sheet  
Alley Rally  
Cash Handling Procedures  
Manpower Planning and Schedules  
Unit Review

### **Legendary People**

Chapter 3    Page 70

Employee Orientation  
Job descriptions  
Employee Training  
Manager Training  
Performance Appraisals  
Manager Development  
Training Center Validation

### **Legendary Results**

Chapter 4    Page 84

New Store Opening Manual  
Site Consent and Design Approval  
Building and Procurement Manual  
Brand Standards and Marketing Guide  
Periodic Reporting and SBR Process

**EXHIBIT D-1**

**LIST OF CURRENT FRANCHISEES  
AS OF DECEMBER 31, 2024**

Rolling Smiles, L.L.C.  
Attention: Robert Frame  
5114 Starcross Lane  
Durham, North Carolina 27713  
919-794-8100

The Saxton Group, LLC  
Attention: Adam G. Saxton  
2288 Monitor Street  
Dallas, Texas 75207  
214-373-3400

Rocking Smiles, LLC \*\*\*  
Attention: Ernie Dye  
9916 Koupela Drive  
Raleigh, North Carolina 27614  
919-270-4530

Bayou City Restaurants, LLC  
Attention: Jon Schneider  
13910 Champion Forest Drive  
Suite 201  
Houston, Texas 77069  
512-739-8944

\*\*\* *This Franchisee has executed a Franchise Agreement but has not yet opened its Restaurant.*

**EXHIBIT D-2**

**LIST OF FORMER FRANCHISEES  
FOR FISCAL YEAR ENDING DECEMBER 31, 2024**

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

None.

**EXHIBIT E**  
**STATE ADMINISTRATORS**

## **STATE ADMINISTRATORS**

We intend to register this Disclosure Document as a “franchise” in some or all the following states, in accordance with the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

### **CALIFORNIA**

Department of Financial Protection and Innovation  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013  
(213) 576-7500 or (866) 275-2677

### **HAWAII**

Business Registration Division  
Department of Commerce and Consumer Affairs  
335 Merchant Street, Room 201  
Honolulu, Hawaii 96813  
(808) 586-2722

### **ILLINOIS**

Chief, Franchise Division  
Attorney General’s Office  
500 South Second Street  
Springfield, Illinois 62706

### **INDIANA**

Indiana Securities Commissioner  
302 West Washington Street  
Room E-111  
Indianapolis, Indiana 46204

### **KENTUCKY**

Office of Attorney General  
1024 Capital Center Drive  
Frankfort, Kentucky 40602

### **MARYLAND**

Office of the Attorney General  
Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

### **MICHIGAN**

Michigan Attorney General’s Office  
Consumer Protection Division  
Attn: Franchise Section  
525 West Ottawa Street  
G Mennen Williams Bldg, 1<sup>st</sup> Fl.  
Lansing, Michigan 48933

### **MINNESOTA**

Franchise Examiner  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
Saint Paul, Minnesota 55101  
(651) 539-1638

### **NEBRASKA**

Nebraska Department of Banking and Finance  
Commerce Court  
1526 K Street, Suite 300  
P.O. Box 95006  
Lincoln, Nebraska 68509-5006

### **NEW YORK**

Special Deputy Attorney General  
New York Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, New York 10005

### **NORTH CAROLINA**

Secretary of State  
2 South Salisbury Street  
Raleigh, North Carolina 27601

### **NORTH DAKOTA**

Franchise Examiner  
North Dakota Securities Department  
600 East Boulevard, Fifth Floor  
Bismarck, North Dakota 58505

**OREGON**

Director  
Department of Consumer and  
Business Services  
Division of Finance and  
Corporate Securities  
Labor and Industries Building  
Salem, Oregon 97310

**RHODE ISLAND**

Securities Division  
Department of Business Regulation  
1511 Pontiac Avenue  
John O. Pastore Complex, Building 69-1  
Providence, Rhode Island 02903-4232

**SOUTH CAROLINA**

SC Secretary of State's Office  
Attn: Business Opportunities  
1205 Pendleton Street, Suite 525  
Columbia, South Carolina 29201

**SOUTH DAKOTA**

Franchise Administrator  
South Dakota Department of Labor and  
Regulation  
Division of Insurance  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501

**TEXAS**

Statutory Document Section  
Secretary of State  
P.O. Box 12887  
Austin, Texas 78711

**UTAH**

Department of Commerce  
Division of Consumer Protection  
160 East 300 South  
Salt Lake City, Utah 84114

**VIRGINIA**

State Corporation Commission  
Division of Securities  
and Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, Virginia 23219

**WASHINGTON****Mailing Address:**

Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, Washington 98504-1200

**Street Address:**

Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater, Washington 98501

**WISCONSIN**

Franchise Administrator  
State of Wisconsin Department of Financial  
Institutions  
Division of Securities  
201 W. Washington Avenue  
Suite 300  
Madison, Wisconsin 53703

**EXHIBIT F**  
**AGENTS FOR SERVICE OF PROCESS**

## **AGENTS FOR SERVICE OF PROCESS**

We intend to register this Disclosure Document as a “franchise” in some or all the following states, in accordance with 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:

### **CALIFORNIA**

Commissioner  
Department of Financial Protection and  
Innovation  
320 West 4th Street, Suite 750  
Los Angeles, California 90013

### **HAWAII**

Business Registration Division  
Department of Commerce and Consumer Affairs  
335 Merchant Street, Room 201  
Honolulu, Hawaii 96813

### **ILLINOIS**

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

### **INDIANA**

Indiana Secretary of State  
201 State House  
200 West Washington  
Indianapolis, Indiana 46204

### **MARYLAND**

Maryland Securities Commissioner  
Office of the Attorney General  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

### **MICHIGAN**

Department of the  
Attorney General’s Office  
Consumer Protection Division  
Attn: Franchise Section  
525 West Ottawa Street  
G Mennen Williams Bldg, 1<sup>st</sup> Fl.  
Lansing, Michigan 48933

### **MINNESOTA**

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101

### **NEW YORK**

Secretary of State of the State of New York  
99 Washington Avenue  
Albany, New York 12231

### **NORTH DAKOTA**

Securities Commissioner  
North Dakota Securities Department  
600 East Boulevard, Fifth Floor  
Bismarck, North Dakota 58505

### **RHODE ISLAND**

Director, Dept. of Business Regulation  
1511 Pontiac Avenue  
John O. Pastore Complex, Building 69-1  
Cranston, Rhode Island 02920

### **SOUTH DAKOTA**

Department of Labor and Regulation  
Division of Securities  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501

### **VIRGINIA**

Clerk of the State  
Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, Virginia 23219

### **WASHINGTON**

Director  
Washington State Department of Financial  
Institutions  
Securities Division  
150 Israel Road, SW  
Tumwater, Washington 98501

**WISCONSIN**

Commissioner of Securities  
State of Wisconsin Department of Financial  
Institutions  
201 West Washington Ave.  
Suite 300  
Madison, Wisconsin 53703

**EXHIBIT G**

**FORM OF GENERAL RELEASE**

## FORM OF GENERAL RELEASE

### [Current Form for Transfers and Renewals]

1. **Release of Claims.** Franchisee and its Owners and their respective assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively referred to as the “Franchisee Related Parties”) irrevocably and unconditionally release and forever discharge Franchisor, its predecessors, subsidiaries, affiliates and their respective owners, officers, directors, agents, independent contractors, servants, employees, representatives, attorneys, successors and assigns and all persons acting by, through, under or in concert with any of them (collectively “Releasees”), from all actions, causes of action, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, except for claims under the Maryland Franchise Registration and Disclosure Law (“Claim” or “Claims”), which they now have or claim to have or at any time heretofore have had or claimed to have against each or any of the Releasees, including, without limitation, any and all such Claims arising from, based upon or related to the Franchise Agreement, but excluding claims based on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative in connection with the offer of the Franchise Agreement, subject to agreed-upon changes to the contract terms described in that Franchise Disclosure Document and reflected in the Franchise Agreement (including any riders or addenda signed at the same time as the Franchise Agreement).

**[For California franchisees, add: Each of the Franchisee Related Parties expressly waives and relinquishes all rights and benefits which either may now have or in the future have under and by virtue of California Civil Code Section 1542. The parties do so understanding the significance and consequence of such specific waiver. Section 1542 provides that “[a] general release does not extend to claims which the creditor does not know, or suspect exist in his favor at the time of executing the release, which if known by it must have materially affected his settlement with the debtor.” For the purpose of implementing a general release and discharge as described in Section 1. above, the parties expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all claims described in Section 1. above which the parties do not know or suspect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.]**

**[For Washington franchisees, add: The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.]**

2. **Unknown Claims.**
  - (a) Franchisee acknowledges for itself and the Franchisee Related Parties that there is a risk that subsequent to the execution of this Agreement, it will discover, incur or suffer Claims which are unknown or unanticipated at the time this Agreement is executed, including, without limitation, unknown or unanticipated Claims which arose from, are based upon or are related to the Franchise Agreement or some part or aspect thereof, which if known by Franchisee on the date this Agreement is being executed may have materially affected its decision to execute this Agreement.

- (b) Franchisee acknowledges and agrees for itself and the Franchisee Related Parties that by reason of the release contained in Section 1 above, it is assuming the risk of such unknown and unanticipated Claims and agrees that its release of the Releasees contained in this Agreement applies thereto.
3. **Covenant Not to Sue.** Franchisee covenants and agrees for itself and for the Franchisee Related Parties not to bring or allow to be brought on behalf of itself or any Franchisee Related Party, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against Franchisor and the Releasees arising out of, resulting from, or in any manner related to the matters referenced in Section 1.
4. **No Assignment of Claims.** Franchisee represents and warrants for itself and the Franchisee Related Parties that it has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claims released under Section 1 of this Agreement and agrees to indemnify, defend and hold the Releasees harmless from and against any and all Claims, based on or arising out of any such assignment or transfer, or purported assignment or transfer, of any Claims, or any portion thereof or interest therein. Franchisee represents and warrants that since the date of the Franchise Agreement, there has been no assignment or transfer, and no purported assignment or transfer, to any person or entity of the Franchise, the Franchise Agreement, or any rights or interests therein or in the Franchisee.
5. **Full and Independent Knowledge.** Franchisee represents that it has been represented by an attorney in connection with the preparation and review of this Agreement, that it has specifically discussed with its attorney the meaning and effect of this Agreement and that it has carefully read and understands the scope and effect of each provision contained herein. Franchisee further represents that it does not rely and has not relied upon any representation or statement made by the Franchisor or, any of the Releasees or any of their representatives with regard to the subject matter, basis or effect of this Agreement.
6. **Compromise.** Franchisee agrees for itself and the Franchisee Related Parties that the releases contained herein are the result of a compromise and shall never at any time for any purpose be considered as an admission of liability or responsibility on the part of Franchisor or the Releasees regarding any matter.
7. **General Provisions.**
- (a) **Entire Agreement.** This Agreement, when fully executed, supersedes all previous negotiations, representations, and discussions by the parties hereto concerning the subject matter hereof and integrates the whole of all of their agreements and understandings concerning the subject matter hereof. No oral representations or undertakings concerning the subject matter hereof shall operate to amend, supersede, or replace any of the terms or conditions set forth herein.
- (b) **Authority.** By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Agreement. Each party hereto represents and warrants that the party is entering into this Agreement solely for the purposes and consideration set forth herein.
- (c) **Counterpart Execution.** This Agreement may be executed in multiple counterparts, each of which shall be fully effective as an original.

- (d) Survival. All covenants, representations, warranties, and agreements of the parties shall survive execution and delivery of this Agreement and shall continue until such time as all the obligations of the parties hereto shall have lapsed in accordance with their respective terms or shall have been discharged in full.
- (e) Further Assurance. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.
- (f) Complete Defense. Franchisee acknowledges that this Agreement shall be a complete defense to any claim released under the terms of Section 1 of this Agreement and hereby consents to the entry of a temporary or permanent injunction to end the assertion of any such claim.
- (g) Attorneys' Fees. In the event that Franchisor institutes legal proceedings of any kind to enforce this Agreement, Franchisee agrees to pay all costs and expenses associated therewith, including, but not limited to, all attorneys' fees.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

**FRANCHISOR:**

Jaggers Development Corporation,  
a Kentucky corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**OWNERS:**

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

**[See Additional Note:**

**1. Add signature blocks for any additional parties identified pursuant to Section 1]**

**New York Insert**

This Franchise Disclosure Document is amended by the addition of the following sentence:

Franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

**EXHIBIT H**

**STATE EFFECTIVE DATES**

### **State Effective Dates**

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

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

| <b>State</b> | <b>Effective<br/>Date</b> |
|--------------|---------------------------|
| California   |                           |
| Florida      |                           |
| Maryland     |                           |
| Michigan     |                           |
| Virginia     |                           |
| Washington   |                           |
| Utah         |                           |

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

**EXHIBIT I**

**RECEIPTS**

## RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement, other related agreements and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Jaggers Development Corporation 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, or sooner if required by applicable state law. Applicable state laws in (a) Connecticut and Michigan require us to provide you the disclosure document at least 10 business 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, (b) New York requires us to provide you the disclosure document at the earlier of the first personal meeting or 10 business 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, and (c) Iowa and Maine require us to provide you the disclosure document at the earlier of the first personal meeting or 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Jaggers Development Corporation 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 which may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20590 or the appropriate state agency listed in Exhibit E.

The name and address of our registered agents authorized to receive service of process is shown in Exhibit F.

The name, principal business address, and telephone number of each franchise seller offering the franchise follow:

| Name             | Principal Business Address                        | Telephone Number |
|------------------|---------------------------------------------------|------------------|
| Gerald L. Morgan | 6040 Dutchmans Lane<br>Louisville, Kentucky 40205 | (502) 426-9984   |

Issuance Date: March 21, 2025

I have received a Franchise Disclosure Document dated March 21, 2025. See State registration effective dates on the State Registrations page. This Disclosure Document includes the following Exhibits:

|             |                                                       |             |                               |
|-------------|-------------------------------------------------------|-------------|-------------------------------|
| Exhibit A-1 | State Appendices to Disclosure Document               | Exhibit D-2 | List of Former Franchisees    |
| Exhibit A-2 | Financial Statements and Guaranty                     | Exhibit E   | State Administrators          |
| Exhibit B-1 | Development Agreement and Applicable State Amendments | Exhibit F   | Agents For Service Of Process |
| Exhibit B-2 | Franchise Agreement and Applicable State Amendments   | Exhibit G   | Form of General Release       |
| Exhibit C   | Manual Table of Contents                              | Exhibit H   | State Effective Dates         |
| Exhibit D-1 | List Of Current Franchisees                           | Exhibit I   | Receipts                      |

Dated: \_\_\_\_\_

Individually and as an Officer of the company designated below or of a company to be formed and designated below on formation

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

of \_\_\_\_\_  
(a \_\_\_\_\_ Corporation)  
(a \_\_\_\_\_ Partnership)  
(a \_\_\_\_\_ Limited Liability Company)

**[Keep this page for your records]**

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

of \_\_\_\_\_  
(a \_\_\_\_\_ Corporation)  
(a \_\_\_\_\_ Partnership)  
(a \_\_\_\_\_ Limited Liability Company)

**[Sign and return this page to us]**