FRANCHISE DISCLOSURE DOCUMENT

BISCUIT BELLY®

Biscuit Belly Franchising LLC
A Kentucky limited liability company
2600 Valley Vista Rd Louisville, KY 40205
(706) 255-3870
www.biscuit-belly.com
franchising@biscuit-belly.com

The franchise is the right to establish and operate a restaurant featuring biscuits, sandwiches, southern breakfast fare, other food products, beverages, and other products and services.

The total investment necessary to begin operation of a Biscuit Belly® Restaurant is estimated to be $702,000 to $1,187,000. This includes $40,950 to $43,350 that must be paid to franchisor or its affiliates. If we grant you area development rights, the total investment necessary to acquire these rights is estimated to be $80,000 to $160,000 (based on a standard 2 to 4 restaurant development schedule, determined by multiplying $40,000 by the number of restaurants you agree to develop), all of which must be paid to franchisor or its affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Biscuit Belly Franchising LLC at 2600 Valley Vista Rd Louisville, KY 40205, (706) 255-3870.

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

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

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

ISSUANCE DATE: April 20, 2023

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

Operating restrictions. The franchise agreement and the area development 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 and the area development grant you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement and/or area development 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 and the area development may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement and/or and area development. 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. **<u>Out-of-State Dispute Resolution</u>.** The area development agreement and franchise agreement require you to resolve disputes with the franchisor by arbitration to held at a place within 50 miles from franchisor's principal place of business (currently, Louisville, Kentucky). Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with us in the state where our corporate headquarters are located than in your own state.

2. **<u>Spousal Liability</u>**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **<u>Supplier Control</u>**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

4. **<u>Short Operating History</u>**. 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.

5. **<u>Financial Conditions</u>**. The franchisor's financial condition, as reflected in its financial statements (see item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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

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

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment 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.

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Area Development Agreement and Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT G.

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

To simplify the language in this franchise disclosure document (this "Disclosure Document"), we use the terms "Franchisor", "we", or "our" to refer to Biscuit Belly Franchising LLC. When we refer to our affiliates, we will refer to them using the names outlined below. "You" and "your" means the person or entity that buys the franchise. If you are a corporation, partnership, limited liability company or other entity, certain provisions of the Franchise Agreement (defined below), Area Development Agreement (defined below) and related agreements will also apply to your owners.

The Franchisor

The Franchisor is Biscuit Belly Franchising LLC. Our principal business address is 2600 Valley Vista Rd Louisville, KY 40205. We do business under our corporate name and as "Biscuit Belly®". We do not conduct business under any other name. We are a limited liability company originally formed in the Commonwealth of Kentucky on July 20, 2020, and we began offering the Biscuit Belly® franchises as of September 23, 2020.

Agents for Service of Process

Please see Exhibit A to this Disclosure Document for a list of the names and addresses of our agents for service of process in certain other states.

Our Parent, Predecessor and Affiliates

Our parent is Biscuit Belly International, LLC. ("BBI"). BBI owns the Marks (as defined in Item 12) and has granted us the license to use and sublicense those Marks. BBI shares our principal business address. BBI has never owned or operated a Restaurant (as defined below) or offered franchises in this or in any line of business but may do so in the future.

Our affiliate, Heine Brothers' Coffee, Inc. ("Heine Brothers'"), whose principal address is 1301 W Main St., Louisville, Kentucky, 40203, is the sole supplier of coffee products for the Franchise System (as defined below). Heine Brothers' has never owned or operated a Restaurant or offered franchises in this or in any line of business but may do so in the future.

We have no other parents, predecessors or affiliates that offer or have offered franchises in any line of business or provide products or services to franchisees.

Our Prior Experience

We and our affiliates have developed and will continue to develop and operate using, certain specified and distinct business formats, methods, procedures, signs, designs, layouts, standards, specifications and Marks (the "Franchise System") for the establishment, development and operation of restaurants featuring biscuit sandwiches, southern breakfast fare, and other food products, beverages and related products and services authorized by us periodically under the Biscuit Belly® trademark and other related trademarks, service marks and trade names ("Restaurants").

While we have not previously operated Restaurants such as the ones being franchised in this Disclosure Document, we may do so in the future. Except as provided in this Disclosure Document, we do not engage in any other business activities or offer franchises for any other lines of business.

The Franchises We Offer

We grant franchises for a single Restaurant under our current form of Franchise Agreement which is attached as Exhibit B to this Disclosure Document (the "Franchise Agreement"). The Franchise Agreement attached to this Disclosure Document is the agreement that we will enter into with you to grant a franchise for a single Restaurant.

We also grant development rights under an Area Development Agreement to develop an agreed upon number of Restaurants within a specifically described geographic territory according to a development schedule (the "Area Development Agreement"). We typically require a commitment of 2 to 4 Restaurants; however, you may commit to develop more than 4 Restaurants. The form of Area Development Agreement you will sign is attached as Exhibit C to this Disclosure Document. Your obligation to acquire franchises may be satisfied by you or by an entity controlled by you or your owners that meets our then-applicable System Standards (as defined in Item 8) for franchise owners. For Restaurants developed pursuant to the Area Development Agreement, you will be required to execute our then-current form of franchise agreement which may be different from the form of Franchise Agreement in this Disclosure Document.

Market Competition

Your competition includes all restaurant concepts generally, and restaurants featuring breakfast food items. You will be competing both for customers and for locations. The market for food products and services Restaurants offer is highly competitive and quickly developing.

Regulations

You should consider that certain aspects of the restaurant business are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local departments of health and other agencies have laws and regulations concerning the preparation of food, display of nutrition facts, and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Compensation of restaurant employees (including minimum wage and overtime requirements) is governed by both federal and state laws. You will need to understand and comply with these laws in operating the Restaurant. You must also obtain a liquor license to sell alcohol, and you may have liability imposed on you by Dram Shop Laws. There may be other laws applicable to your business. We urge you to make further inquiries about these laws.

ITEM 2
BUSINESS EXPERIENCE

Chad Coulter: Managing Member, Chief Executive Officer

Mr. Coulter has been our Managing Member and Chief Executive Officer since our inception, and the Co-Founder and Chief Executive Officer of our affiliate, Biscuit Belly, LLC ("BB") since June 2019. Mr. Coulter also serves as (1) the Founder and Manager of CNL Coulter Properties, LLC since August 2013; and (2) the Founder and a Member of GrayCO Holdings, LLC since August 2017. Previously, he was (1) the Founder and Chief Executive Officer of LouVino, LLC from May 2014 to January 1, 2021; (2) the Manager of LouVino Two, LLC from February 2015 to January 1, 2021; and (3) the Manager of LouVino Fishers, LLC from April 2016 to January 1, 2021. All of Mr. Coulter's current and former positions have been in Louisville, Kentucky.

<u>Lauren Coulter: Director of Franchise Development</u>

Ms. Coulter has been our Director of Franchise Development since our inception. Since August 2013, Ms. Coulter has also served as the Manager of CNL Coulter Properties, LLC. Previously, Ms. Coulter served as (1) a Consultant Pharmacist at Humana from July 2011 to March 2020; (2) the Manager of LouVino, LLC from April 2014 to January 1, 2021; and (3) the Director of Louisville Lemonade Day, Inc. from November 2016 to January 1, 2021. All of Ms. Coulter's current and former positions have been in Louisville, Kentucky.

<u>Lizzy Turner – Director of Training</u>

Ms. Turner has been our Director of Training since December 2020. Previously, Ms. Turner served as our General Manager from March 2019 to December 2020. From June 2018 to March 2019, she was a Server/Bartender for Louvino. From August 2015 to June 2018, she was a Server/Bartender for Martini Italian Bistro. All of Ms. Turner's current and former positions have been in Louisville, Kentucky.

<u>Hannah McClain: Director of Culinary Training and Operations</u>

Ms. McClain has been our Director of Culinary Training and Operations since August 2021. Previously, Ms. McClain was our Prep Cook from June 2019 to June 2020 and our Kitchen Manager from June 2020 to August 2021. From October 2018 to May 2019, she was a Line Cook/Lead for The Crafthouse. From April 2016 to September 2018, she was a General Manager for Shiraz MG. All of Ms. McClain's current and former positions have been in Louisville, Kentucky.

<u>Lisa Dwelly: Vice President Training and Operations</u>

Ms. Dwelly has been our Vice President of Training and Operations since July 2022. From March to June 2022, Ms. Dwelly was self employed, serving as a consultant for us. From September 2019 to February 2022, Ms. Dwelly was the Vice President of Training and Operations at Torchy's Tacos in Austin, Texas. Ms. Dwelly was in between jobs in August 2019. From November 2013 to July 2019, Ms. Dwelly was the Senior Director of Training at Texas Roadhouse. Except as described above, Ms. Dwelly's current and former positions have been in Louisville, Kentucky.

<u>Others with Management Responsibility</u>:

<u>Charles Schnatter: Co-Founder and Member</u>

Mr. Schnatter is our Co-Founder and has been our Member since our inception. Mr. Schnatter also serves as (1) the Chairman, Vice President, and Co-Owner of Heine Brothers' Coffee Inc. since November 2011; (2) a member of the Board of Directors of Skyline Chili, LLC since December 2000; (3) the Manager of Cascade Bay Trading Company, LLC since June 2014; and (4) a member of the Board of Directors of Red e App, Inc. since August 2012. All of Mr.

Schnatter's current and former positions have been in Louisville, Kentucky, except for Skyline Chili, LLC which is based in Fairfield, Ohio.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee - $40,000

You will pay us an initial franchise fee ("Initial Fee") of $40,000 when you sign the Franchise Agreement. For each Franchise Agreement executed to comply with your development obligation described under the Development Schedule of an Area Development Agreement, we will waive the Initial Fee. We will fully earn the Initial Fee due under each Franchise Agreement when you pay it, and you must pay us the Initial Fee in one lump sum. The Initial Fee is non-refundable.

Development Fee - $80,000 to $160,000

If you enter into an Area Development Agreement, you will pay us a development fee ("Development Fee") at the time you execute the Area Development Agreement. The Development Fee will be an amount equal to $40,000 multiplied by the number of Restaurants you agree to develop under the Area Development Agreement. Typically, the development schedule under an Area Development Agreement will require the development of 2 to 4 Restaurants. That means that the typical amount of Development Fee will range from $80,000 to $160,000. The Development Fee is non-refundable. We will fully earn the Development Fee when you pay it, and you must pay us the fee in one lump sum. For each Franchise Agreement executed to comply with your development obligation described under the Development Schedule of an Area Development Agreement, we will waive the Initial Fee.

Initial Inventory – Coffee Products - $950 to $1,350

You will be required to purchase coffee products from our affiliate Heine Brothers' prior to opening your Restaurant. Payment for these items will be due in a lump sum when the order is placed. Depending on the amount of inventory you purchase, we expect that you will pay between $950 and $1,350 for required inventory prior to opening your Restaurant. This payment is not refundable under any circumstances.

Lease Review Fees - $0 to $2,000

It is your responsibility to obtain a fully executed lease addendum in connection with executing the lease for the Restaurant. Our current form of lease addendum is attached as Exhibit C to the Franchise Agreement. Our approval of the lease is subject to our receipt of the lease addendum without modification or negotiation, signed by you and the landlord. If you or the landlord request that we consider any modifications to the lease addendum, and we agree to do so, we may also require you to reimburse us all expenses that we incur (including attorneys' fees) in connection with the review. We estimate this review may cost up to $2,000, depending on the extent of the changes to the lease addendum requested. This reimbursement is not refundable under any circumstances.

ITEM 6
OTHER FEES

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Royalty[2]	6% of your Restaurant's Gross Receipts.	Weekly	"**Gross Receipts**" means the total of all sales of all food products, beverages, alcohol, other merchandise and products, and services to the customers of your Restaurant, regardless of (i) whether such sale is performed at or from your Restaurant (including, without limitation, all off-site sales and catering sales), (ii) whether such sale is made in compliance with the Franchise Agreement, and (iii) whether such sale value is received in cash, check, credit and debit card payments, barter exchange, payment applications, mobile applications or similar systems and technology, or trade credit. Gross Receipts also includes all insurance proceeds you receive for loss of business due to a casualty to or similar event at your Restaurant. Gross Receipts do not include all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, customer refunds, discounts, and coupons. If we authorize or require participation in online group-bought deals (e.g., Groupon or Living Social), gift certificate and/or gift card programs, the payments you receive for those online group-bought deals, gift certificates or gift cards shall be included in Gross Receipts in accordance with our then-current guidelines for calculating Gross Receipts, which may include calculating such amounts, at our option, as either (i) the purchasing value of such the certificate, card or deal when it is redeemed at your Restaurant, or (ii) the amount of the payment you received for such certificate, card or deal at the time of its sale.
Brand Promotion Fund	0.75% of Gross Receipts with option to increase subject to the Maximum Advertising Expenditure	Weekly	Except grand opening expenses, all required marketing expenditures, including, Brand Promotion Fund, Local Advertising Expenditure, and Local Advertising Cooperative contributions are capped at 5% of your Restaurant's Gross Receipts (the "Maximum Advertising Expenditure").

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Local Advertising Cooperative Contribution	Such amount as determined by the Local Advertising Cooperative from time to time subject to the Maximum Advertising Expenditure	Weekly	If we establish a Local Advertising Cooperative in your geographic area, you agree to participate and make contributions to such Local Advertising Cooperative. The amount of your Local Advertising Cooperative Contribution will be determined at the time the Local Advertising Cooperative is established, and may be changed periodically. Except Grand Opening Advertising expenses, all required marketing expenditures, including, Brand Promotion Fund, Local Advertising Expenditure, and Local Advertising Cooperative contributions are capped at 5% of your Restaurant's Gross Receipts. The Local Advertising Cooperative will be organized and governed by written documents in a form and manner, and begin operating on a date, that we determine in advance. Each Restaurant in the Local Advertising Cooperative shall have 1 vote, regardless of whether it is owned by a franchisee or us or our affiliate. As of the issuance date of this Disclosure Document we have not established any Local Advertising Cooperative.
Technology Fee	$70 per week	Weekly	We may increase the amount of Technology Fee upon 30 days' notice to you.
Interest on late payments	Interest at the rate specified by us from time to time, or the highest commercial contract interest rate the law allows, but in no event shall such rate exceed 18% per annum	As incurred	Payable only on past-due amounts owed to us or our affiliates under the Franchise Agreement and will accrue from day following due date until paid.
Late Payment Fee	$100 per late payment	As incurred	Payable only on past-due amounts owed to us or our affiliates under the Franchise Agreement and will accrue from day following due date until paid.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Insufficient Funds Fee	$100 per occurrence for all checks returned or ACH requests declined due to insufficient funds, subject to applicable state law.	As incurred	Charged per occurrence for checks returned or auto-debit requests declined due to insufficient funds. Some states prescribe a maximum limit, that is lower than $100, on the amount that we can charge for checks returned or ACH requests declined due to insufficient funds. In such instances, we will charge the maximum amount permitted under the applicable state law.
Transfer Fee – Franchise Agreement	$5,000 if the transferee is an existing owner of a Restaurant. However, if the same transfer is being consummated simultaneously with a transfer under more than one franchise agreement, the transfer fee will be $2,500 for the second and subsequent franchise agreement; or $10,000 if the transferee is not an existing owner of a Restaurant. However, if same transfer is being consummated simultaneously with a transfer under more than one franchise agreement, the transfer fee will be $5,000 for the second and subsequent franchise agreement.	As incurred, prior to execution of the Consent to Transfer.	Payable if we approve a transfer of your ownership interest or transfer of your Restaurant as compensation for the expenses and resources required to review and approve the transfer, for the time and resources required to transition your buyer into the Franchise System, and for any disruption to our revenue stream that can result from a transfer of the business or an ownership interest in you. The amount of this fee may be impacted by and subject to applicable state law. "T**ransfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in the Franchise Agreement, you, your Restaurant or substantially all of its assets, or your owners (if such owners are legal entities).

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Transfer Fee – Area Development Agreement	$5,000 per transfer	As incurred, prior to execution of the Consent to Transfer.	Payable if we approve a transfer of your Area Development Agreement as compensation for the expenses and resources required to review and approve the transfer, for the time and resources required to transition your buyer into the Franchise System, and for any disruption to our revenue stream that can result from a transfer of the business or an ownership interest in you. The amount of this fee may be impacted by and subject to applicable state law.
Successor Term Fee	$5,000	Before or upon execution of the Franchise Agreement for the successor term	Payable if we approve you to acquire a successor franchise for your Restaurant.
Inspection and Audit Fee	Costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees	Immediately on demand	You reimburse our costs if examination was done because you failed to provide required reports or reveals a Royalty or Brand Promotion Fund contribution understatement exceeding 2% of the amount that you actually reported.
Management Fee	Greater of 10% of the Gross Receipts of the Restaurant or $500 per day, plus our (or the third party's) direct out-of-pocket costs and expenses, for such period during which we assume the management of the Restaurant.	As incurred	Payable only if we assume management of the Restaurant because of abandonment, failure to comply with the Franchise Agreement, or expiration or termination of Franchise Agreement (while we decide whether to exercise our purchase option). See Item 15.
Product or Supplier Testing	Variable (estimated to be between $0 to $500)	As incurred	If you request approval of a new product or supplier.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Initial Training Fee	$35,000 for your third and each subsequent Restaurant.	Payable before your Designated Managers attend the initial training.	We will not charge any initial training fee for training up to 4 Designated Managers for each of the first 2 Restaurants that you and/or your affiliates own. If you and/or your affiliates own and operate at least 2 Restaurants and we have not certified (i) you (or your Managing Owner as defined in Item 15, as applicable) or any of your affiliates' Managing Owner as a Certified Trainer and (ii) one of your or your affiliates' Restaurants as a Certified Training Center, we will charge an initial training fee of $35,000 for training the Designated Managers of your and/or your affiliates' third and each subsequent Restaurant. Your "**Designated Managers**" shall include you (or your Managing Owner, is a natural person with at least 25% ownership interest and voting power in you), your general manager, your Operating Partner, and your kitchen manager. If you and/or your affiliates own 3 or more Restaurants, you may hire an operating partner (the "**Operating Partner**") to oversee the operation of your and your affiliates' Restaurants.
Additional Training	Then-current per diem charge, currently $500 per instructor per day, plus cost of travel, lodging, and meals for our instructors	As incurred	Payable if we require your Designated Managers and other employees to undergo additional training.
Opening Assistance	Then-current per diem charges per trainer (currently, $500 per trainer), plus cost of travel, lodging, and meals for such trainers	As incurred	For the first 2 Restaurants that you or your affiliates own, we will not charge any fee for providing opening assistance for up to 10 days. If you require additional opening assistance you must pay us our then-current per diem charges per trainer.
Annual Conference and Business Meeting	Estimated to be $500, subject to change	As incurred	You will be responsible for all your attendees' travel, lodging, meals and other out of pocket expenses incurred to attend the annual conference and business meeting.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Insurance	Reimbursements of our costs, plus an administrative fee	As incurred	Payable only if you fail to obtain or maintain insurance, and we exercise our option to obtain or reinstate it for you. You must reimburse us for the cost of the insurance plus a reasonable fee for our services and our out-of-pocket expenses.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us and our affiliates if any of us is held liable for claims related to your Restaurant's operations.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable only if you do not comply with the Franchise Agreement or Area Development Agreement, and we are the prevailing party in any relevant litigation or arbitration.
Lost Revenue Damages	Will vary under circumstances	As incurred	Payable if we terminate the Franchise Agreement, or you terminate it without cause. An amount equal to the net present value of the Royalty fees and Brand Promotion Fund contributions that would have become due had the Franchise Agreement not been terminated, from the date of termination to the scheduled expiration date of the Franchise Agreement. Calculated based on Gross Receipts of the Restaurant for the 12 months preceding the termination, or if the Restaurant had not been in operation for at least 12 months, then based on the average monthly Gross Receipts of all Restaurants of your designated brand concept during our fiscal year immediately preceding the termination.

NOTES

1. Except as otherwise noted, all fees are imposed by and payable to us or our affiliates by electronic fund transfer mechanism we prescribed from time to time. All fees are non-refundable. Unless otherwise indicated, fees are due under the Franchise Agreement.

2. If state or local law where the Restaurant is located prohibits or restricts your ability to pay or our ability to collect Royalty or other amounts based on revenue from the sale of alcoholic beverages at the Restaurant, we will reset the amount of the Royalty or other sums payable to us and redefine Gross Receipts to exclude the payment of Royalty on the amount received by you from the sale of alcoholic beverages to an amount that will have approximately the same basic economic result for both you and us that seeks to not conflict with the law.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(FRANCHISE AGREEMENT)

TYPE OF EXPENDITURE[1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$40,000	Lump Sum	On Execution	Us
Lease Review[3]	$0 - $2,000	Lump Sum	As incurred	Us
Leasehold Improvements[4]	$250,000 - $550,000	As Arranged	As Invoiced	Third-party Suppliers
Furniture, Fixtures and Equipment[5]	$265,000 - $315,000	As Arranged	As Invoiced	Third-party Suppliers
Architect and Engineering Fees	$10,000 - $18,000	As Incurred	As Arranged	Third-party Suppliers
Signage, Interior and Restaurant Graphics[6]	$20,000 - $30,000	As Arranged	As Invoiced	Third-party Suppliers
Three Month's Rent and security deposit[7]	$19,000 - $34,000	As Arranged	As Incurred	Third-party Suppliers
Utility Deposits and Fees[8]	$500 - $3,000	Lump Sum	As Incurred	Third-party Suppliers
Alcohol Permits[9]	$3,500 -$35,000	Lump Sum	As Incurred	Third-party Suppliers
Opening Inventory and Supplies[10]	$10,000 - $12,500	As Arranged	As Invoiced	Third-party Suppliers & our affiliates
Computer System[11]	$5,000 - $7,500	As Arranged	As Invoiced	Third-party Suppliers
Merchandise	$5,000 - $7,000	As Arranged	As Invoiced	Third-party Suppliers
Smallwares	$25,000 - $30,000	As Arranged	As Invoiced	Third-party Suppliers
Grand Opening Advertising[12]	$5,000	As Arranged	As Invoiced	Third-party Suppliers
Training Expenses[13]	$5,000 - $40,000	As Arranged	As Invoiced	Third-party Suppliers and Employees
Miscellaneous Opening Costs[14]	$5,000 - $10,000	As Arranged	As Invoiced	Third-party Suppliers

TYPE OF EXPENDITURE[1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Professional Fees[15]	$2,000 - $5,000	As Arranged	As Invoiced	Third-party Suppliers
Insurance Premiums – 3 months[16]	$2,000 - $3,000	As Arranged	As Invoiced	Third-party Suppliers
Additional Funds - 3 months[17]	$30,000 - $40,000	As Arranged	As Incurred	Third-party Suppliers and Employees
TOTAL ESTIMATED INITIAL INVESTMENT[18]	**$702,000- $1,187,000**			

NOTES

1. All fees payable to us or our affiliates are not refundable. Whether any of the other payments are refundable will depend on the arrangement between you and the supplier.

2. For each Franchise Agreement executed to comply with your development obligation described under the Development Schedule of an Area Development Agreement, we will waive the Initial Fee.

3. If you or the landlord request that we consider any modifications to our standard of lease addendum annexed as Exhibit C to the Franchise Agreement, we may also require you to reimburse us all expenses that we incur (including attorneys' fees) in connection with the review.

4. Our estimate for leasehold improvements does not include any tenant improvement allowance that may be granted by landlords towards leasehold improvements. Tenant improvement allowances are site specific and dependent upon several variables, including rent, occupancy levels and local market conditions, which are beyond our control. Between 2018 and 2019, our affiliate, Biscuit Belly, LLC ("**BB**"), received tenant improvement allowance within the range of $50,000 (for second generation restaurant space) to $300,000 (for cold dark shell premises). The cost for leasehold improvements can be impacted by a number of factors, including size of the Restaurant, tenant improvement allowance, landlord work letter and delivery conditions. Other factors that might impact the cost of leasehold improvements are the condition of the Restaurant premises at the time you sign your Lease, and location of the Restaurant premises (leasehold improvements for Restaurants developed in urban areas tend to be more expensive).

5. The cost of furniture and fixtures will depend on the brands purchased, freight and installation costs, applicable state and local taxes. This estimate also includes equipment such as fryers, flat tops, coolers, sinks, etc.

6. This includes cost of both interior and exterior signage. In addition to normal variances, the range for this item will be impacted by whether signage is permitted by the landlord and the municipality where the Restaurant is located.

7. The cost of acquiring or leasing a location for your Restaurant will vary significantly depending upon the market in which the proposed site is located. A suitable building for a Restaurant will range in size from approximately 2,600 square feet to 3,200 square feet and will likely cost from $25 to $40 per square foot per year. This range assumes you do not own the building and land on which your Restaurant is located and therefore will not be required to pay rent. Local market conditions, changes in the economy and inflation will all contribute to your real property costs. The location of the parcel of real property, its relationship to and the nature of any adjoining uses, and its accessibility will affect both its size and price. Lease agreements vary, but usually require the lessee to pay a security deposit and for maintenance, insurance, taxes and any other charges or expenses for the land and building and the operation of the Restaurant or they may require that you reimburse the landlord for its proportionate share of these payments (plus interest) made on your behalf. Some lease agreements will also require you to pay minimum monthly rent or percentage rent. You must get our approval of your proposed lease before signing it.

8. The low end of this estimate assumes you already have credit history with utility providers, so no deposit is required. The high-end estimate constitutes a deposit equal to one month of your estimated utility expense.

9. The cost to obtain a liquor license varies greatly depending on the licensing authority involved and the local liquor license resale market, if any. Generally, liquor-licensing systems fall into two categories: (a) quota-based systems, and (b) non-quota-based systems. In quota-based systems, the total number of licenses available in a municipality, county or other defined territory is set according to the number of people within the territory. For example, state law may limit the total number of licenses available to one per every two thousand persons. Once the licensing authority has issued the total number of licensees according to the population, the licensing agency will not issue any additional new licenses until a new census is taken that shows an increase in population or until an existing permit expires or is revoked. Most often in quota-based systems, parties seeking licenses will not wait for the next census or wait for a license to expire. Instead, they will purchase a license from an existing licensee. In such situations, the cost of obtaining a license can be substantially greater than the cost of obtaining a license directly from the licensing authority. The new licensee will not only pay fixed license fees to the state, but it will also pay the purchase price to the transferor plus fees for attorney's services and service providers. The licensing agency may or may not regulate the price. The price may simply be set by the market for licenses in a particular location, and that could inflate the price significantly. You should carefully review the system of liquor licensing in your state and review the expected range of costs, if your Restaurant is located in a quota state. In state systems that are not quota-based, the cost of obtaining a state license is usually limited to the fee prescribed by statute or administrative regulation, plus fees for attorney's services and service providers. However, there may be additional costs imposed by a need to obtain a municipal and/or county liquor license, conditional use permit or other governmental approval. There are also federal tax permits required.

10. Due to differences in local laws, prices, suppliers, geography and commercial practices, you may elect to carry a larger inventory. Local costs will greatly affect this investment. This includes the amount that you will spend on purchasing your initial inventory from Heine Brothers' (See Item 5).

11. This includes the cost of purchasing or leasing a personal computer with Microsoft Office, printer, scanner, point-of-sale terminal and software, cash drawers, non-cash payment systems, back-of-house software, accounting software, kitchen display screens, and high speed internet system.

12. In addition to your contribution to the Brand Promotion Fund, you must (i) spend a minimum of $5,000 on a grand opening advertising program that we have approved, (ii) spend at least one percent 1% of Gross Receipts each month to advertise and promote your Restaurant to meet your Local Marketing Expenditure (as defined and described in Item 11), and (iii) make such contributions to the Local Advertising Cooperative in an amount determined by us periodically after we establish the Local Advertising Cooperative. Except grand opening expenses, all required marketing expenditures, including, Brand Promotion Fund, Local Advertising Expenditure, and Local Advertising Cooperative contributions are capped at 5% of your Restaurant's Gross Receipts.

13. We will not charge any initial training fee for training up to 4 Designated Managers for each of the first 2 Restaurants that you or your affiliates own. If you and/or your affiliates own and operate at least 2 Restaurants and we have not certified (i) you (or your Managing Owner, as applicable) or any of your affiliates' Managing Owner as a Certified Center and (ii) one of your or your affiliates' Restaurants as a Certified Training Center, we will charge an initial training fee of $35,000 for training the Designated Managers of your and your affiliates' third and each subsequent Restaurant. The low end of this estimate assumes that we will charge not initial training fees for training your Designated Managers. This estimate includes the cost for payroll for management and staff training before the opening of your Restaurant. Your costs will vary substantially based on the salary you pay your employees, which will be impacted by local market conditions and prevailing wage rates in your geographic area, how long before opening you hire your managers, and whether this is your first Restaurant or your second or subsequent Restaurant. Our estimate also includes your costs (including, travel, lodging and meals) to send up to 4 Designated Managers to attend our initial training program; you may not incur these expenses if we choose to provide training virtually via the Internet. Your costs will vary substantially based on the distance your attendees must travel to attend training and the type of accommodations you choose. Additionally, the estimate above includes an estimate of our costs, which you must reimburse, for sending a lead trainer and/or training team to your Restaurant to provide grand opening assistance.

14. Typical pre-opening expenses include salaries and training expenses incurred for your staff (i.e. staff other than Designated Managers), pre-opening training menus, related pre-opening marketing and personnel ads.

15. This estimate includes the fees likely to be paid to lawyers and accountants for initial advice, creation of entities and governing documents, and initial accounting set-up.

16. You must, at your own expense, keep in force insurance policies for each Restaurant. We reserve the right to change types and amounts of coverage. This estimate is based on our current requirements. See Item 8 for a description of our current requirements. Your lease agreement may require higher insurance limits than those stated above. You will likely have to prepay all or a

portion of the first year's premiums for insurance. The estimate above assumes that you will prepay the annual insurance premiums for your first year of operations.

17. Our estimates of the amounts needed to cover your expenses for the start-up phase (3 months from the date the Restaurant opens for business) of your Restaurant include: replenishing your inventory, initial advertising and promotional expenditures, payroll for managers and other employees, utilities and other variable costs. Your actual cost will depend on factors including management skill, experience, business acumen, local economic conditions, local market for casual dining, prevailing wage rates, competition and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service on loans that you obtain to finance your Restaurant.

18. Your actual costs will depend on factors such as: geography, the availability of sites; your Restaurant size and location; construction costs; your discretionary expenditures; the availability of leasing or financing arrangements; your credit rating; and other factors. The estimated initial investment figures shown above for constructing and opening a Restaurant are based primarily on the costs incurred by our affiliate in opening the Restaurants in Kentucky in 2019 and early 2020. Because the figures listed in the chart above are only estimates, it is possible both to reduce and to exceed costs in any of the areas listed above. Actual costs will vary depending on physical size and current condition of the Restaurant premises. In addition, actual costs may substantially exceed these estimates in a major metropolitan market. To avoid excessive construction costs, we require that you pick contractors carefully by obtaining several competitive bids beforehand. These estimates do not include extensive exterior renovations.

Neither we nor our affiliates offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation.

YOUR ESTIMATED INITIAL INVESTMENT

(AREA DEVELOPMENT AGREEMENT)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Development Fee for Multiple Restaurants[1]	$80,000 - $160,000	Lump Sum	On Execution	Us
Additional Funds – 3 months	$0			
TOTAL ESTIMATED INITIAL INVESTMENT[2]	**$80,000 - $160,000**			

NOTES

1. Actual costs will depend on the number of Restaurants specified in the Area Development Agreement. Development Fee equals $40,000 multiplied by the number of Restaurants you agree to open. For each Franchise Agreement executed to comply with your development obligation described under the Development Schedule of an Area Development Agreement, we will waive the Initial Fee. Under the Development Agreement, we typically require a commitment of 2 to 4 Restaurants; however, you may commit to develop more than 4 Restaurants. For each Franchise Agreement executed to comply with your development obligation described under the Development Schedule of an Area Development Agreement, we will waive the Initial Fee.

2. For each Restaurant that you develop pursuant to the terms of an Area Development Agreement, you must execute an individual Franchise Agreement, and incur the costs associated with developing a Restaurant under the terms of that Franchise Agreement. Except for the first Franchise Agreement that you will execute simultaneously with the Area Development Agreement, table 1 under Item 7 above does not include an estimate of any costs incurred under the terms of any individual Franchise Agreement. We do not provide an estimate in this Disclosure Document of the investment or costs associated with developing a Restaurant at any future date, which may be impacted by a number of factors, including changes to our System Standards and the prevailing market rates for goods and services.

3. Neither we nor our affiliates offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

In constructing and operating the Restaurant, you must use only those operating assets that we have approved according to our System Standards (as defined below) for appearance, function and performance ("Operating Assets"). In order to maintain the quality and consistency among the Restaurants, we may periodically issue certain mandatory standards, specifications, operating procedures and rules for Restaurants (the "System Standards"). You must strictly comply with all System Standards. We will provide you our System Standards and the list of approved Operating Assets in the Operations Manuals (as defined in Item 11) and otherwise in writing.

Approved or Designated Suppliers

To further facilitate consistency and quality among the Restaurants and our ability to leverage volume purchasing power, we may approve or designate vendors and suppliers for some or all the Operating Assets. You must purchase the Operating Assets from our approved or designated suppliers, which may include or be limited to us or our affiliates. We will provide you with a list of approved and designated suppliers in the Operations Manuals or otherwise in writing.

We may, in our sole discretion, enter into supply contracts either for all Restaurants or a subset of Restaurants situated within one or more geographic regions (each a "Systemwide Supply Contract"). We may enter into Systemwide Supply Contracts with one or more vendors of products, services, or equipment and may require all Restaurants in a geographic area to purchase from, use, or sell to such vendors. If we enter into such Systemwide Supply Contracts, then immediately upon notification, you must purchase the specified product, service, or equipment only from the designated supplier. We may also establish commissaries and distribution facilities owned and operated by us or our affiliates, or otherwise designate us or our affiliates as a designated supplier.

As of the issuance date of this Disclosure Document, we require you to use our designated vendors or suppliers for food and beverage, Computer System, music software, IVR system, operational technology, learning management system, signage, furniture and fixtures, paper products, and small wares. We may also require you to use the services of our designated real estate brokerage firm, accounting firm, public-relations agency, architect, interior decorator, and structural engineers. As of the issuance date of this Disclosure Document, our affiliate, Heine Brothers', is the sole supplier of coffee products for the Franchise System. Except as disclosed above, neither we nor any of our affiliates are the approved or sole supplier of any goods or services. We may in the future designate ourselves or an affiliate as an approved supplier or the sole supplier of any goods and any other services that are used in the development or operation of your Restaurant.

As of the issuance date of this Disclosure Document, Charles Schnatter, our Co-Founder and Member, is the co-owner of Heine Brothers', which is the sole supplier of coffee products to the Restaurants. Except as disclosed above, none of our officers own an interest in any approved or designated suppliers or vendors.

We estimate that 80% to 90% of your initial investment and 80% to 90% of your ongoing expenditures will be directed to purchase products and services that will be restricted by us in some manner.

Alternative Products, Services and Suppliers

If you propose to purchase any products or services that we have not approved, or from any supplier that we have not approved, you must first notify us in writing. You must also submit to us sufficient specifications, photographs, drawings and other information or samples for us to determine whether the proposed products or services comply with our System Standards, and/or the proposed supplier meets our approved supplier criteria. Approval is conditioned on you demonstrating that the alternate supplier (i) sells a product meeting our specifications and quality standards; (ii) can meet the quantity demands of our restaurants located within your trading area; and (iii) is in good standing in the business community regarding the reliability of its products, materials, or services. We will notify you of our approval or disapproval of all proposed products, services or suppliers in writing to you within a reasonable time, typically within 60 days after receipt of the information from you or from the proposed supplier. If we have not notified you in writing of our approval by the end of the 60 days, the request is deemed to be denied. We will charge you a fee of up to $500 for testing and evaluating suppliers or products and services. We may also impose limits on the number of suppliers, products and services that we are willing to review. We maintain a list of criteria for reviewing and approving products, services and suppliers; however, we do not issue these criteria to you and may deny approval of any supplier in our sole discretion. We may periodically re-inspect any approved products or services, or the facilities and products and services of any approved supplier and revoke our approval if such product, service or supplier does not continue to meet any of our criteria.

Insurance

You must maintain in force at your sole expense insurance policies for your Restaurant as required under applicable law and in minimum types and amounts of coverage we prescribe in the Operations Manuals or otherwise in writing from time to time. Currently, our requirements include general liability insurance with a coverage of $1,000,000 per occurrence and $3,000,000 in aggregate, damage to the Restaurant premises insurance with a coverage to include the cost to rebuild the Restaurant as per our then-applicable System Standards, liquor liability/dram shop insurance with a coverage of $1,000,000 per occurrence and $2,000,000 in aggregate, and employment practices liability insurance with a minimum coverage of $100,000 per occurrence. You also must maintain workers' compensation insurance for your employees in accordance with laws applicable in the state in which the Restaurant is operated.

Our current minimum monthly insurance premium amount is described in Item 7. We may periodically change the amounts of coverage required under these insurance policies or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. You must provide us with a certificate of insurance naming us and our designated affiliates and our and their respective principals, officers, directors, managers, owners, employees, agents, representatives and independent contractors as additional insureds, using a form of endorsement that we have approved, and providing us with 30 days prior written notice of material changes to or cancellation or expiration of all policies. Your insurance policies must contain a waiver of subrogation in favor of the additional insureds and provide primary coverage with any insurance policies we and our affiliates maintain being non-contributory. You routinely must furnish us copies of your Certificate of Insurance or other evidence of your maintaining this insurance coverage and paying premiums.

Purchase Arrangements, Material Benefits and Revenue

We and/or our affiliates may derive revenue or other material consideration from direct purchases or leases by our franchisees. During fiscal year 2022, our affiliate, Heine Brothers' derived revenue of $19,498.65 from the sale of products and services to our franchisees. We did not derive any revenue from franchisees for the sale of products and services during fiscal year 2022.

We or our affiliates may receive revenue or rebates of up to 1% based purchases made by our affiliates and franchisees from designated vendor and suppliers. The basis for rebates and contributions paid to us or our affiliates will depend on the type of product or service supplied. During fiscal year 2022, neither we nor any of our affiliates received any revenue or other material consideration from third-party suppliers on the basis of purchases made by the franchisees. Unless provided in the agreement with the approved supplier, neither we nor our affiliates are obligated to spend funds received from approved suppliers nor are we or they bound to spend such funds in any particular manner or for any particular purpose.

As of the issuance date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above; however, we and our affiliates reserve the right to enter into purchase agreements at any time.

We do not provide any material benefits to franchisees based on their use of designated or approved suppliers.

Except as disclosed above, we have not negotiated any other purchase arrangements with suppliers, including price terms, for the benefit of the Franchisee.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN AREA DEVELOPMENT AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
A. Site selection and acquisition/lease	Sections 2.A. and 2.B.	Sections 2.B., 2.C., and 2.D	Items 8 and 11
B. Pre-opening purchases/leases	Sections 2.B., 2.C., 2.E. 2.F., and 8	Not applicable	Items 5, 7, 8, and 11
C. Site development and other pre-opening requirements	Section 2.C., 2.D., 2.E. and 2.G.	Section 2	Items 7, 8, and 11
D. Initial and ongoing training	Section 4	Not applicable	Item 11
E. Opening	Section 2.G.	Section 2	Item 11
F. Fees	Section 3	Section 3	Items 5, 6 and 7
G. Compliance with System Standards/ Operations Manuals	Section 4.C., 4.D., and 8.J.	Section 2.D.	Items 8, 11 and 14
H. Trademarks and proprietary information	Section 5 and 6	Not applicable	Items 13 and 14
I. Restriction on products/services offered	Section 8.C., 8.E, and 8.J.	Not applicable	Items 8 and 16
J. Warranty and customer service requirements	Section 8.F.	Not applicable	Not applicable.
K. Territorial development and sales quotas	Not addressed	Section 2 and Attachment A	Item 12
L. Ongoing product/service purchases	Section 2.E.	Not applicable	Item 8 and 11
M. Maintenance, appearance and remodeling requirements	Section 8.A., 8.B., 8.F. and 8.J.	Not applicable	Item 11
N. Insurance	Section 8.G.	Not applicable	Item 6, 7 and 8
O. Advertising	Section 9	Not applicable	Items 6, 8 and 11
P. Indemnification	Section 16.D.	Section 9.C.	Item 6
Q. Owner's participation, management, and staffing	Section 8.D.	Not applicable	Items 11 and 15
R. Records/reports	Section 10	Section 4	Items 6 and 11
S. Inspections/audits	Section 11	Not applicable	Items 6 and 11
T. Transfer	Section 12	Section 5	Items 6 and 17

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN AREA DEVELOPMENT AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
U. Renewal	Section 13	Not applicable	Item 6 and 17
V. Post-termination obligations	Section 15	Section 8	Item 17
W. Non-competition covenants	Sections 7.A. and 15.C.	Section 8.B	Item 17
X. Dispute resolution	Section 17	Section 10	Item 17

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your promissory notes, mortgages, leases or other obligations.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Our Pre-Opening Obligations – Franchise Agreement

1) Consult with you on, review and, at our discretion, accept your proposed site for your Restaurant. Our determination to accept or not accept a site may be based on various criteria (such as demographics, proposed rental rates, neighborhood and nearby business counts and characteristics, nearby residential populations, traffic count, accessibility, parking, visibility, signage, and competition) which may change from time to time in our discretion. We typically accept or reject your lease within 30 days of your providing us all required information. We do not lease Restaurant premises to our franchisees. (Franchise Agreement, Section 2.A.)

2) Review and, at our discretion, accept your proposed lease and space plans and drawings (Franchise Agreement, Section 2.B. and 2.C.)

3) Provide initial training to your Designated Managers at such location(s) as we designate for your and your affiliates' each of the first 2 Restaurants (Franchise Agreement, Section 4.A.)

4) Provide pre-opening assistance for your and your affiliates' each of the first 2 Restaurants (Section 4.B.)

5) Provide access to our Operations Manual (Franchise Agreement, Section 4.D.)

6) Provide prototype plans and specifications for all required equipment (including Computer System), furniture, fixtures, and signs and lists of approved suppliers or vendors (Franchise Agreement, Sections 2.E. and 8)

Our Pre-Opening Obligations – Area Development Agreement

After you sign an Area Development Agreement, but before you open a Restaurant, we or our affiliates will provide you the following assistance:

1) Review sites you propose for the development of the Restaurant and, at our discretion, accept the proposed site and execute our then-current form of Franchise Agreement with you and your approved affiliate (Area Development Agreement, Sections 2.D and 2.E)

Opening of your Restaurant

You must have accepted by us the site for your Restaurant within 90 days from the execution of the Franchise Agreement. If you do not locate, a site acceptable to us within 90 days from the execution of the Franchise Agreement, we may terminate the Franchise Agreement. You must commence the construction of your Restaurant within 120 days from our acceptance of the site for your Restaurant. You must open your Restaurant no later than the earlier (i) of within 210 days from our acceptance of your proposed site for the Restaurant or (ii) within 300 days from the execution of the Franchise Agreement. Factors that affect this time include obtaining a satisfactory site, financing arrangements, lease negotiations, local ordinances, delivery and installation of equipment, and renovation of the premises. This Disclosure Document represents our first offering of the Restaurant franchises, so we do not have a basis to disclose the typical length of time between signing the Franchise Agreement and opening the Restaurant, but we expect the period to between 6 and 9 months.

Continuing Assistance During the Operation of Your Restaurant

During the operation of your Restaurant, we or our affiliates will:

1) Provide post-opening assistance to you at your Restaurant (Section 4.B.)

2) Provide you our System Standards and other suggested standards, specifications and procedures for the Restaurants (Franchise Agreement, Section 4.D.)

3) Advise you of what purchasing is required and what authorized Operating Assets and other products and services are required (Franchise Agreement, Section 2.E. and 8.A.)

4) Provide you assistance with advertising and marketing materials and programs and approve the same (Franchise Agreement, Section 9)

5) Maintain a website for the promotion of the Restaurants (Franchise Agreement, Section 9.E.)

6) Provide you with a list of authorized vendors and suppliers for the products, goods, merchandise, supplies, signs, furniture, fixtures, equipment and services (Franchise Agreement, Section 8.E.)

7) We may periodically set a maximum or minimum price that you may charge for products or services offered by your Restaurant (Franchise Agreement, Section 8.H.)

We are not obligated to provide any post-opening assistance under the Area Development Agreement.

Advertising Program

Under the Franchise Agreement, we reserve the right to modify the amount that you must contribute to a national brand promotion fund or that you must spend on your own local marketing subject to the Maximum Advertising Expenditure cap (see Item 6).

Brand Promotion Fund

You must contribute to the brand promotion fund for Restaurants (the "Brand Promotion Fund"). Currently the amount of your contribution is 0.75% of your Gross Receipts, payable in the same manner as the Royalty.

All franchisees will uniformly contribute to the Brand Promotion Fund. Restaurants that we or our affiliates own will contribute to the Brand Promotion Fund on the same percentage basis as franchisees. During fiscal year 2022, the contributions made to the Brand Promotion Fund were spent as follows: (i) 75% on media production, and (ii) 25% on media placement. During fiscal year 2022, no portion of the Brand Promotion Fund was used principally for the solicitation of new franchisees.

We or our affiliates or other designees will direct all programs that are developed or presented by the Brand Promotion Fund, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Brand Promotion Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining a Franchise System website and related strategies; administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices; implementing a loyalty program or other marketing programs designed to encourage the use of Restaurants; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Brand Promotion Fund will give you samples of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at its direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Brand Promotion Fund separately from our other funds and not use the Brand Promotion Fund for any of our general operating expenses. However, we may use the Brand Promotion Fund to reimburse ourselves or our affiliates for the reasonable salaries and benefits of personnel who manage and administer the Brand Promotion Fund, the Brand Promotion

Fund's other administrative costs, travel expenses of personnel while they are on Brand Promotion Fund business, meeting costs, overhead relating to Brand Promotion Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Promotion Fund and its programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Promotion Fund contributions.

The Brand Promotion Fund will not be our asset. We do not owe any fiduciary obligation to you for administering the Brand Promotion Fund or any other reason. We will hold all Brand Promotion Fund contributions for the benefit of the contributors. The Brand Promotion Fund may spend in any fiscal year more or less than the total Brand Promotion Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If any Brand Promotion Fund contributions are not spent in any fiscal year, such funds will be retained by the Brand Promotion Fund for future use. We will use all interest earned on the Brand Promotion Fund contributions to pay costs before using the Brand Promotion Fund's other assets.

We may have the Brand Promotion Fund audited annually, at the Brand Promotion Fund's expense, by an independent certified public accountant. We do not make the Brand Promotion Fund's financial statements available to franchisees to review; however, franchisees may make a written request to us to obtain a periodic statement of how funds were raised and spent by the Brand Promotion Fund. We may incorporate the Brand Promotion Fund or operate it through a separate entity whenever we deem appropriate.

Although we will try to use the Brand Promotion Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Restaurants contributing to the Brand Promotion Fund, we need not ensure that Brand Promotion Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Promotion Fund contributions by Restaurants operating in that geographic area or that any Restaurant benefits directly or in proportion to its Brand Promotion Fund contribution from the development of advertising and marketing materials or the placement of advertising and marketing. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Promotion Fund contributions at the Brand Promotion Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Brand Promotion Fund. Except as provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Promotion Fund.

If we terminate the Brand Promotion Fund, we may either spend all unspent monies in accordance with our then-current marketing policies, until such amounts are exhausted, or distribute the funds in the Brand Promotion Fund to the contributing Restaurant owners on a pro rata basis. At the end of each fiscal year, all unspent amounts in the Brand Promotion Fund will carry-over to be used for the subsequent years.

Local Marketing Expenditure

You agree to list and advertise your Restaurant on any Online Presence (as defined below) as provided in the Operations Manual or otherwise in writing and, at our direction. If other Restaurants are located within the directory's distribution area, we may require you to participate in a collective advertisement with those other Restaurants and to pay your share of that collective advertisement. We require you to spend at least one percent 1% of Gross Receipts each month to advertise and promote your Restaurant ("Local Marketing Expenditure"); however, we have the right, at any time upon 30 days' notice to you, to change the foregoing requirement subject to the Maximum Advertising Expenditure cap. Any amount you contribute to the Local Advertising Cooperative (defined as below below) will count towards your Local Marketing Expenditure requirements. Upon our request you agree to send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion. Your local advertising and promotion must follow our guidelines.

You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. At least 5 business days before you intend to use them, you agree to send us for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written approval within 3 business days after we receive the materials, they are deemed to be disapproved. Once we approve the materials, you are permitted to use them; provided, however, that we may, in our discretion, withdraw our approval at any time. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved. You must discontinue the use of any advertising material, even if previously approved, within 5 days upon receipt of our request to do so.

We reserve the right, at any time, to issue you a notice that the amounts required to be spent by you towards Local Advertising Expenditure shall, instead, be paid to us or our designee. If we exercise this option, we will then spend such amounts, in accordance with local Restaurant marketing guidelines and programs that we develop from time to time, to advertise and promote the Restaurant on your behalf. We may instead, in our discretion, contribute any such amounts to the Brand Promotion Fund. We may also elect, on one or more occasions and without prejudice to our rights to issue further notices, to temporarily or permanently cease conducting such marketing activities on your behalf and, instead, to require you to conduct such marketing activities yourself in accordance with our guidelines.

Local Advertising Cooperative

We have not currently established any advertising cooperative ("Local Advertising Cooperative") but we may do so in future. Each Local Advertising Cooperative will be comprised of geographical areas that we determine or approve in which 2 or more Restaurants are operating and in which their local marketing efforts are likely to overlap. Each Restaurant located in the area covered by the Local Advertising Cooperative (including the Restaurants that we or our affiliates own or operate) will be required to contribute, on an equal basis, to the Local Advertising

Cooperative, regardless of the Restaurant's Local Advertising Cooperative formation vote. Contributions to the Local Advertising Cooperative will be payable in the same manner as Royalty.

Each Local Advertising Cooperative, if established, will be organized and governed by written documents in a form and manner, and begin operating on a date, that we determine in advance. Such written documents will be available for participating franchisees to review. If a Local Advertising Cooperative is established for the geographic area in which your Restaurant is or will be located, you must sign the documents we require to become a member of the Local Advertising Cooperative, and you must participate in the Local Advertising Cooperative as those documents require. We retain the power to change, dissolve and merge Local Advertising Cooperatives. Each Restaurant in the Local Advertising Cooperative shall have 1 vote, regardless of whether it is owned by a franchisee or us or our affiliate.

If a Local Advertising Cooperative is established for your geographic area, you must pay into it and participate in the marketing programs it conducts, in each case, as determined by the vote of the majority of its members, with each Restaurant having 1 vote. The amount of your Local Advertising Cooperative Contribution will be determined at the time the Local Advertising Cooperative is established, and may be changed periodically, provided, that it will be subject to your Maximum Advertising Expenditure cap i.e. 5% of your Restaurant's Gross Receipts. Subject to our rights to assume management of the Local Advertising Cooperative as described below, we expect that each Local Advertising Cooperative will run autonomously, based on the majority vote of the participating members, but subject to our prior written approval of the proposed marketing programs and using only those marketing materials that have been provided or approved by us in advance. However, we may determine the geographic make-up of the Local Advertising Cooperative and the minimum amounts that must be contributed to it. If the members of the Local Advertising Cooperative vote to increase the amount of the contributions above the minimums we have established, you will be required to contribute the higher amounts, but your total contribution towards Brand Promotion Fund, Local Area Marketing, and Local Advertising Cooperative will not exceed the Maximum Marketing Expenditure.

We may, at any time, assume the management of any Local Advertising Cooperative. If we do, instead of making contributions directly to the cooperative, you will be required to make those contributions to us or our designee in the same manner as you make payments of Royalty fees. We will then execute on the directives of the majority of the members of the Local Advertising Cooperatives subject to those matters, as described above, over which we have approval or determination rights. We may, but will not be required to, segregate the funds we collect from the members of the Local Cooperative; however, we will account for those monies separately. We will be allowed to spend and allocate the Local Advertising Cooperative monies on the same types of things and in the same manner as we are allowed to do so with respect to the Brand Fund, but any marketing programs we conduct with the Local Advertising Cooperative's monies will be conducted in or will reach into the areas covered by Local Advertising Cooperative.

In its governing documents, the Local Advertising Cooperative will be required to prepare an annual accounting of its collections and expenditures, by category, and these accountings for the most recently completed fiscal year will be available to its members on their written request.

You understand and acknowledge that your Restaurant may not benefit, either directly or in proportion to its contribution to the Local Advertising Cooperative, from the development and placement of advertising and the development of marketing materials. Local Advertising Cooperatives for Restaurants will be developed separately and no cooperative will be intended to benefit the others. We may, but are not obligated, to use collection agents and to institute legal proceedings to collect amounts owed to the Local Advertising Cooperative on behalf of and at the expense of the Local Advertising Cooperative and to forgive, waive, settle and compromise all claims by or against the Local Advertising Cooperative. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Local Advertising Cooperative.

Online Presence.

The term “Online Presence” means any website, domain name, email address, social media account, username, other online presence or presence on any electronic medium of any kind that refers to your Restaurant, the Marks, us or the Franchise System. Online Presence is subject (among other things) to our review and prior written approval before any Online Presence. You may not establish any Online Presence related to the Marks or the Franchise System, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through any Online Presence without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only Online Presence will be through 1 or more web pages that we establish on our Online Presence.

We will have the right to establish any Online Presence providing private and secure communications between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to such Online Presence in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of such Online Presence that you must acknowledge and/or sign.

You are not permitted to promote your Restaurant or use any of the Marks in any manner in connection with any Online Presence, without our prior written consent. If we approve the use of any such Online Presence in the operation of your Restaurant, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other third-party websites or other Online Presence. Unless we specify otherwise, we will own the rights to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or help us obtain exclusive rights in such Online Presence. We may conduct collective/national campaigns via any Online Presence on your behalf.

Grand Opening Advertising

In addition to your other advertising obligations, you must spend at least $5,000 for a grand opening marketing program for your Restaurant to take place, in the manner we approve, before and within 90 days after your Restaurant opens. You must spend this amount in addition to all other amounts you must spend on advertising specified above, and the amount you spend on grand opening advertising will not count towards your local marketing expenditure for such year. You must use the media and materials we develop or approve in connection with the grand opening advertising program.

Franchise Advisory Council

We do not have a franchisee advisory council that advises us on advertising policies, though we reserve the right to establish such a council in the future.

Area Development Agreement

Under the Area Development Agreement, we do not require you to make any contributions towards the above advertising programs.

Computer System

You must purchase the Computer System approved by us to ensure compliance with our System Standards. The "Computer System" consists of a personal computer with Microsoft Office, printer, scanner, point-of-sale terminal and software, cash drawers, non-cash payment systems, back-of-house software, accounting software, kitchen display screens, and high-speed internet system. Your computer system will enable you to collect information about customer orders, sales by hour/day/period. We will have the ability to access your cash system and computer. There are no contractual limitations on our and our affiliates' right to access or use this information and data.

You must purchase all of the above items from our approved vendor. Your cost to purchase and install the entire system will range between $5,000 and $7,000 (see Item 7), depending on many factors. We currently estimate that the annual cost of maintenance, updating, upgrading of the Computer System as it presently exists will range from $500 to $3,500.

You must also maintain a functioning e-mail address and all specified points of high-speed Internet connection. We may issue email addresses to you for use in connection with your Restaurant.

You must upgrade your hardware and software when we decide it to be necessary and at your own cost. We reserve our right to update System Standards, which includes computer hardware and software from time to time and there are no contractual limitations on these rights.

Operations Manual

We provide information about our System Standards and other guidance through manuals and bulletins, including the operations manual (the "Operations Manual"), which may include one or more separate manuals as well as other written materials. We may modify the Operations Manual periodically to reflect changes in System Standards, including in the form of memoranda and newsletters. We also may post some or all of the Operations Manual on a restricted website or extranet to which you will have access. You must monitor and access that website for any updates to the Operations Manual. Any passwords or other digital identifications necessary to access the Operations Manual on a restricted website or extranet will be deemed to be part of Confidential Information (as defined below). Upon your request, we will grant you an opportunity to review the entire Operations Manual before you execute the Franchise Agreement or the Area Development Agreement or make any payment to us or our affiliates.

Training

No later than 4 weeks before your scheduled soft opening but no earlier than 8 weeks before your scheduled soft opening, your Designated Managers must complete, to our satisfaction, initial training conducted by us on the material aspects of operating a Restaurant. If we determine that your Designated Managers cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement. Scheduling of the training is based on your Designated Managers' availability, training restaurant availability and the projected opening date for your Restaurant which is finally determined by us.

We will not charge any initial training fee for training up to 4 Designated Managers for each of the first 2 Restaurants that you and/or your affiliates own. If you and/or your affiliates own and operate at least 2 Restaurants and we have not certified (i) you (or your Managing Owner, as applicable), your Operating Partner or any of your affiliates' Managing Owner or Operating Partner as a Certified Trainer and (ii) one of your or your affiliates' Restaurants as a Certified Training Center, we will charge a fee of $35,000 for providing initial training to the Designated Managers of your and your affiliates' third and each subsequent Restaurant. Such initial training fee will be payable before your Designated Managers attend the initial training. It shall be the sole responsibility of you or your Designated Managers to provide all necessary training to other employees in the Restaurant.

We may, in our discretion or upon your request, require your Designated Managers and other employees to undergo additional training to be provided at our then-current per diem charges per instructor, currently $500 per day per instructor.

We may require your Designated Managers to attend and complete to our satisfaction various training courses that we periodically choose to provide at the times and locations that we designate. We will not require attendance for more than 5 full business days during each calendar year. Besides attending these courses, your Managing Owner agrees to attend all of our conferences of Restaurant franchise owners at a location we designate. Attendance at the annual meeting will not be required for more than 4 days during any calendar year. We reserve the right to charge you our then-current fee for each attendee at the annual meeting.

You must pay for your attendees' costs to attend all training programs and conferences, including, travel, lodging, and meals, and your attendees' wages and workers' compensation insurance. If any training is to be completed at your Restaurant, you agree to also pay for all costs of travel, lodging, and meals for our instructors.

We reserve the right to require your new or replacement Designated Manager to complete our then-current initial training program to our satisfaction. You agree to pay our then-current per diem charges per instructor, currently $500 per day per instructor to train your replacement Designated Managers.

As of the issuance date of this Disclosure Document, we provide the following initial training:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Basics and Philosophies	2	10	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
Staffing, Positions and Scheduling	2	6	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
Floor Management and Opening & Closing Procedures	1	36	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
Inventory Management & Ordering Procedures	1	12	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
Food Preparation & Recipes	2	40	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
Barista Counter and Bar	1	8	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
Quality Control & Ticket Times	1	20	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
Product Knowledge	2	20	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
Marketing & Catering	6	4	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
Sanitation & Food Safety	2	10	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
Employee Recruiting, Onboarding, Training & Customer Service	2	10	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
POS Operations, Loyalty and other electronic systems	5	8	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Maintenance	0	2	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
Debrief, Review and Plan	3	3	At our affiliate owned Restaurant in Louisville, Kentucky and/or at your Restaurant.
TOTAL	**30**	**189**	

Training will be conducted by: (1) Lizzy Turner, who has more than 14 years of experience in the restaurant industry and has more than 4 years of experience with us; (2) Hannah McClain, who has more than 11 years of experience in the restaurant industry and has more than 3 years of experience with us; and (3) Lisa Dwelly, who has more than 25 years of experience in the restaurant industry and less than 1 year of experience with us.

ITEM 12
TERRITORY

Franchise Agreement

You will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. As long as you are in compliance with the Franchise Agreement, we will not, during the term of your Franchise Agreement, operate or grant others the right to operate any other Restaurant within a specified geographic area described in the Franchise Agreement (the "Protected Territory"). We determine the size of the Protected Territory based on various market and economic factors, such as an evaluation of market demographics, the market penetration of similar businesses, the availability of appropriate sites, and the growth trends in the market. Typically, the Protected Territory comprises of population of 25,000 to 40,000. As a result, the Protected Territory generally consists of a portion of a city, county or designated market area.

Maintaining the rights to the Protected Territory is not dependent on your achievement of a certain sales volume, market penetration, or other such contingency. As long as you are in compliance with the Franchise Agreement, there are no circumstances under which the Protected Territory granted to you may be altered before the expiration or the termination of the Franchise Agreement without your written consent.

The Franchise Agreement grants you the right to operate a Restaurant only at a specific location that you select and that we accept. If you and we have agreed on a location as of the date you sign the Franchise Agreement, the Franchise Agreement will identify the specific street address of the accepted location. Otherwise, it will be designated in an exhibit to the Franchise Agreement upon our acceptance of the proposed location.

The Franchise Agreement does not permit you to relocate your Restaurant. If, at any time during the term of the Franchise Agreement, you request us to consider a relocation, we will do so, but we will not be required to apply any particular standards or guidelines to our consideration. Our decision on whether to grant your request will be made in our sole discretion.

You have no right of first refusal or similar rights to acquire additional franchises or establish additional Restaurants.

Other Restaurants, food aggregators, and/or third-party delivery service providers may deliver to customers located in your Protected Territory and vice-versa. You may not sell any products or services sold at your Restaurant through any alternate distribution channels, including, the Internet, catalogue sales, supermarkets, convenience stores, or grocery stores. Further, we and our affiliates retain the right at all times to do any of the following without paying any compensation to you:

a. establish and operate, and allow others to establish and operate, Restaurants using the Marks and the Franchise System, at any location outside the Protected Territory, on such terms and conditions we deem appropriate;

b. establish and operate, and allow others to establish and operate, any other type of restaurant or business, including any restaurant business that may offer products and services which are identical to, similar to, or competitive with products and services offered by Restaurants, under trade names, trademarks, service marks and commercial symbols other than the Marks, including under trade names, trademarks, service marks and commercial symbols that are similar to or competitive with the Marks, anywhere in the world (including in the Protected Territory);

c. establish and operate, and allow others to establish and operate, other lines of business and to distribute any and all products and services and/or their components or ingredients identified by the Marks, including those used or sold in your Restaurant and/or any proprietary merchandise and pre-packaged products (such as frozen and ready-to-eat food items, spices and sauces, etc.), through alternate distribution channels (including, the Internet, supermarkets, convenience stores, grocery stores), wherever located or operating, including in your Protected Territory, regardless of the nature or location of the customers with whom such other businesses and distribution channels do business;

d. establish and operate, and allow others to establish and operate, any Restaurant, or other business using the Marks and/or the Franchise System, and/or offering and selling any of the products or services that are similar to, the same, or competitive with those products or services offered by Restaurants, at or through any nontraditional venues, including, permanent, temporary, or seasonal food service facilities in any stadium, entertainment or amusement park, airport, highway travel plaza, museum, shopping mall, university, elementary or secondary school, office or commercial building, hospital, military facility, special events, or other closed or limited markets, at any location in the world (including in the Protected Territory);

e. be acquired by or acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), any other business, including businesses that operate or allow others to establish and operate businesses similar to, the same, or competitive with Restaurants, at any location in the world (including in the Protected Territory); and in the event of such an acquisition, the acquirer and its affiliates will have the right to continue to establish and operate, and authorize others to establish and operate, such businesses, at any location in the world (including in the Protected Territory); and

f. engage in all other activities not expressly prohibited by the Franchise Agreement, at any location in the world (including in the Protected Territory).

Area Development Agreement

Under the Area Development Agreement, you will develop, open and operate multiple Restaurants within a defined geographic area known as the "Development Area." We determine the size of the Development Area based on various market and economic factors, such as an evaluation of market demographics, the market penetration of similar businesses, the availability of appropriate sites, and the growth trends in the market. Typically, the Development Area comprises of population of 50,000 to 160,000 depending on the numbers of Restaurants you undertake to open. As a result, the Development Area generally consists of a portion of a city, county or designated market area. Your Development Area will be described in the Area Development Agreement before you sign the Area Development Agreement.

You will not receive an exclusive territory under the Area Development Agreement. You may face competition from other franchisees, other developers, from outlets that we own, or from other channels of distribution or competitive brands that we control. As long as you remain in compliance with the Area Development Agreement and all Franchise Agreements, (1) there are no circumstances under which the Development Area granted to you may be altered before the expiration or the termination of the Area Development Agreement without your written consent, and (2) we will not develop or operate, or grant anyone else a franchise or other rights to develop and operate, a Restaurant in the Development Area. However, we and our affiliates retain the right at all times to engage in any and all activities that we deem appropriate and to do any of the following without paying any compensation to you:

(1) establish and operate, and allow others to establish and operate, Restaurants using the Marks and the Franchise System, at any location outside the Development Area, on such terms and conditions we deem appropriate;

(2) establish and operate, and allow others to establish and operate, any other type of restaurant or business, including any restaurant business that may offer products and services which are identical to, similar to, or competitive with products and services offered by Restaurants, under trade names, trademarks, service marks and commercial symbols other than the Marks, including under trade names, trademarks, service marks and commercial symbols that are similar to or competitive with the Marks, anywhere in the world (including in the Development Area);

(3) establish and operate, and allow others to establish and operate, other lines of business and to distribute any and all products and services and/or their components or ingredients identified by the Marks, including those used in or sold at the Restaurants and/or any proprietary merchandise and pre-packaged products (such as frozen and ready-to-eat food items, spices and sauces, etc.), through alternate distribution channels (including, the Internet, supermarkets, convenience stores, grocery stores), at any location in the world (including in the Development Area), regardless of the nature or location of the customers with whom such other businesses and distribution channels do business;

(4) establish and operate, and allow others to establish and operate, any Restaurant, or other business using the Marks and/or the Franchise System, and/or offering and selling any of the products or services that are similar to, the same, or competitive with those products or services offered by Restaurants, at or through any nontraditional venues, including, permanent, temporary, or seasonal food service facilities in any stadium, entertainment or amusement park, airport, highway travel plaza, museum, shopping mall, university, elementary or secondary school, office or commercial building, hospital, military facility, special events, or other closed or limited markets, at any location in the world (including in the Development Area);

(5) be acquired by or acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), any other business, including businesses that operate or allow others to establish and operate businesses similar to, the same, or competitive with Restaurants, at any location in the world (including in the Development Area); and in the event of such an acquisition, the acquirer and its affiliates will have the right to continue to establish and operate, and authorize others to establish and operate, such businesses, at any location in the world (including in the Development Area); and

(6) engage in all other activities not expressly prohibited by the Area Development Agreement, at any location in the world (including in the Development Area).

Other Restaurants, food aggregators, and/or third-party delivery service providers may solicit sales from and deliver to customers located in your Development Area without any obligation to pay any compensation to you for soliciting or serving customers from the Development Area.

Upon expiration or termination of the Area Development Agreement, we and our affiliates will be entitled to develop and operate, and to franchise others to develop and operate, Restaurants within the former Development Area, but not within the Development Area granted to you under any effective Franchise Agreement between us and you.

You have no right of first refusal or similar rights to acquire additional franchises or establish additional Restaurants.

ITEM 13
TRADEMARKS

Franchise Agreement

We grant you the non-exclusive right and obligation to use the trademarks under the Franchise Agreement. By “trademark” we mean trade names, trademarks, service marks and logos we authorize to identify the Restaurants (the “Marks”). The Marks are owned by BBI. Under the Intellectual Property License Agreements, dated September 1, 2020 (the “License Agreement”), BBI has granted us a license to use and sublicense the use of the Marks. The License Agreement has a term of 99 years, and can be terminated on 30-days’ notice if we materially breach the License Agreement and fail to cure the breach, or cease to be an affiliate of BBI (resulting in the loss of our right to use and to sublicense the use of the Marks). Your rights to use the Marks under the Franchise Agreement will not be affected by the termination of our license.

The following table sets forth the status of registrations and applications with the U.S. Patent and Trademark Office (“PTO”) for federal registration of our principal trademarks. All Marks are registered on the Principal Register.

Mark	Registration Number	Registration Date
BISCUIT BELLY®	5956899	January 7, 2020
WORTH EVERY CRUMB®	5956901	January 7, 2020
	6368720	June 1, 2021

All required affidavits of use have been filed in a timely manner.

We may establish new Marks in the future, and you must use and display these marks in accordance with our System Standards and bear all costs associated with changes to Marks or introduction of new Marks. You must follow our rules when you use these Marks. You must use the Marks as we require and may only use the Marks for the designated brand concept identified in the Franchise Agreement for a particular Restaurant. You may not use any of the Marks as part of your firm or corporate name or with modifying words, designs or symbols except with our consent which we may withhold in our absolute discretion. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize in writing. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Restaurant or any interest in the franchise. You may not use any other mark, name, commercial symbol or logotype in connection with the operation of the Restaurant. You may not use any Mark as part of any Online Presence, except in accordance with our guidelines prescribed in the Operations Manuals or otherwise in writing from time to time.

There is presently no effective determination of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor (except as noted below) any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal trademarks, service marks, trade names, logo-types or other commercial symbols.

You must not contest, directly or indirectly, our ownership of the Marks, trade secrets, methods and procedures that are a part of the Franchise System. You must not register, seek to register or contest our sole right to register, use and license others to use the Marks, names, information and symbols.

Any goodwill associated with Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our and our affiliates' benefit.

There are no agreements currently in effect which significantly limit our rights to use or license the use of any trademarks, service marks, trade names, logo-types or other commercial symbols.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You may not communicate with any person other than us and our and your counsel regarding any infringement, challenge or claim. We have sole discretion to take any action we deem appropriate and we have the right to exclusively control any litigation, PTO proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You must execute all documents, render assistance and do such things as we deem or our counsel deems advisable to protect and maintain our interests.

Under the Franchise Agreement, we agree to reimburse you for all damages for which you are held liable in any proceeding in which your use of any Mark in compliance with the Franchise Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all reasonable costs you incur in the defense of any claim brought against you or in any proceeding in which you are named as a party, only if you have timely notified us of the claim or proceeding and have otherwise complied with the Franchise Agreement and only if you have given us the opportunity to defend the claim. If we defend the claim, we have no obligation to indemnify or reimburse you for any fees or disbursements to any attorney retained by you.

If it becomes advisable, in our opinion, at any time for us to require you to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks, you must comply, at your costs, within a reasonable time after notice by us.

We do not know of any superior rights or infringing uses that could materially affect your use of the Marks in this state or in any state where the Restaurant is to be located.

Area Development Agreement

We do not grant you the right to use any of the Marks under the Area Development Agreement.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

PATENTS

We do not own any patents that are material to the franchise. We have not filed any patent applications that are material to the franchise.

COPYRIGHTS

We or our affiliates claim copyright protection for the Operations Manuals and for any other written materials we develop to assist you in the development and operation of the Restaurant. There are no determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials which are relevant to their use by our franchisees. No agreements limit our right to use or license the use of our copyrighted materials. We are not obligated under any agreement to protect or defend our copyrights, although we intend to do so. We do not know of any infringing uses of or superior rights in our copyrighted materials.

CONFIDENTIAL INFORMATION

We possess, develop and may continue to develop certain proprietary and confidential information, including trade secrets relating to the operation of Restaurants. This proprietary and confidential information includes: (1) site selection criteria; (2) training and operations materials and manuals, including recipes and the Operations Manuals; (3) the System Standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Restaurants; (4) market research, promotional, marketing and advertising programs for Restaurants; (5) knowledge of specifications for, and suppliers of, Operating Assets and other products and supplies; (6) any computer software or similar technology which is proprietary to us, our affiliates, or the Franchise System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (7) knowledge of the operating results and financial performance of Restaurants, other than your Restaurant; and (8) customer data (collectively, "Confidential Information"). You and your owners will not acquire any interest in the Confidential Information other than the right to use it in operating the Restaurant. You must maintain the absolute confidentiality of the Confidential Information during and after the expiration or termination of the Franchise Agreement. You and your owners can divulge this Confidential Information only to individuals or entities specifically authorized by us in advance, or to your employees or contractors who must have access to it to operate the Restaurant, however, such individuals or entities must be under a duty of confidentiality no less restrictive than your obligations to us under the Franchise Agreement. We may require you to have your employees and contractors execute individual undertakings and shall have the right to regulate the form of and be a party to or third-party beneficiary under any such agreements. Neither you nor your owners are permitted to make unauthorized copies, record or otherwise reproduce the materials or information or make them available to any unauthorized person.

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

FRANCHISE AGREEMENT

If you are an entity, you must identify 1 natural person with at least 25% ownership interest and voting power in you and who will have the authority of a chief executive officer (the "Managing Owner"). You (or your Managing Owner) must personally supervise the management and operation of your Restaurant and continuously exert your best efforts to promote and enhance your Restaurant subject to the Franchise Agreement; however, if you and/or your affiliates own 3 or more Restaurants, you may hire an Operating Partner to oversee the operation of your and your affiliates' Restaurants. The Operating Partner must own at least a 5% direct ownership and voting interest in you; provided that you will be deemed to have met this requirement if the Operating Partner is entitled to a bonus of not less than 5% of the net profits of all the Restaurants owned by your and your affiliates, and the Operating Partner has agreed to acquire not less than 5% direct ownership and voting interest in you within 18 months from his/her appointment as your Operating Partner. Both the Managing Owner and Operating Partner, if any, must complete training to our satisfaction.

In certain circumstances (such as if you abandon your Restaurant, fail to comply with your Franchise Agreement, or your Franchise Agreement expires), we have the right to enter the Restaurant premises and assume the management of your Restaurant (or to appoint a third party to assume its management) for any period of time we deem appropriate but not to exceed 90-day increments, renewable for up to 1 year, in the aggregate. We will periodically discuss with you the results of operation of your Restaurant during the time that we manage it. If we (or a third party) assume the management of your Restaurant, you must pay us (in addition to other amounts due under your Franchise Agreement) an amount equal to greater of 10% of the Gross Receipts of your Restaurant or $500 per day, plus our (or the third party's) direct out-of-pocket costs and expenses, for such period during which we assume the management of your Restaurant.

You, and if you are a legal entity, each of your direct and indirect owners and your and their spouses (including, the Operating Partner and his/her spouse once the Operating Partner acquires his/her qualifying ownership interest in you) will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of the Franchise Agreement and any ancillary agreements between you and us. Each person signing the guaranty agrees to be bound to provisions of the Franchise Agreement applicable to you.

AREA DEVELOPMENT AGREEMENT

You, and if you are a legal entity, each of your direct and indirect owners and your and their spouses will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of the Area Development Agreement and any ancillary agreements between you and us. Each person signing the guaranty agrees to be bound to provisions of the Area Development Agreement applicable to you.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You agree that you will: (1) offer and sell from your Restaurant all of the products and services that we periodically specify; (2) not offer or sell at your Restaurant, the Restaurant premises or any other location any products or services we have not authorized; and (3) discontinue selling and offering for sale any products or services that we at any time disapprove. We have the right to change the authorized menu items and other goods or services that you may offer, and there is no limit to our right to make such changes.

We may periodically set a maximum or minimum price that you may charge for products and services offered by your Restaurant. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	Franchise Agreement Section 1.A.	Term of Franchise Agreement is 10 years.
	Area Development Agreement Section 2.A.	The date on which the last Restaurant which is required to be opened in order to satisfy the Development Schedule (as defined in the Area Development Agreement) opens for regular business or (2) the last day of the last Development Period (as defined in the Area Development Agreement).
b. Renewal or extension of the term	Franchise Agreement Section 13.A.	2 successor franchise terms of 5 years.
	Area Development Agreement Section	Not applicable

PROVISION	SECTION IN AGREEMENT	SUMMARY
c. Requirements for franchisee to renew or extend	Franchise Agreement Section 13.A.	You may acquire a successor franchise to operate your Restaurant for 2 consecutive terms each comprising of 5 years. To seek a successor term you must: (i) have substantially complied with the Franchise Agreement during its term, (ii) be in full compliance with the Franchise Agreement and all System Standards on the date the successor term would commence, (iii) either maintain possession of and agree to remodel the Restaurant or secure substitute premises approved by us, (iv) provide us a timely written notice of intent to acquire a successor franchise, (v) execute a general release and our then-current form of franchise agreement and ancillary documents, the terms of which may materially differ from the terms of the Franchise Agreement annexed to this Disclosure Document, and (v) pay the renewal fee.
	Area Development Agreement	Not applicable
d. Termination by franchisee	Franchise Agreement Section 14.A.	You may terminate the Franchise Agreement if we fail to materially comply with the Franchise Agreement and do not correct the failure within 90 days of receiving written notice; or, if we cannot cure the failure within 90 days and fail to provide notice within 90 days of that inability, you may terminate after an additional 90 days.
	Area Development Agreement Section 6.A.	You may terminate the Area Development Agreement if we fail to materially comply with the Franchise Agreement and do not correct the failure within 30 days of receiving written notice; or, if we cannot cure the failure within 30 days and fail to provide notice within 30 days of that inability, you may terminate after an additional 30 days.
e. Termination by franchisor without cause	Not addressed in Franchise Agreement	We may not terminate without cause under the Franchise Agreement.
	Not addressed in Area Development Agreement	We may not terminate without cause under the Franchise Agreement.
f. Termination by franchisor with cause	Franchise Agreement Section 14.B.	Only if you commit one of the several violations.
	Area Development Agreement Section 6.B.	Only if you commit one of the several violations. Under cross-default provision, we can terminate the Area Development Agreement if you or your approved affiliate fails to comply with any provision of any Franchise Agreement and does not cure such failure within the applicable cure period.

PROVISION	SECTION IN AGREEMENT	SUMMARY
g. “Cause” defined – curable defaults	Franchise Agreement Section 14.B.	You abandon or fail to actively to operate your Restaurant for 3 or more consecutive days; you fail to maintain the insurance we require and do not correct the failure within 10 days after we deliver written notice of that failure to you; you lose the right to occupy the premises of your Restaurant; you violate any law, ordinance, rule or regulation of a governmental agency in connection with the operation of your Restaurant and fail to correct such violation within 72 hours after you receive notice from us or any other party; you fail to pay us or our affiliates or any third party any amounts due and do not correct the failure within 10 days after written notice of that failure of the duty owed in connection with your ownership or operation of the Restaurant; you fail to pass quality assurance audits, and do not cure such failure within 15 days after we deliver written notice of failure to you; and you fail to comply with any other provision of the Franchise Agreement or any System Standard, and do not correct the failure within 30 days after we deliver written notice of the failure to you.
	Area Development Agreement Section 6.B.	You or any of your owners fail to comply with any provision of the Area Development Agreement and do not correct the failure within 30 days after we deliver written notice of the failure to you; and you, your owner or an affiliate fails to comply with any other agreement with us or our affiliate, including any Franchise Agreement, unless the failure is timely and completely cured within any cure period provided under the applicable agreement).

PROVISION	SECTION IN AGREEMENT	SUMMARY
h. “Cause” defined – non-curable defaults	Franchise Agreement Section 14.B.	If you make any material misrepresentation or omission in acquiring the franchise or operating your Restaurant; you do not locate, and sign a Lease or purchase document for, an acceptable site for the Premises within 90 days of executing the Franchise Agreement; you do not open your Restaurant for business within the time frame prescribed by us; we determine that your Designated Managers did not complete the initial training to our satisfaction; you are or have been convicted by a trial court of, or plead or have pleaded no contest or guilty to, a felony; you engage in any conduct which, in our opinion, adversely affects the reputation of your Restaurant or the goodwill associated with the Marks; you use the Marks in any way prohibited by us or otherwise misuse the Marks; you make an unauthorized transfer of your ownership interest in the franchise agreement; you knowingly make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information; fail to pay all applicable taxes; you understate your Gross Receipts 3 times; bankruptcy; an assignment for the benefit of creditors; appointment of a trustee or receiver; failure to comply with anti-terrorism laws; health and safety risks; and failure to comply with other agreements with us or our affiliate and do not correct such failure within the applicable cure period, if any.
	Area Development Agreement Section 6.B.	You have made or make any material misrepresentation or omission in the application materials; you fail to comply with the development schedule or fail to make progress to be able to satisfy your development obligations; you make or attempt to make an unauthorized transfer; you fail on 3 or more separate occasions within any 12 consecutive month period to comply with any provision of the Area Development Agreement; you fail on 2 or more separate occasions within any 6 consecutive month period to comply with the same obligation under the Area Development Agreement; bankruptcy; an assignment for the benefit of creditors; appointment of a trustee or receiver; failure to comply with anti-terrorism laws; you or any of your owners are or have been convicted by a trial court of, or plead or have pleaded no contest or guilty to, a felony; you engage in any conduct which, in our opinion, adversely affects the reputation of the Restaurants or the goodwill associated with the Marks; or we or our affiliates terminate, for cause, any Franchise Agreement or any other agreement executed pursuant to the Area Development Agreement between us and/or our affiliates, on one hand, and you and/or your affiliates, on the other hand.

PROVISION	SECTION IN AGREEMENT	SUMMARY
i. Franchisee's obligations on termination /non-renewal	Franchise Agreement Section 15	Pay us all amounts due within 15 days; close Restaurant for business an cease selling any products and services; cease using the Marks; cancel all fictitious name relating to use of the Marks; cease identifying yourself or former Restaurant with current franchise owners; cease use of contact information of the Restaurant or Online Presence; return or destroy Confidential Information; comply with non-competition provisions; comply with the non-compete provisions (see Item 17(r)); and for a period of 2 years you, your owners, your and their affiliates and respective officers, directors, managers, and family members must not interfere with our relationship with any of our vendors, employees, or consultants or do any act to injure the goodwill of the Franchise System.
	Area Development Agreement Section 8	Comply with the non-compete provisions (see Item 17(r)); and for a period of 2 years you, your owners, your and their affiliates and respective officers, directors, managers, and family members must not interfere with our relationship with any of our vendors, employees, or consultants or do any act to injure the goodwill of the Franchise System.
j. Assignment of contract by franchisor	Franchise Agreement Section 12.A.	We may assign without restriction.
	Area Development Agreement Section 5.A.	We may assign without restriction.
k. "Transfer" by franchisee-definition	Franchise Agreement Section 12.B.	Includes transfer, assignment, sale, conveyance, gift, pledge, mortgage, or other forms of disposal of the rights under the Franchise Agreement.
	Area Development Agreement Section 5.B.	Includes transfer, assignment, sale, conveyance, gift, pledge, mortgage, or other forms of disposal of the rights under the Area Development Agreement.
l. Franchisor's approval of transfer by franchisee	Franchise Agreement Section 12.B.	Our prior written approval required, which shall not be unreasonably withheld. Prior notice to us is required for transfers among current owners of ownership interests in you so long as Managing Owner and controlling interests are not changed.
	Area Development Agreement Section 5.B.	Our prior written approval required, which shall not be unreasonably withheld. Prior notice to us is required for transfers among current owners of ownership interests in you so long as Managing Owner and controlling interests are not changed.

PROVISION	SECTION IN AGREEMENT	SUMMARY
m. Conditions for franchisor approval of transfer	Franchise Agreement Section 12.C.	The transferee must our then-current requirements; you must have paid all Royalty and Brand Promotion Fund contributions and other amounts owed; you may not have violated any provision of the Franchise Agreement, the Lease or any other agreement during the 180-day period before requesting consent and between the request and the effective date of the transfer; transferee may not have an interest in or perform services for a Competitive Business; transferee and all its indirect owners and their spouses must execute a guaranty to be bound, jointly and severally, by all provisions of the Franchise Agreement; upon transfer controlling interest, the transferee must satisfactorily complete training; the landlord must permit transfer or sublease of Lease, transferee agrees to upgrade Restaurant within 120 days, and transferee must sign current form of franchise agreement and related documents; you or transferee must pay the transfer fee (see Item 6); you must sign a general release; we must approve purchase price, debt and payment terms and, if the price is being financed, the obligations must be subordinate to the transferee's obligation to pay Royalty, Brand Promotion Fund contributions and other amounts; you will not engage in any proscribed activities; and you will not thereafter identify yourself as a current or former Restaurant.
	Area Development Agreement Section 5.C.	The transferee must our then-current requirements; you and your owners are in the compliance of the Area Development Agreement; you provide us all the documents we require related to the transfer; if you or the transferor offer the transferee financing for any part of the purchase price, all of the transferee's obligations under the financing arrangement must be subordinate to the transferee's obligation to pay all amounts due to us, our affiliates and other third-party suppliers; you and your owners sign and deliver to us a general release; each transferee signs and delivers to us a copy of our then current form of guaranty; if the transfer involves a transfer of the development rights or a transfer of a controlling interest in you, the transferee, at our request, must sign our then-current form of area development agreement and related documents; we are in receipt of transfer fee of $5,000 in addition to the transfer fee payable under each Franchise Agreement transferred; you and your transferring owners (and your and their immediate family members) will not, for 2 years beginning on the transfer's effective date, engage in any of the activities proscribed in the Area Development Agreement; and the transfer of the Area Development Agreement must not be made separate and apart from the transfer to the transferee of some or all Franchise Agreements that were signed pursuant to the Area Development Agreement.

PROVISION	SECTION IN AGREEMENT	SUMMARY
n. Franchisor's right of first refusal to acquire franchisee's Franchised Business	Franchise Agreement Section 12.G.	You must obtain from buyer, and send to us, a true and complete copy of an executed written offer, which must include details of payment terms and sources of financing. We may, within 45 days and by written notice after receiving the offer, elect to purchase based on those terms.
	Area Development Agreement Section 5.F.	You must obtain from buyer, and send to us, a true and complete copy of an executed written offer, which must include details of payment terms and sources of financing. We may, within 45 days and by written notice after receiving the offer, elect to purchase based on those terms.
o. Franchisor's option to purchase franchisee's business	Franchise Agreement Section 15.D.	We have right to purchase your Restaurant upon the occurrence of a Termination Event for fair market value.
	Area Development Agreement	Not applicable
p. Death or disability	Franchise Agreement Section 12.C.	Our approval of transfer as a result of death or incapacity will not be unreasonably withheld as long as at least 1 of the Managing Owners continues to be the designated Managing Owner. If, as a result of the death or incapacity of the transferor, a transfer is proposed to be made to the transferor's spouse or children, and if we do not approve the transfer, the trustee or administrator of the transferor's estate will have 9 months after our refusal to consent to such transfer within which to transfer the transferor's interests to another party whom we approve.
	Area Development Agreement	Not Applicable
q. Non-competition covenants during the term of the franchise	Franchise Agreement Section 7.A.	You, your owners, your and their affiliates and respective officers, directors, managers, and family members must not have any involvement in a Competitive Business, perform services for a Competitive Business, divert potential business to a Competitive Business or duplicate the System Standards or Franchise System. "**Competitive Business**" means any restaurant, food service or other business (other than a Restaurant) (i) whose gross receipts from the sale of biscuits or other breakfast items represent, at any time, at least 10% of the business' total gross receipts (excluding receipts from the sale of alcoholic beverages), or (ii) that grants franchises or licenses for the operation of any of the foregoing or provides services to the franchisor or licensor of any of the foregoing.

PROVISION	SECTION IN AGREEMENT	SUMMARY
	Area Development Agreement Section 7.A.	You, your owners, your and their affiliates and respective officers, directors, managers, and family members must not have involvement in any Competitive Business, perform services for a Competitive Business, divert potential business to a Competitive Business or duplicate the System Standards or Franchise System.
r. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement Section 15.C.	For 2 years, you, your owners, your and their affiliates and respective officers, directors, managers, and family members must not have involvement in any Competitive Business within a 10-mile radius of the Premises and within a 5-mile radius of any other Restaurant.
	Area Development Agreement Section 8.B.(1)	For 2 years, you, your owners, your and their affiliates and respective officers, directors, managers, and family members must not have involvement with any Competitive Business within the Development Area and within a 5-mile radius of any other Restaurant.
s. Modification of the agreement	Franchise Agreement Section 17.L.	May not be amended or modified except in a writing signed by parties.
	Area Development Agreement Section 11.A.	May not be amended or modified except in a writing signed by parties.
t. Integration/ merger clause	Franchise Agreement Section 17.O.	Only the terms of the Franchise Agreement, including its exhibits, schedules and attachments (including System Standards in the Operations Manual, which we may periodically revise) are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and franchise agreement may not be enforceable.
	Area Development Agreement Section 11.F.	Only the terms of the Area Development Agreement, including its exhibits, schedules and attachments (including System Standards in the Operations Manual, which we may periodically revise) are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Franchise Agreement Section 17.G.	All disputes must be submitted for binding arbitration at a location within 50 miles of our then current principal place of business (currently, Louisville, Kentucky) (subject to applicable state law).
	Area Development Agreement Section 10.A.	All disputes must be submitted for binding arbitration at a location within 50 miles of our then current principal place of business (currently, Louisville, Kentucky) (subject to applicable state law).
v. Choice of forum	Franchise Agreement Section 17.I.	Our principal place of business (currently, Louisville, Kentucky, subject to applicable state law).

PROVISION	SECTION IN AGREEMENT	SUMMARY
	Area Development Agreement Section 10.C.	Our principal place of business (currently, Louisville, Kentucky, subject to applicable state law).
w. Choice of law	Franchise Agreement Section 17.H.	Kentucky law (subject to applicable federal and state law)
	Area Development Agreement Section 10.B.	Kentucky law (subject to applicable federal and state law)

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit G.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the Franchise System.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not own and operate any Restaurants. However, as of December 25, 2022, there were four affiliate-owned Restaurants and two franchisee-owned Restaurants that were open and operating in the Franchise System. For the purposes of the following calculations, we excluded one affiliate-owned Restaurant and two franchised Restaurants that each opened for business during 2022 and were not open and operating during the entire 2022 calendar year. Therefore, we include information below for the affiliate-owned Restaurants that were open for the entire 2022 calendar year.

Affiliate Restaurant #1 [9,10]

	Q1 2022		Q2 2022		Q3 2022		Q4 2022		Total	
Gross Receipts [1]	$376,807	**% of Gross Receipts**	$438,155	**% of Gross Receipts**	$436,442	**% of Gross Receipts**	$395,873	**% of Gross Receipts**	$1,647,277	**% of Gross Receipts**
Cost of Goods Sold [2]	$104,519	27.7%	$131,562	30.0%	$132,440	30.3%	$110,289	27.9%	$ 478,810	29.1%
Net Receipts [3]	$272,288	72.3%	$306,593	70.0%	$304,002	69.7%	$285,584	72.1%	$1,168,467	70.9%
Management Cost [4]	$10,778	2.9%	$12,875	2.9%	$14,808	3.4%	$14,808	3.7%	$53,269	3.2%
Hourly Wages [5]	$ 56,742	15.1%	$60,700	13.9%	$ 82,091	18.8%	$84,508	21.3%	$284,041	17.2%
Payroll Taxes [6]	$13,952	3.7%	$13,068	3.0%	$13,441	3.1%	$15,209	3.8%	$55,670	3.4%
Total Labor Cost [7]	$81,472	21.6%	$86,643	19.8%	$110,340	25.3%	$114,525	28.9%	$392,980	23.9%
Prime Costs [8]	$185,991	49.4%	$218,205	49.8%	$242,780	55.6%	$224,814	56.8%	$871,790	52.9%

Affiliate Restaurant #2 [9,10]

	Q1 2022		Q2 2022		Q3 2022		Q4 2022		Total	
Gross Receipts [1]	$332,401	**% of Gross Receipts**	$357,674	**% of Gross Receipts**	$346,049	**% of Gross Receipts**	$304,203	**% of Gross Receipts**	$1,340,327	**% of Gross Receipts**
Cost of Goods Sold [2]	$90,960	27.4%	$89,729	25.1%	$82,485	23.8%	$84,142	27.7%	$347,316	25.9%
Net Receipts [3]	$241,441	72.6%	$267,945	74.9%	$263,564	76.2%	$220,061	72.3%	$993,011	74.1%
Management Cost [4]	$11,586	3.5%	$12,452	3.5%	$11,538	3.3%	$13,462	4.4%	$49,038	3.7%
Hourly Wages [5]	$52,925	15.9%	$56,632	15.8%	$56,541	16.3%	$58,328	19.2%	$224,426	16.7%
Payroll Taxes [6]	$10,683	3.2%	$10,169	2.8%	$8,747	2.5%	$9,525	3.1%	$39,124	2.9%
Total Labor Cost [7]	$75,194	22.6%	$79,253	22.2%	$76,826	22.2%	$81,315	26.7%	$312,588	23.3%
Prime Costs [8]	$166,154	50.0%	$168,982	47.2%	$159,311	46.0%	$165,457	54.4%	$659,904	49.2%

Affiliate Restaurant #3 [9,10]

	Q1 2022		Q2 2022		Q3 2022		Q4 2022		Total	
Gross Receipts [1]	$272,908	**% of Gross Receipts**	$267,797	**% of Gross Receipts**	$262,302	**% of Gross Receipts**	$240,955	**% of Gross Receipts**	$1,043,962	**% of Gross Receipts**
Cost of Goods Sold [2]	$84,292	30.9%	$87,375	32.6%	$88,442	33.7%	$84,772	35.2%	$344,881	33.0%
Net Receipts [3]	$188,616	69.1%	$180,422	67.4%	$173,860	66.3%	$156,183	64.8%	$699,081	67.0%
Management Cost [4]	$17,500	6.4%	$22,168	8.3%	$20,769	7.9%	$24,327	10.1%	$84,764	8.1%
Hourly Wages [5]	$41,052	15.0%	$35,321	13.2%	$39,501	15.1%	$41,739	17.3%	$157,613	15.1%
Payroll Taxes [6]	$8,712	3.2%	$8,438	3.2%	$7,673	2.9%	$8,803	3.7%	$33,626	3.2%
Total Labor Cost [7]	$67,264	24.6%	$65,927	24.6%	$67,943	25.9%	$74,869	31.1%	$276,003	26.4%
Prime Costs [8]	$151,556	55.5%	$153,302	57.2%	$156,385	59.6%	$159,641	66.3%	$620,884	59.5%

Average Cost of Goods Sold and Average Cost of Labor for Restaurants #1 to 3 in Fiscal Year 2022

Average Cost of Goods Sold as % of Gross Receipts	Median Cost of Goods Sold as % of Gross Receipts	Average Cost of Labor as % of Gross Receipts	Median Cost of Labor as % of Gross Receipts
29.0%	29.1%	24.5%	23.9%

Notes:

1. "Gross Receipts" mean the total of all sales of all food products, beverages, alcohol, other merchandise and products, and services to the customers of your Restaurant regardless of (i) whether such sale is performed at or from your Restaurant (including, without limitation, all off-site sales and catering sales), (ii) whether such sale is made in compliance with the Franchise Agreement, and (iii) whether such sale value is received in cash, check, credit and debit card payments, barter exchange, payment applications, mobile applications or similar systems and technology, or trade credit. Gross Receipts also includes all insurance proceeds you receive for loss of business due to a casualty to or similar event at your Restaurant. Gross Receipts do not include all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, customer refunds, discounts, and coupons.

2. "Cost of Goods Sold" is the total cost of food, alcoholic beverages, non-alcoholic beverages, and merchandise sold at or from the Restaurant during each reporting period. Cost of Goods Sold does not include the cost of paper and paper products used at each Restaurant.

3. "Net Receipts" is Gross Receipts less Cost of Goods Sold during each reporting period.

4. "Management Cost" is the total base salary paid to the Designated Managers of the Restaurant during each reporting period. This does not include discretionary employee bonus.

5. "Hourly Wages" is the total wages paid to the chefs, service employees and shift leaders of the Restaurant during each reporting period. This does not include discretionary employee bonus.

6. "Payroll Taxes" is the total payroll taxes paid by the Restaurant during each reporting period.

7. "Total Labor Cost" is the sum of Management Cost, Hourly Wages, and Payroll Taxes paid by the Restaurant during each reporting period.

8. "Prime Costs" is the sum of Cost of Goods Sold and Total Labor Cost for the Restaurant during each reporting period.

9. The figures reported under the first sub-column of "Total" category are the sum total of each line-item in quarters #1 to 4 of the fiscal year 2022.

10. Average Cost of Goods Sold as Percentage of Gross Receipts is the sum total of Cost of Goods Sold as Percentage of Gross Receipts for Affiliate Restaurants in fiscal year 2022 divided by 3.

11. Average Cost of Labor as Percentage of Gross Receipts is the sum total of Cost of Labor as Percentage of Gross Receipts for Affiliate Restaurants in fiscal year 2022 divided by 3.

12. We are not aware of any material differences between an affiliate-operated Restaurant and franchisee-operated Restaurant with respect to Gross Receipts, Cost of Goods Sold, or Total Labor Cost.

Some Restaurants have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation of the data used in preparing the financial performance representation will be made available to a prospective franchisee on reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Chad Coulter, Biscuit Belly Franchising LLC at 2600 Valley Vista Rd Louisville, KY 40205, (706) 255-3870, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

The following tables pertain to Restaurants:

TABLE NO. 1
SYSTEMWIDE RESTAURANTS SUMMARY FOR YEARS 2020 to 2022

Outlet Type	Year	Restaurants at the Start of the Year	Restaurants at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	2	+2
Company Owned or Managed [1]	2020	2	3	+1
	2021	3	4	+1
	2022	4	4	0

Outlet Type	Year	Restaurants at the Start of the Year	Restaurants at the End of the Year	Net Change
Total Restaurants	**2020**	**2**	**3**	**+1**
	2021	**3**	**4**	**+1**
	2022	**4**	**6**	**+2**

TABLE NO. 2
TRANSFERS OF RESTAURANTS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)
YEARS 2020 to 2022

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	**2020**	**0**
	2021	**0**
	2022	**0**

TABLE NO. 3
STATUS OF FRANCHISED RESTAURANTS
YEARS 2020 to 2022

State	Year	Restaurants at Start of Year	Restaurants Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Restaurants at End of Year
GA	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
KY	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Totals	**2020**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**2**	**0**	**0**	**0**	**0**	**2**

TABLE NO. 4
STATUS OF COMPANY-OWNED RESTAURANTS
YEARS 2020 to 2022

State	Year	Company-Owned Restaurants at Start of Year	Company-Owned Restaurants Opened	Company-Owned Restaurants Reacquired from Franchisee	Company-Owned Restaurants Closed	Company-Owned Restaurants Sold to Franchisee	Company-Owned Restaurants at End of Year
IN	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
KY	2020	2	1	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	1	0	1	0	3
Totals	**2020**	**2**	**1**	**0**	**0**	**0**	**3**
	2021	**3**	**1**	**0**	**0**	**0**	**4**
	2022	**4**	**1**	**0**	**1**	**0**	**4**

Note to Tables 1 to 4:

1. Company-owned Restaurants include affiliate-owned Restaurants.

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 25, 2022

State	Franchise Agreements Signed But Restaurant Not Opened	Projected New Restaurants in the Next Fiscal Year	Projected New Company-Owned* Restaurants in the Next Fiscal Year
Alabama	1	2	0
Georgia	0	1	0
Kentucky	0	2	0
North Carolina	0	0	1
Virginia	0	0	2
Totals	**1**	**5**	**3**

*Company-Owned includes Restaurants that will be developed by us as a joint venture with our affiliates and/or third party(s).

Exhibit H to this Disclosure Document discloses the names of our current franchisees who have executed a Franchise Agreement with us, and the address and telephone number of their Restaurants, as applicable. As of the issuance date of this Disclosure Document, we have not terminated or cancelled any Franchise Agreement or Area Development Agreement. There are no franchisees who have voluntarily or involuntarily ceased to do business under a Franchise Agreement or an Area Development Agreement or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the Franchise System.

No franchisee has signed confidentiality agreements during the last 3 fiscal years restricting its ability to speak openly about its experience with our Franchise System. We are not aware of any trademark-specific franchisee organizations associated with our Franchise System.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit D is: (i) our unaudited financial statements issued as of March 26, 2023, including the balance sheet and the statement of revenue and expenses; and (ii) our audited financial statements for fiscal years 2022, 2021 and 2020, including, the balance sheet, the statement of operations, the statement of members' equity, and the cash flow statement. Our fiscal year ends on the last Sunday of the calendar year.

ITEM 22
CONTRACTS

The following contracts are attached as exhibits to this Disclosure Document:

Exhibit B – Franchise Agreement
Exhibit C – Area Development Agreement
Exhibit E – Representations and Acknowledgment Statement
Exhibit F – Sample General Release
Exhibit G – State Addenda and Agreement Riders

ITEM 23
RECEIPTS

Exhibit I contains detachable documents acknowledging your receipt of this Disclosure Document.

EXHIBIT A

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA

Department of Financial Protection & Innovation:
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013
(213) 576-7505

Sacramento

2101 Arena Blvd.
Sacramento, CA 95834
(916) 445-7205

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 610-2093

San Francisco

One Sansome Street, Ste. 600
San Francisco, California 94104
(415) 972-8559

HAWAII

(state administrator)

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(state administrator)

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

(agent for service of process)

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

MARYLAND

(state administrator)

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

(agent for service of process)

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

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
(517) 373-7177

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

(state administrator)

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

(agent for service of process)

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

NORTH DAKOTA

(state administrator)

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

OREGON

Department of Business Services Division of Finance & Corporate Securities
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(state administrator)

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial Institutions
4022 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-1064

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

EXHIBIT B

FRANCHISE AGREEMENT

BISCUIT BELLY FRANCHISING LLC

BISCUIT BELLY® FRANCHISE AGREEMENT

Franchisee: ____________________________________

Restaurant Number: ____________________________

Restaurant Address: ____________________________

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BISCUIT BELLY® FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made and entered into as of the Effective Date by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company with its principal business address at 2600 Valley Vista Road, Louisville, Kentucky 40205 ("**we**", "**us**", or "**our**") and **___________________________** with its principal business address at ___________________________ ("**you**" or "**your**"). The "**Effective Date**" is the date on which we sign this Agreement, as shown beneath our signature.

RECITALS

A. We and our affiliates have developed (and may continue to develop and modify) a system for the operation of restaurants featuring biscuit sandwiches, southern breakfast fare, and other food products, beverages and related products and services authorized by us from time-to-time under the Marks (as defined below) (individually, a "**Restaurant**"; and, collectively, the "**Restaurants**").

B. We and our affiliates use, promote, and license others to use and promote, certain trademarks, service marks, and other commercial symbols in operating Restaurants, including the Biscuit Belly® mark, and we and our affiliates may create, use, and license other trademarks, service marks, and commercial symbols to identify Restaurants and the products and services they offer (collectively, the "**Marks**").

C. We grant to persons who we determine satisfactorily meet our qualifications, and who confirm their willingness to undertake the investment and effort, a franchise to own and operate a Restaurant offering the products and services we authorize and using our and our affiliates' business formats, methods, procedures, signs, designs, layouts, standards, specifications, and Marks (the "**Franchise System**").

D. You have applied for a franchise to own and operate a Restaurant and have provided us with certain information in support of your application. We are willing to grant you the franchise on the terms and conditions contained in this Agreement.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals (which are incorporated herein), the covenants contained herein, and other valuable consideration, the receipt and sufficiency of which are acknowledged, you and we agree as follows:

1. GRANT OF FRANCHISE; NO EXCLUSIVITY; RESERVATION OF RIGHTS.

A. **Grant of Franchise**. You have applied for a franchise to own and operate a Restaurant at the specific location which has been or will be accepted by us pursuant to Section 2 of this Agreement and identified on Exhibit B (the "**Premises**"). If the Premises have not been accepted when you sign this Agreement, you and we will revise Exhibit B to identify the Premises once accepted. Subject to this Agreement's terms, we grant you a franchise (the "**Franchise**") to operate a Restaurant (your "**Restaurant**") solely at the Premises, and to use the Franchise System and the System Standards (as defined in Section 4.D.) in its operation, for a term beginning on the earlier of the Opening Date (as defined in Section 2.G.) or 90 days from the Effective Date and expiring ten (10) years from that date, unless sooner terminated under Section 14 (the "**Term**").

You agree that at all times you will faithfully, honestly, and diligently perform your obligations under this Agreement and to use your best efforts to promote your Restaurant. Except as otherwise expressly provided under this Agreement, you agree not to sub-contract or delegate any of your obligations under this Agreement. You agree to use the Premises only for your Restaurant, and, once it opens for business, to continuously operate your Restaurant in accordance with this Agreement for the duration of the Term. You agree not to conduct the business of your Restaurant at any location other than the Premises.

B. **Exclusivity and Reservation of Rights**. As long as you are in strict compliance of this Agreement, we and our affiliates will not operate or grant a franchise for the operation of another Biscuit Belly® Restaurant, the physical premises of which is located within the area described on Exhibit B, attached hereto (the "**Protected Territory**"); provided however that, we reserve the right to limit the geographic area in which you may offer delivery, catering and/or any other off-site services, and we may modify that geographic area from time-to-time (and such geographic area may be different from your Protected Territory). You acknowledge and agree that other Restaurants, food aggregators, and/or third-party delivery service providers may deliver to customers located in your Protected Territory. You further acknowledge and agree that other Restaurants may market and solicit customers in your Protected Territory. Except as expressly limited above, you acknowledge that we (and our affiliates) retain the right at all times during and after the Term to engage in any and all activities that we (and they) deem appropriate and that have not been expressly granted to you in this Agreement, wherever and whenever we (and they) desire, and whether or not such activities compete with your Restaurant, including the right, anywhere in the world, to do any of the following:

(1) establish and operate, and allow others to establish and operate, Restaurants using the Marks and the Franchise System, at any location outside the Protected Territory, on such terms and conditions we deem appropriate;

(2) establish and operate, and allow others to establish and operate, any other type of restaurant or business, including any restaurant business that may offer products and services which are identical to, similar to, or competitive with products and services offered by Restaurants, under trade names, trademarks, service marks and commercial symbols other than the Marks, including under trade names, trademarks, service marks and commercial symbols that are similar to or competitive with the Marks, anywhere in the world (including in the Protected Territory);

(3) establish and operate, and allow others to establish and operate, other lines of business and to distribute any and all products and services and/or their components or ingredients identified by the Marks, including those used or sold in your Restaurant and/or any proprietary merchandise and pre-packaged products (such as frozen and ready-to-eat food items, spices and sauces, etc.), through alternate distribution channels (including, the Internet, supermarkets, convenience stores, grocery stores), wherever located or operating,

including in your Protected Territory, regardless of the nature or location of the customers with whom such other businesses and distribution channels do business;

(4) establish and operate, and allow others to establish and operate, any Restaurant, or other business using the Marks and/or the Franchise System, and/or offering and selling any of the products or services that are similar to, the same, or competitive with those products or services offered by Restaurants, at or through any nontraditional venues, including, permanent, temporary, or seasonal food service facilities in any stadium, entertainment or amusement park, airport, highway travel plaza, museum, shopping mall, university, elementary or secondary school, office or commercial building, hospital, military facility, special events, or other closed or limited markets, at any location in the world (including in the Protected Territory);

(5) be acquired by or acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), any other business, including businesses that operate or allow others to establish and operate businesses similar to, the same, or competitive with Restaurants, at any location in the world (including in the Protected Territory); and in the event of such an acquisition, the acquirer and its affiliates will have the right to continue to establish and operate, and authorize others to establish and operate, such businesses, at any location in the world (including in the Protected Territory); and

(6) engage in all other activities not expressly prohibited by this Agreement, at any location in the world (including in the Protected Territory).

C. **The Exercise of Our Judgment**. We have the right to operate, develop, and change the Franchise System and the System Standard in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, to grant or decline to grant you a right to take or withhold an action, or to provide or withhold approval or consent, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and in our sole and exclusive judgment, which is not subject to review, of what is in our or the Franchise System's best interests at the time our decision is made.

D. **Corporation, Limited Liability Company, or Partnership**. If you are at any time a corporation, limited liability company, or partnership (each, an "**Entity**"), you agree and represent that:

(1) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and are and will, throughout the Term, remain validly existing and in good standing under the laws of the state of your incorporation or formation;

(2) Your organizational documents, operating agreement, or partnership agreement, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in you or voting powers of your direct and indirect owners, and all certificates and other documents representing ownership interests in you will bear a

legend referring to this Agreement's restrictions, and at our request, you will, from time-to-time, furnish to us true and correct copies of all documents regarding your formation, existence, standing, and governance.

(3) Exhibit A to this Agreement completely and accurately describes all of your direct and indirect owners and their interests in you as of the Effective Date;

(4) Each of your direct and indirect owners during the Term and your and their spouses will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of Guaranty and Assumption of Obligation is attached hereto as Exhibit E. We confirm that a spouse who signs Exhibit E solely in his or her capacity as a spouse (and not as an owner) is signing that agreement merely to acknowledge and consent to the execution of the guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including to bind the spouse's own separate property). Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us revised Exhibits A to reflect any permitted changes in the information that Exhibit A now contains;

(5) You must identify on Exhibit A one of your owners who is a natural person with at least twenty five percent (25%) direct ownership interest and voting power in you and who will have the authority of a chief executive officer (the "**Managing Owner**"). You agree to deliver to us a revised Exhibit A to accurately identify the Managing Owner should the identity of that person change during the Term as permitted hereunder; and

(6) The Managing Owner is authorized, on your behalf, to deal with us in respect of all matters whatsoever which may arise in respect of this Agreement and/or the ownership and operation of the Restaurant. Any decision made by the Managing Owner will be final and binding upon you, and we will be entitled to rely solely upon the decision of the Managing Owner in any such dealings without the necessity of any discussions with any other party named in this Agreement, and we will not be held liable for any actions taken by you or otherwise, based upon any decision or actions of the Managing Owner.

2. SITE SELECTION, LEASE OF PREMISES, AND DEVELOPMENT AND OPENING OF YOUR RESTAURANT.

A. **Site Selection**. If you have not yet located a site for the Premises as of the Effective Date, then you agree to seek our acceptance of the proposed site for the Premises for your Restaurant within ninety (90) days after the Effective Date. If you have not located a site for the Premises as of the Effective Date, we may require you to use the services of a real estate brokerage firm prescribed by us from time-to-time. You agree to obtain our written acceptance of a proposed site for your Restaurant before signing any lease, sublease, or other document for the site. Our determination to accept or not accept a site may be based on various criteria which may change from time-to-time in our discretion. You agree to send us information we require for the proposed site.

You acknowledge and agree that, if we recommend or give you information regarding a site for the Premises, that is not a representation or warranty of any kind, express or implied, of the site's suitability for a Restaurant or any other purpose. Our recommendation indicates only that we believe that the site meets our then-acceptable criteria which have been established for our own purposes and are not intended to be relied on by you as an indicator of likely success. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic or other factors included in or excluded from our criteria could change, even after our acceptance of the Premises or your development of the Restaurant, altering the potential of a site and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site and premises we recommend fail to meet your expectations. You acknowledge and agree that your acceptance of the Franchise and selection of the Premises are based on your own independent investigation of the site's suitability for the Premises.

B. **Lease of Premises**. We reserve the right to review the lease for the Premises (the "**Lease**") before you execute it. The Lease must provide for certain provisions we require, including your right to operate a Restaurant at the Premises during the Term in accordance with this Agreement, a collateral assignment of the Lease in our favor, and other terms as described in our then-current form of our standard Lease Addendum. A copy of our current form is attached hereto as Exhibit C. It is your sole responsibility to obtain a fully executed Lease Addendum in connection with executing the Lease. If you or the landlord request that we consider any modifications to the Lease Addendum, and we elect to do so, we may also require you to reimburse us all expenses that we incur (including attorneys' fees) in connection with such review. We may also reject any request for modifications to the lease addendum for any reason.

You acknowledge and agree that any of our involvement in the acceptance of the Premises, the Lease review, or the modification of the terms of the Lease Addendum is for our sole benefit. You agree that you are not relying on us to accept the Premises, review the Lease or agree to the Lease Addendum modifications for your benefit. You acknowledge that we have advised you to seek the advice and counsel of your professional advisors on all of the terms and conditions of the lease before you sign it. If you do not agree with the Lease Addendum modifications that we accept, you may elect not to sign the lease, but you would have to find another suitable site for the Premises within the time prescribed in Section 2.A.

You agree to provide us a complete copy of the executed Lease, and any addendums thereto, within five (5) business days from the execution of such Lease or its addendum, and thereafter as we may reasonably request.

C. **Construction Schedule and Development of Your Restaurant**. Unless otherwise agreed in writing, you must commence the construction of your Restaurant within one hundred and twenty (120) days from our acceptance of the Premises and complete the construction of your Restaurant no later than two hundred and seventy days (270) days after the Effective Date. In order to maintain uniformity in appearance of all Restaurants, you must use the services of architects, contractors, and engineers prescribed by us from time-to-time in connection with the development of your Restaurant. You agree at your expense to do the following: (a) obtain and submit to us for approval detailed construction plans and specifications and space plans for your Restaurant that comply with any design specifications provided by us and all applicable ordinances, building codes, permit requirements, and lease requirements and restrictions; (b) obtain all required zoning changes, planning consents, building, utility, sign and business permits and licenses (including liquor permits and licenses), and any other consents, permits and licenses necessary to lawfully open and operate your Restaurant; (c) construct all required improvements in compliance with construction plans and specifications approved by us; (d) decorate your Restaurant in compliance with plans and specifications approved by us; (e) purchase and install all required Operating Assets (as defined in Section 2.E.); and (f) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services. You agree to use the vendor(s) we select, if any (which may include us or our affiliates), for design, engineering, construction management and purchasing services in connection with the development of your Restaurant.

D. **Financing; Maximum Borrowing Limits; Liquidity**. You acknowledge and agree that:

(1) you will, at all times, maintain sufficient working capital reserves as necessary and appropriate to comply with your obligations under this Agreement. On our request, you will provide us with evidence of working capital availability. We reserve the right, from time-to-time, to establish certain levels of working capital reserves, and you will comply with such requirements; and

(2) we may from time-to-time designate the maximum amount of debt that Restaurants may service, and you will ensure that you will comply with such limits.

E. **Operating Assets**. You agree to purchase and use in operating your Restaurant only those operating assets we approve for Restaurants as meeting our specifications and standards for quality, design, appearance, function, and performance (the "**Operating Assets**"). You agree to place or display at the Premises (interior and exterior) only the signs, emblems, lettering, logos, and display materials we approve from time-to-time. You agree to purchase or lease approved brands, types, or models of Operating Assets only from the Designed Suppliers (as defined in Section 8.E.), which may include or be limited to us or our affiliates.

F. **Computer System**. You agree to purchase or lease from the designated vendor and use specified integrated computer hardware and software, including an integrated computer-based point-of-sale system, back-of-house software, accounting software, non-cash payment systems, and kitchen display screens (the "**Computer System**"). You also agree to maintain a functioning e-mail address and all specified points of high-speed Internet connection. We may, in our discretion, issue email addresses to you for use in connection with your Restaurant. We may modify specifications for, and components of, the Computer System from time-to-time, and you agree to update your Computer System as per our modified specifications. Our modification of specifications for the Computer System, and other technological developments or events, might require you to purchase, lease, or license new or modified computer hardware or software and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over the Term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after we advise you of changes to the Computer System, you agree to implement such changes, and if necessary, procure any additional equipment, components, hardware, or software we designate. You must at all times during the Term ensure that your Computer System, as modified, meets our System Standards and functions properly.

You agree that we or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the Term.

Although you agree to buy, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces at our specified levels of connection speed with our and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded; and (4) protecting the Computer System from cyber-attacks, viruses, data hacks, and other types of malicious codes.

G. **Business Opening**. You agree not to open your Restaurant until:

(1) we notify you in writing that your Restaurant meets our standards and specifications, including but not limited to having a sufficient number of employees hired and trained;

(2) you have obtained all applicable licenses and permits, including liquor licenses and permits;

(3) you have complied with all your development obligations specified in Section 2.C.;

(4) your Designated Managers (as defined in Section 4.A.) satisfactorily complete our initial training program (as described in Section 4.A.);

(5) you pay the Initial Fee (as defined in Section 3.A.) and other amounts then due to us; and

(6) you give us certificates for all required insurance policies.

Subject to your compliance with these conditions, you agree to open your Restaurant for business on or before the earlier of within two hundred and ten (210) days from our acceptance of the Premises or three hundred (300) days from the execution of this Agreement. We must approve the date on which your Restaurant opens for business (the "**Opening Date**").

3. **FEES**.

A. **Initial Fees**. You agree to pay us a nonrecurring and, except as specifically provided in this Agreement, nonrefundable initial franchise fee of Forty Thousand Dollars ($40,000) (the "Initial Fee"). You acknowledge that the Initial Fee is due, and fully earned by us, when you sign this Agreement and not refundable to you after it is paid.

B. **Royalty Fee**. You agree to pay us a weekly royalty fee (the "**Royalty**"), in the manner provided in Section 3.I. (or as the Operations Manual otherwise prescribes) based on the Gross Receipts derived during the preceding week. The Royalty will be equal to six percent (6%) of Gross Receipts for the remainder of the Term.

C. **Brand Promotion Fund & Advertising Contribution**. You shall contribute to the Brand Promotion Fund (as defined in Section 9.B.) and the Local Advertising Cooperative (as defined in Section 9.D.), subject to the Maximum Advertising Expenditure (as defined in Section 9.B.).

D. **Technology Fees.** You agree to pay technology fees to us, our affiliate, or directly to third parties (the "**Technology Fee**") in the amount and manner that we specify. We may increase the amount of Technology Fee upon 30 days' notice to you.

E. **Definition of "Gross Receipts"**. As used in this Agreement, the term "**Gross Receipts**" means the total of all sales of all food products, beverages, alcohol, other merchandise and products, and services to the customers of your Restaurant, regardless of (i) whether such sale is performed at or from your Restaurant (including, without limitation, all off-site sales and catering sales), (ii) whether such sale is made in compliance with this Agreement, and (iii) whether such sale value is received in cash, check, credit and debit card payments, barter exchange, payment applications, mobile applications or similar systems and technology, or trade credit. Gross Receipts also includes all insurance proceeds you receive for loss of business due to a casualty to or similar event at your Restaurant. Gross Receipts does not include all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, customer refunds, discounts, and coupons.

If we authorize or require participation in online group-bought deals (*e.g.*, Groupon or Living Social), gift certificate and/or gift card programs, the payments you receive for those online group-bought deals, gift certificates or gift cards shall be included in Gross Receipts in accordance with our then-current guidelines for calculating Gross Receipts, which may include calculating such amounts, at our option, as either (i) the purchasing value of such the certificate, card or deal when it is redeemed at your Restaurant, or (ii) the amount of the payment you received for such certificate, card or deal at the time of its sale.

F. **Alcoholic Beverages**. If you sell or derive revenue from alcoholic beverages in the operation of your Restaurant, and a law is enacted during the Term that prohibits or restricts in any way your ability to pay and/or our ability to collect Royalty or other amounts based on Gross Receipts derived from the sale of alcoholic products, then we reserve the right to modify your payment obligations to us under this Agreement and revise the applicable provisions hereunder in order to provide the same basic economic effect to both us and you as currently provided in this

Agreement. In such event, you agree to execute the appropriate document(s), without any additional consideration, in the form we prescribe to give effect to or take account of such revisions.

G. **<u>Interest on Late Payments</u>**. All amounts which you owe us for any reason will bear interest accruing as of their due date at the rate specified by us from time-to-time, or the highest commercial contract interest rate the law allows, but in no event shall such rate exceed eighteen percent (18%) per annum. Interest shall accrue on all late payments regardless of whether we exercise our right to terminate this Agreement as allowed by this Agreement. We may charge you a late payment fee of One Hundred Dollars ($100) for all such overdue payments. We will charge a service fee of One Hundred Dollars ($100) per occurrence for checks returned to us due to insufficient funds or in the event there are insufficient funds in the business account you designate to cover our withdrawals. We may debit your bank account automatically for the service charge and interest. You acknowledge that this Section 3.G. is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, your Restaurant.

H. **<u>Application of Payments</u>**. Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners.

I. **<u>Method of Payment</u>**. You hereby authorize us to debit your checking, savings or other account automatically for the Royalty, Brand Promotion Fund (as defined in Section 9.B) contributions, and other amounts due to us or our affiliates in connection with your operation of your Restaurant (the "**EFT Authorization**"). The EFT Authorization includes any payment collection method(s) that we may adopt in the future (that may or may not involve a traditional bank), and you agree to sign and deliver to us any documents we require from time-to-time for such EFT Authorization. Such EFT Authorization shall remain in full force and effect during the Term. We will debit the account you designate for these amounts on their due dates (or the subsequent business day if the due date is a national holiday or a weekend day). You agree to ensure that funds are available in your designated account to cover our withdrawals.

If you fail to report the Gross Receipts, we may debit your account for one hundred and ten (110%) of the average of the last three Royalty and Brand Promotion Fund contributions that we debited. If the amounts that we debit from your account are less than the amounts you actually owe us (once we have determined the true and correct Gross Receipts), we will debit your account for the balance on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following week.

We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (*e.g.*, by check) whenever we deem appropriate, and you agree to comply with our payment instructions.

4. **TRAINING AND ASSISTANCE**.

A. **Initial Training**. After you sign this Agreement, and no later than four (4) weeks before your scheduled soft opening but no earlier than eight (8) weeks before your scheduled soft opening, your Designated Managers must complete, to our satisfaction, initial training conducted by us on the material aspects of operating a Restaurant. Your "**Designated Managers**" shall include you (or your Managing Owner), your general manager, your Operating Partner (as defined in Section 8.D.), and your kitchen manager. Training will be conducted at a designated training facility of our choice. In addition, all Designated Managers must, at their own expense, complete ServSafe certification, other food safety training courses, and alcoholic beverage service training courses that we may prescribe from time-to-time. You agree not to open your Restaurant until all your Designated Managers complete the initial training to our satisfaction.

Scheduling of the training is based on the availability of our trainers, your Designated Managers', training restaurant and the projected Opening Date for your Restaurant which is finally determined by us.

We will not charge any initial training fee for training up to four (4) Designated Managers for the first two (2) Restaurants that you or your affiliates own. If the initial training is to be completed at your Restaurant, you agree to also pay for all cost of travel, lodging, and meal for our instructors. However, if you and/or your affiliates own and operate at least two (2) Restaurants and we have not certified (i) you (or your Managing Owner, as applicable), your Operating Partner or any of your affiliates' Managing Owner or Operating Partner as a Certified Trainer and (ii) one of your or your affiliates' Restaurants as a Certified Training Center, we will charge a fee of Thirty Five Thousand Dollars ($35,000) for providing initial training to the Designated Managers of your and your affiliates' third and each subsequent Restaurant. Such initial training fee will be payable before your Designated Managers attend the initial training. It shall be the sole responsibility of you or your Designated Managers to provide all necessary training to other employees in the Restaurant.

We may, in our discretion or upon your request, require your Designated Managers and other employees to undergo additional training at any time during the Term, to be provided at our then-current per diem charges per instructor, currently Five Hundred Dollars ($500) per day per instructor. You agree to pay for all cost of travel, lodging, and meals which your Designated Managers or other employees may incur and for your employees' wages and workers' compensation insurance while attending any training. If the additional training is to be completed at your Restaurant, you agree to also pay for all costs of travel, lodging, and meals for our instructors.

We may require your Designated Managers to attend and satisfactorily complete various training courses that we periodically choose to provide at the times and locations that we designate. We will not require attendance for more than five (5) full business days during each calendar year. Besides attending these courses, your Managing Owner agrees to attend all of our conferences of Restaurant franchise owners at a location we designate or virtually, as determined by us. Attendance at the annual meeting will not be required for more than four (4) days during any calendar year. We reserve the right to charge you our then-current fee for each attendee at the annual meeting. You also must pay for your attendees' costs to attend, including, travel, lodging, and meals, and your attendees' wages and workers' compensation insurance.

If you have a new Designated Manager during the Term, we reserve the right to require such new Designated Manager to satisfactorily complete our then-current initial training program. You agree to pay our then-current per diem charges per instructor, currently Five Hundred Dollars ($500) per day per instructor to train your replacement Designated Managers. You also agree to pay all cost of travel, lodging, and meals, which your new Designated Manager may incur and your new Designated Manager's wages and workers' compensation insurance while attending such initial training. If the training of your replacement Designated Managers is to be completed at your Restaurant, you agree to also pay for all travel, transportation, and living expenses for our instructors.

You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time-to-time.

Notwithstanding anything to the contrary, we may, in our discretion, supplement or replace in-person training with live or recorded online training modules.

B. **Opening Assistance**. If your Restaurant is one of the first two (2) Restaurants owned by you and/or your affiliates, we will, when your Restaurant is ready to open for business, send a team of not less than two (2) trainers (the identity and composition of which will be in our discretion) to your Restaurant to assist with the grand opening for up to five (5) consecutive days prior to the opening of your Restaurant, the day of the grand opening, and up to four (4) consecutive days after the opening of your Restaurant. We will not charge any fee for providing the foregoing opening assistance for up to ten (10) days. If we, in our sole discretion, determine that you require additional opening assistance, you agree to pay us the then-current per diem charges per trainer, currently Five Hundred Dollars ($500) per day per trainer, and the costs and expenses associated with their travel, transportation, meals, and lodging. Notwithstanding anything to the contrary, we will not be required to send any of our representatives to your Restaurant to provide any assistance or services if, in our sole determination, it is unsafe to do so. Such determination by us will not relieve you from your obligations under this Agreement (including, your obligation to pay monies owed) and will not serve as a basis for your termination of this Agreement.

C. **General Guidance**. We may, in our discretion, advise you from time-to-time regarding the operation of your Restaurant based on your reports or our inspections, with respect to:

(1) standards, specifications, and operating procedures and methods that Restaurants use;

(2) purchasing required and authorized Operating Assets and other products and services;

(3) advertising and marketing materials and programs; and

(4) employee training.

We may also provide guidance via telephonic conversations or consultation at our offices. If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then-applicable fee, including our personnel's per diem charges and travel and living expenses.

D. **Operations Manual**. During the Term, we will provide you with access to our operations manual for the operation of Restaurants (the "**Operations Manual**"), which may include one or more separate manuals as well as other written materials. The Operations Manual contains mandatory System Standards that we periodically prescribe for developing and operating Restaurants ("**System Standards**"), information on suggested and mandatory procedures, and your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in System Standards, including in the form of memoranda and newsletters. If there is a discrepancy between our copy of the Operations Manual and yours, our copy of the Operations Manual controls. You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any person other than your employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual.

At our option, we may post some or all of the Operations Manual on a restricted Website or extranet to which you will have access. (For purposes of this Agreement, "**Website**" means an interactive electronic document contained in a network of computers linked by communications software, including wireless data connections such as 4G and 5G, the Internet, and World Wide Web home pages). If we do so, you agree to monitor and access the Website or extranet for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on a Website or extranet will be deemed to be part of Confidential Information (as defined in Section 6).

E. **Delegation of Performance**. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

5. **MARKS; COPYRIGHTS**.

A. **Ownership and Goodwill of Marks**. Your right to use the Marks and the Franchise System is derived only from this Agreement and limited to your operating your Restaurant according to this Agreement and all System Standards we prescribe. Your unauthorized use of the Marks or the Franchise System is a breach of this Agreement and infringes our and our affiliates' rights in the Marks and the Franchise System. You acknowledge and agree that your use of the Marks, the Franchise System and any goodwill established by that use are exclusively for our and our affiliates' (as their interests may appear) benefit and that this Agreement does not confer any goodwill or other interests in the Marks or the Franchise System upon you (other than the right to operate your Restaurant under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after the Term contest or assist any other person in contesting the validity of, or our rights to, the Marks.

B. **Limitations on Your Use of Marks**. You agree to use the Marks as the sole identification of your Restaurant, except that you agree to identify yourself as its independent owner in the manner we prescribe. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, or otherwise in connection with a Website (unless in connection with our approved Franchise System Website), (5) in any user name, screen name, domain name, homepage, webpage, electronic address, social media account, other online presence or presence on any electronic medium of any kind without our prior written approval ("**Online Presence**"), (6) in advertising any prospective transfer that would require our approval under this Agreement or (7) in any other manner that we have not expressly authorized in writing. You may not use any Mark in advertising the transfer, sale, or other disposition of your Restaurant or an ownership interest in you or voting powers of your direct and indirect owners without our prior written consent. You agree to display the Marks prominently as we prescribe at your Restaurant and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

C. **Discontinuance of Use of Marks**. If it becomes advisable, in our opinion, at any time for us to require you to modify or discontinue using any Mark or to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the signs of your Restaurant, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section 5.C. apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use under this Agreement. We and our affiliates may exercise these rights at any time and for any reason, business or otherwise, that we and our affiliates think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

D. **Copyrighted and Copyrightable Materials**. During the Term, we will authorize you to use certain copyrighted and copyrightable materials in connection with the operation of your Restaurant, including the Operations Manual, trade dress, menus and other materials (collectively, the "**Copyrighted Materials**"). As between you and us, we or our affiliates own the Copyrighted Materials and all benefits inherent in such ownership. We and our affiliates may further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of your Restaurant, including all categories of works eligible for protection under the copyright laws of the United States, all of which will be deemed to be Copyrighted Materials under this Agreement. We intend that all works of authorship related to Restaurants and created in the future will be owned by us or our affiliates.

E. **Limitation on Your Use of Copyrighted Materials**. Your right to use the Copyrighted Materials is derived only from this Agreement and limited to your operating your Restaurant in accordance with this Agreement and all System Standards we prescribe during the Term. You will ensure that all Copyrighted Materials used hereunder bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws we prescribe specifying that we or, as appropriate, our affiliate is the owner of the copyright. You acknowledge that this Agreement does not confer upon you any interest in the Copyrighted Materials, other than the right to use them in the operation of your Restaurant in compliance with this Agreement. If we authorize you to prepare any adaptation, translation or work derived from the Copyrighted Materials, or if you prepare any Copyrighted Materials such as advertisements, posters or promotional materials, such adaptation, translation, derivative work or copyrighted material is our property, and you assign all your right, title and interest therein to us. You will execute all documents, in recordable form, as we determine are necessary to reflect such ownership. You will not use any such adaptations, translations, derivative works and copyrighted materials without our prior written approval.

F. **Notification of Infringements and Claims**. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark or Copyrighted Material, or of any person's claim of any rights in any Mark or Copyrighted Material, and any other threatened or actual litigation or other claim involving the Biscuit Belly® brand. You also agree not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliates may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, U.S. Copyright Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark or Copyrighted Material. You agree to sign any documents and take any other reasonable action that, in the opinion of our and our affiliates' attorneys, are necessary or advisable to protect and maintain our and our affiliates' interests in any litigation or U.S. Patent and Trademark Office, U.S. Copyright Office or other proceeding, or otherwise to protect and maintain our and our affiliates' interests in the Marks and Copyrighted Materials. We will reimburse you for your costs of taking any action that we or our affiliates have asked you to take.

G. **Indemnification for Use of Marks**. We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we and our affiliates may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

6. CONFIDENTIAL INFORMATION.

In connection with your franchise under this Agreement, you and your owners and personnel may from time to time be provided and/or have access to non-public information about the Franchise System and the operation of Restaurants (the "**Confidential Information**"), whether or not marked confidential, including:

(1) site selection criteria;

(2) training and operations materials and manuals, including recipes and the Operations Manual;

(3) the System Standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Restaurants;

(4) market research, promotional, marketing and advertising programs for Restaurants;

(5) knowledge of specifications for, and suppliers of, Operating Assets and other products and supplies;

(6) any computer software or similar technology which is proprietary to us, our affiliates, or the Franchise System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(7) knowledge of the operating results and financial performance of Restaurants, other than your Restaurant; and

(8) information generated by, or used or developed in, your Restaurant's operation, including information relating to customer such as customer names, addresses, telephone numbers, e-mail addresses, buying habits, preferences, demographic information and related sales and customer information ("**Customer Data**"), and any other information contained from time to time in the Computer System.

All Customer Data will be owned by us. You agree to (1) use Customer Data only for the promotion of your Restaurant during the term hereof and (2) refrain from selling Customer Data to third parties. At our request from time-to-time, you must provide us direct access to, or if we request send to us electronically, all the Customer Data we specify.

Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

You agree that all Confidential Information (i) shall be deemed proprietary, (ii) shall be held by you in strict confidence, (iii) shall not be copied, disclosed or revealed to or shared with any other person except to your employees or contractors who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in advance, and (iv) shall not be used in connection with any other business or capacity. You will not acquire any interest in Confidential Information other than the right to use it as we specify in operating your Restaurant during the Term. You agree to maintain reasonable procedures to prevent unauthorized use or disclose of the Confidential Information, including by establishing reasonably security and access measures and restricting its disclosure to key personnel. We reserve the right to require that any employee, agent or independent contractor that you hire execute a non-disclosure and non-competition agreement to protect the Confidential Information. We reserve the right to regulate the form of non-disclosure and non-competition agreement that you use and to be a third-party beneficiary of those agreements with independent enforcement rights. You acknowledge that any form of non-disclosure and non-competition agreement that we require you to use, provide to you, or regulate the terms of, may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality and non-competition agreement that your employees, agents and independent contractors sign.

You acknowledge and agree that, as between us and you, we are the sole owner of all right, title, and interest in and to the Franchise System and any Confidential Information. All improvements, developments, derivative works, enhancements, or modifications to the Franchise System and any Confidential Information (collectively, "**Innovations**") made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. In the event we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section 6, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 6 with the same legal force and effect as if executed by you. The obligations of this Section 6 shall survive any expiration or termination of this Agreement.

7. EXCLUSIVE RELATIONSHIP DURING TERM.

A. Covenants Against Competition: Branded Business.

(1) You acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the Term, neither you nor any of your owners, your or your owners' affiliates, or the officers, directors, managers or immediate family members of any of the foregoing will:

(i) have any direct or indirect interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

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

(iii) divert or attempt to divert any actual or potential business or customer of any Restaurant to a Competitive Business;

(iv) directly or indirectly, appropriate, use or duplicate the Franchise System or System Standards, or any portion thereof, for use in any other business or endeavor.

(2) The term "**Competitive Business**" means any restaurant, food service or other business (other than a Restaurant) (i) whose gross receipts from the sale of biscuits or other breakfast items represent, at any time, at least ten percent (10%) of the business' total gross receipts (excluding receipts from the sale of alcoholic beverages), or (ii) that grants franchises or licenses for the operation of any of the foregoing or provides services to the franchisor or licensor of any of the foregoing. You agree to obtain similar covenants from the personnel we specify, including officers, directors, managers, and other employees attending our training program or having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

B. **Non-Interference**. You further agree that, either during or after the Term, neither you nor any of your owners, your or your owners' affiliates, or the officers, directors, managers or immediate family members of any of the foregoing, will: (i) interfere or attempt to interfere with our or our affiliates' relationships with any vendors or consultants; or (ii) engage in any other activity which might injure the goodwill of the Marks or the Franchise System.

C. **Non-Disparagement**. You agree not to (and to use your best efforts to cause your current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, heirs, affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates' directors, officers, employees, representatives or affiliates, current and former franchisees or developers of us or our affiliates, the Biscuit Belly® brand, the Franchise System, any Restaurant, any business using the Marks, any other brand or service-marked or trademarked concept of us or our affiliates, or which would subject the Biscuit Belly® brand or such other brands to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us, the Biscuit Belly® brand or such other brands. The obligations of this Section 7.C. shall survive any expiration or termination of this Agreement.

8. BUSINESS OPERATIONS AND SYSTEM STANDARDS.

A. **Condition and Appearance of Your Restaurant**. You agree that you will not use any part of the Premises for any purpose other than operating a Restaurant in compliance with this Agreement, and that you will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we approve from time-to-time. You further agree to maintain the condition and appearance of your

Restaurant, its Operating Assets and the Premises in accordance with the System Standards and, consistent with the image of Restaurants, as an efficiently operated business offering high-quality products and services and observing the highest standards of cleanliness and efficient, courteous service. Therefore, you agree to take, without limitation, the following actions during the Term at your expense: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at intervals that we may prescribe; (b) interior and exterior repair of the Premises as needed; and (c) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets at intervals that we may prescribe (or, if we do not prescribe an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced).

In addition to the foregoing, you agree to renovate, refurbish, remodel, or replace, at your own expense, the real and personal property and equipment used in operating your Restaurant when reasonably required by us in order to comply with the image, standards of operation, and performance capability we establish from time-to-time; provided that, before the fifth anniversary of the Opening Date, we shall not require you to make any renovations, refurbishments, remodeling, or replacement of personal property or equipment in order to comply with changes to System Standards which would cost in the aggregate more than Fifty Thousand Dollars ($50,000).

B. **Restaurant Classification**. You must operate and maintain your Restaurant in a manner which will ensure that your Restaurant will obtain the highest classification possible for restaurants of like kind from the governmental authorities that inspect restaurants in the area where your Restaurant is operated. If you are not able to obtain such classification, or if you fail to operate in accordance with the general standards of quality, maintenance, repairs, and sanitation required by us, then we may, at our option, place such trained personnel in your Restaurant as we deem necessary to train the managerial and operating personnel of your Restaurant until your Restaurant can obtain the highest classification or meet such general standards. Our personnel shall remain at your Restaurant until the required classification is obtained or until we, in our sole discretion, decide to remove them. You shall pay all costs associated with providing the personnel, including costs of transportation, meals, lodging, wages, or other compensation, including fringe benefits.

C. **Products and Services Your Restaurant Offers**. You agree that you (1) will offer and sell from your Restaurant all of the products and services that we periodically specify; (2) will not offer or sell at your Restaurant, the Premises or any other location any products or services we have not authorized; and (3) will discontinue selling and offering for sale any products or services that we at any time disapprove.

D. **Management of Your Restaurant**. You are solely responsible for the management, direction and control of your Restaurant. You (or your Managing Owner) must personally supervise the management and operation of your Restaurant and continuously exert your best efforts to promote and enhance your Restaurant; however; if you and/or your affiliates own three (3) or more Restaurants, you may hire an operating partner (the "**Operating Partner**") to oversee the operation of your and your affiliates' Restaurants, subject to our approval. We reserve the right to establish conditions for approving any such Operating Partner, in our discretion, which may include the completion of training, confirmation that he/she will have no competitive business activities, and/or execution of a non-disclosure agreement or other covenants we require. The Operating Partner must devote his/her full time and best efforts to the supervise the day-to-day operations of your and your affiliates' Restaurants. The Operating Partner must own at least a five percent (5%) direct ownership and voting interest in you; provided that you will be deemed to have met this requirement if the Operating Partner is entitled to a bonus of not less than five percent (5%) of the net profits of all the Restaurants owned by your and your affiliates payable after the end of each Accounting Period (as defined in Section 10 (a)), and the Operating Partner has agreed to acquire not less than five percent (5%) direct ownership and voting interest in you within eighteen (18) months from his/her appointment as your Operating Partner. The foregoing right and obligation of the Operating Partner must be evidenced by a written agreement between the Operating Partner and you, and you must provide us with a copy of such agreement upon request. After the Operating Partner has acquired an equity interest in you, he or she must be added to Exhibit A and continue to own that interest (or a greater interest) during the entire period he or she serves as the Operating Partner. You must provide us an executed copy of the Guaranty executed by the Operating Partner and his/her spouse within ten (10) days after he/she acquires any ownership interest in you.

During operational hours, at least one of your Designated Managers who has successfully completed the initial training program must at all times be at your Restaurant. In the event that a Designated Manager ceases active employment at your Restaurant, you must notify us within five (5) days of the cessation. All new Designated Managers other than the Managing Owner must be trained by the Managing Owner to our satisfaction. Notwithstanding the foregoing, we reserve the right to require any new Designated Manager to satisfactorily complete our then-current initial training program.

E. **Designated Suppliers.** You must purchase those products designated by us only from vendors, suppliers and/or distributors approved and designated by us from time-to-time ("**Designated Suppliers**"), including: (1) food products, including, ingredients, mixes for biscuits and other menu items; (2) fixtures, furniture, equipment, signs, items of décor; (3) all fountain and bottled beverages; (4) uniforms, shirts, and all merchandise and items intended for retail sale (whether or not bearing the Marks); (5) advertising, point-of-purchase materials and other printed promotional materials; (6) gift certificates and stored value cards; (7) stationery, business cards, contracts, and form; (8) bags, packaging, and supplies bearing the Marks; (9) advertising and marketing services, including loyalty and mobile applications and public relations; and (10) other products and services that we may require from time-to-time.

We may, in our sole discretion, enter into supply contracts either for all Restaurants or a subset of Restaurants situated within one or more geographic regions (each a "**Systemwide Supply Contract**"). We may enter into Systemwide Supply Contracts with one or more vendors of products, services, or equipment and may require all Restaurants in a geographic area to purchase from, use, or sell to such vendors. If we enter into such Systemwide Supply Contracts, then immediately upon notification, you must purchase the specified product, service, or equipment only from the Designated Supplier. We make no representation that we will enter into any Systemwide Supply Contracts or other exclusive supply arrangements or, if we do, that you will not otherwise be able to purchase the same products and/or services at a lower price from another supplier. We may add to, modify, substitute or discontinue Systemwide Supply Contracts or exclusive supply arrangements in the exercise of our sole discretion.

We may also establish commissaries and distribution facilities owned and operated by us or our affiliates, or otherwise designate us or our affiliates as a Designated Supplier. We may receive money or other benefits from Designated Suppliers based on your purchases; you agree that we have the right to retain and use all such benefits as we deem appropriate, in our sole discretion.

We may approve as the Designated Supplier one or more suppliers for any goods or materials and may approve a supplier only as to certain goods or materials. We may also concentrate purchases with one or more Designated Suppliers or distributors to obtain lower prices and/or the best advertising support and/or services for the Restaurants or any other group of restaurants franchised or operated by us or our affiliates.

If you would like us to consider approving a supplier that is not then approved as a Designated Supplier, you must submit your request in writing before purchasing any items or services from that supplier. We will not be obligated to respond to your request, and any actions we take in response to your request will be at our sole and unfettered discretion, including the assessment of a fee to compensate us for the time and resources we spend in evaluating the proposed supplier. We may, with or without cause, revoke our approval of any supplier at any time.

F. **Compliance with Laws and Good Business Practices**. You must secure and maintain in force throughout the Term all required licenses, permits and certificates, including liquor permits and licenses relating to the operation of your Restaurant and operate your Restaurant in full compliance with all applicable laws, ordinances and regulations, including PCI compliance standards. You agree to comply and assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury or other regulations. In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Restaurant as may be required by us or by law. You confirm that you are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at http://www.treasury.gov). You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders or regulations, and specifically acknowledge and agree that your indemnification responsibilities as provided in Section 16.D. pertain to your obligations hereunder.

Your Restaurant must in all dealings with its customers, all suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other Restaurants. You must notify us in writing within three business days of: (1) the commencement of any action, suit or proceeding relating to your Restaurant, or any audit, investigation, or similar proceeding by any such person or governmental authority which is pending or threatened against you or your Restaurant; (2) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Restaurant; (3) any notice of violation of any law, ordinance or regulation relating to your Restaurant; and (4) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party involving a complaint from a customer relating to your Restaurant. You must immediately provide to us copies of any documentation you receive of events in (1) through

(5) above and resolve the matter in a prompt and reasonable manner in accordance with good business practices.

Notwithstanding the foregoing, unless any order by the federal, state, or local authority requires you to close your Restaurant, you will not close your Restaurant without our prior written consent.

G. **Insurance**. During the Term, you must maintain in force at your sole expense: general liability insurance, damage to Premises coverage, personal injury insurance, personal and advertising injury coverage, liquor liability/dram shop coverage, employment practices liability coverage, products/completed operations coverage, property damage coverage for all perils to personal property contained in the Premises as well as outside, umbrella liability coverage, forgery or alteration coverage, electronic data property coverage, interruption of computer operations coverage, identity theft expense coverage, vehicle coverage insurance for any vehicles used in the operation of your Restaurant, business interruption insurance, and money and securities coverage. You also must maintain workers' compensation insurance for your employees in accordance with laws applicable in the state in which your Restaurant is operated. We may periodically change the amounts of coverage required under these insurance policies or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies for liability coverage must name us and any affiliates we designate as additional insureds, using a form of endorsement that we have approved, and providing us with thirty (30) days' prior written notice of material changes to or cancellation or expiration of all policies. Your insurance policies must contain a waiver of subrogation in favor of the additional insureds and provide primary coverage with any insurance policies we and our affiliates maintain being non-contributory. You routinely must furnish us copies of your Certificate of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and your Restaurant on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Restaurant's operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Restaurant that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

Your obligation to maintain insurance coverage will not be limited in any respect by reason of insurance maintained by us or any other party. Additionally, no insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations to us or affiliates under Section 16.D. or otherwise.

H. **Pricing**. Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may charge for products and services offered by Restaurants. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same or may differ across all Restaurants. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

I. **Contact Information**. You agree that each telephone or facsimile number, directory listing, and any other type of contact information used by or that identifies or is associated with your Restaurant (any "**Contact Information**") will be used solely to identify your Restaurant in accordance with this Agreement. You are required to execute the form Collateral Assignment of Contact Information and Online Presences attached as Exhibit D to grant us with full power and control over the Contact Information and Online Presences upon termination or expiration of this Agreement.

J. **Compliance with System Standards**. You acknowledge and agree that operating and maintaining your Restaurant according to System Standards are essential to preserve the goodwill of the Marks and the goodwill of all Restaurants. Therefore, compliance with all System Standards is mandatory, and you agree at all times to operate and maintain your Restaurant according to each and every System Standard, as we periodically modify and supplement them. Though we retain the right to establish and periodically modify System Standards which you have agreed to maintain in the operation of your Restaurant, you retain the right and sole responsibility for the day-to-day management and operation of your Restaurant and the implementation and maintenance of System Standards at your Restaurant. System Standards may regulate any aspect of the development, operation and maintenance of your Restaurant, including any one or more of the following:

(1) the appearance and condition of your Restaurant;

(2) operating procedures and platforms (including with respect to delivery and catering programs we might approve from time-to-time;

(3) sales, marketing, advertising and promotional programs (including coupons and other price-related promotions) and materials and media used in these programs;

(4) staffing levels for your Restaurant and employee qualifications, training, dress and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned and working conditions);

(5) use and display of the Marks;

(6) days and hours of operation;

(7) methods of payment that your Restaurant may accept from customers;

(8) participation in market research and testing and product and service development programs;

(9) participation in gift card and loyalty programs;

(10) menus and pricing;

(11) use of third-party food aggregators;

(12) bookkeeping, accounting, data processing and record keeping systems and forms; formats, content and frequency of reports to us of sales, revenue, and financial performance and condition; and giving us copies of tax returns and other operating and financial information concerning the Franchise (we will use reasonable efforts to keep such records confidential);

(13) participation in quality assurance and customer satisfaction programs, including payment of fees to us and our affiliates or designees for your participation in such programs;

(14) types, amounts, terms and conditions of insurance coverage required for your Restaurant, including criteria for your insurance carriers; and

(15) any other aspects of operating and maintaining your Restaurant that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Restaurants.

You agree that System Standards we periodically prescribe in the Operations Manual, or otherwise communicate to you in writing or another form, are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified. You acknowledge that our periodic modification of the System Standards (including changes and additions to restaurant equipment and hardware and software required for the Computer System), which may accommodate regional or local variations, may obligate you to invest additional capital in your Restaurant and incur higher operating costs.

K. **Information Security**. You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information ("**Personal Information**") in accordance with applicable law and industry best practices. It is entirely your responsibility (even if we provide you any assistance or guidance in that regard) to confirm that the safeguards you use to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately of the breach or unauthorized access, and specify the extent to which Personal Information was compromised or disclosed, and your plans to correct and prevent any further breach or unauthorized access. You will allow us, in our discretion, to participate in any response or corrective action. You also agree to follow our instructions regarding curative actions and public statements relating to the breach.

L. **Employees, Agents and Independent Contractors**. You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Restaurant. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Restaurant in compliance with federal, state, and local employment laws.

9. **MARKETING**.

A. **Grand Opening Advertising**. You must spend at least Five Thousand Dollars ($5,000) for a grand opening marketing program for your Restaurant to take place, in the manner we approve, before and within the first ninety (90) days after your Restaurant opens. We may require you to hire our designated marketing and public relations agency for the grand opening marketing program for your Restaurant. You must spend this amount in addition to all other amounts you must spend on advertising specified in this Agreement. The amount you spend on grand opening advertising will not count towards your Local Marketing Expenditure as described in Section 9.C, or the Maximum Advertising Expenditure (as defined in Section 9.B.). You agree to use the media, materials, programs and strategies we develop or approve in connection with the grand opening advertising program.

B. **Brand Promotion Fund**. You agree to contribute to the brand promotion fund for Restaurants (the "**Brand Promotion Fund**"). Your contribution will be in amounts we specify from time-to-time and will be payable in the same manner as the Royalty. Currently, the required Brand Promotion Fund contribution is 0.75% of your Restaurant's Gross Receipts. However, we have the right, at any time and on notice to you, to increase the amount you must contribute to the Brand Promotion Fund, provided that in no event will we be entitled to require that the aggregate amount of the required Brand Promotion Fund contribution, the Local Marketing Expenditure pursuant to Section 9.C. below, and the Local Advertising Cooperative Contribution pursuant to Section 9.D. below to exceed 5% of the Gross Receipts of your Restaurant (the "**Maximum Advertising Expenditure**"). For example, if we require you to contribute 0.75% of your Restaurant's Gross Receipts to the Brand Promotion Fund, then we can, at the most, require you to contribute up to 4.25% of your Restaurant's Gross Receipts collectively towards the Local Advertising Cooperative Contribution (as defined in Section 9.D.) and Local Marketing Expenditures (as defined in Section 9.C.).

We or our affiliates or other designees will direct all programs that the Brand Promotion Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Brand Promotion Fund may pay for preparing and producing video, audio, and written materials and electronic media;

implementing a gift certificate program, a loyalty program or other marketing programs designed to encourage the use of Restaurants; developing, implementing, and maintaining a Franchise System Website (as defined in Section 9.E. below) and related strategies; administering local, regional, and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices; implementing a loyalty program or other marketing programs designed to encourage the use of Restaurants; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Brand Promotion Fund will give you a sample of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

The Brand Promotion Fund will not be our asset. We will account for the Brand Promotion Fund separately from our other funds and will not use the Brand Promotion Fund for any of our general operating expenses, except we may use the Brand Promotion Fund to reimburse us or our affiliates, or designees for the reasonable salaries and benefits of personnel who manage and administer the Brand Promotion Fund, the Brand Promotion Fund's other administrative costs, travel expenses of personnel while they are on Brand Promotion Fund business, meeting costs, overhead relating to Brand Promotion Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Promotion Fund and its programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Promotion Fund contributions.

We do not owe any fiduciary obligation to you for administering the Brand Promotion Fund or any other reason. We will hold all Brand Promotion Fund contributions for the benefit of the contributors and use contributions for the purposes described in this Section 9.B. The Brand Promotion Fund may spend in any fiscal year more or less than the total Brand Promotion Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use all interest earned on the Brand Promotion Fund contributions to pay costs before using the Brand Promotion Fund's other assets. We will prepare an annual, unaudited statement of Brand Promotion Fund collections and expenses and give you the statement upon written request. We may incorporate the Brand Promotion Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 9.B.

We intend for the Brand Promotion Fund to promote recognition of the Marks, patronage of Restaurants contributing to the Brand Promotion Fund and the Biscuit Belly® brand generally. Although we will try to use the Brand Promotion Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Restaurants contributing to the Brand Promotion Fund, we need not ensure that Brand Promotion Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Promotion Fund contributions by Restaurants operating in that geographic area or that any Restaurant benefits directly or in proportion to its Brand Promotion Fund contribution from the development of advertising and marketing materials or the placement of advertising and marketing. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Promotion Fund contributions at the Brand Promotion Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Brand Promotion Fund. Except as expressly provided in this Section 9.B., we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Promotion Fund.

We may at any time defer or reduce contributions of a Restaurant franchise owner and, upon thirty (30) days' prior notice to you, reduce or suspend Brand Promotion Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Promotion Fund. If we terminate the Brand Promotion Fund, we will, at our option, either spend all unspent monies in accordance with this Section, until such amounts are exhausted, or distribute the funds in the Brand Promotion Fund to the contributing Restaurant owners on a pro rata basis.

C. **Local Marketing Expenditures**. In addition to your obligations under Section 9.A. and Section 9.B. above, you agree to spend money, as required in this Section 9.C, to promote your Restaurant (the "**Local Marketing Expenditure**"). You agree to list and advertise your Restaurant on any Online Presence we require, as set forth in the Operations Manual or otherwise in writing and, at our direction. If other Restaurants are located within the directory's distribution area, we may require you to participate in a collective advertisement with those other Restaurants and to pay your share of that collective advertisement. We require you to spend at least 1% of Gross Receipts each month to advertise and promote your Restaurant; however, we have the right, at any time and upon thirty (30) days' notice to you, to change the foregoing requirement subject to the Maximum Advertising Expenditure. Any amount you contribute to the Local Advertising Cooperative (defined in Section 9.D.) will count towards your Local Marketing Expenditure requirements. Upon our request you agree to send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion. Your local advertising and promotion must follow our guidelines.

You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time-to-time. At least five (5) business days before you intend to use them, you agree to send us for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written approval within three (3) days after we receive the materials, they are deemed to be disapproved. Once we approve the materials, you are permitted to use them; provided, however, that we may, in our discretion, withdraw our approval at any time. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved. You must discontinue the use of any advertising material, even if previously approved, within five (5) days upon receipt of our request to do so.

We reserve the right, at any time, to issue you a notice that the amounts required to be spent by you under this Section 9.C shall, instead, be paid to us or our designee. If we exercise this option, we will then spend such amounts, in accordance with local Restaurant marketing guidelines and programs that we develop from time-to-time, to advertise and promote the Restaurant on your behalf. We may instead, in our discretion, contribute any such amounts to the Brand Promotion Fund. We may also elect, on one or more occasions and without prejudice to our rights to issue further notices, to temporarily or permanently cease conducting such marketing activities on your behalf and, instead, to require you to conduct such marketing activities yourself in accordance with this Section 9.C.

All advertising, marketing, and promotional materials that you develop for your Restaurant must contain notices of the Franchise System Website's (as defined below) domain name in the manner we designate. You may not develop, maintain, or authorize any other Website that mentions or describes you, your Restaurant or displays any of the Marks. If we approve the use of any Online Presence in the operation of your Restaurant, you will develop and maintain such Online Presence only in accordance with our then-current privacy policy and social media policy, which we may periodically modify, including guidelines for posting any messages or commentary on third-party websites. We will own the rights to each such Online Presence. You must grant us access and co-administrator rights to each such Online Presence, and to take whatever action (including signing an assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence.

D. **Local Advertising Cooperative.** You agree that we or our affiliates or designees may establish or direct the establishment of a local advertising cooperative ("**Local Advertising Cooperative**") in geographical areas (as determined by us) in which two (2) or more Restaurants are operating. The Local Advertising Cooperative will be organized and governed by written documents in a form and manner, and begin operating on a date, that we determine in advance. We will approve all terms and conditions for the operation and administration of the Local Advertising Cooperative at the time it is established. We may change, dissolve, merge and reinstate any Local Advertising Cooperative. Each Local Advertising Cooperative's purpose is to administer advertising programs and develop advertising, marketing and promotional materials for the area that the Local Advertising Cooperative covers, in accordance with our System Standards. If we have established a Local Advertising Cooperative for the geographic area in which your Restaurant is located, as of the time you sign this Agreement, or if we establish a Local Advertising Cooperative in that area during the Term, you agree to sign the documents we require to become a member of the Local Advertising Cooperative and to participate in the Local Advertising Cooperative as we require.

If we establish a Local Advertising Cooperative in your geographic area, you agree to participate and contribute your share to such Local Advertising Cooperative ("**Local Advertising Cooperative Contribution**"). The amount of your Local Advertising Cooperative Contribution will be determined at the time the Local Advertising Cooperative is established, and may be changed from time-to-time, provided, that it will be subject to your Maximum Advertising Expenditure. Your Local Advertising Cooperative Contribution will be payable in the same manner as the Royalty. Your Local Advertising Cooperative Contribution may also be capped based on the provisions of the by-laws adopted by the Local Advertising Cooperative, subject to our approval.

The Local Advertising Cooperative Contributions will be accounted for separately by us from our other funds and will not be used to defray any of our general operating expenses. You agree to submit to us and the Local Advertising Cooperative any reports that we or the Local Advertising Cooperative require.

You understand and acknowledge that your Restaurant might not benefit directly or in proportion to its Local Advertising Cooperative Contribution. Local Advertising Cooperatives for Restaurants will be developed separately, and no Local Advertising Cooperative will be intended to benefit the others. We will have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect a Local Advertising Cooperative Contributions on behalf of and at the expense of the Local Advertising Cooperative and to forgive, waive, settle and compromise all claims by or against the Local Advertising Cooperative. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Local Advertising Cooperative.

E. **Franchise System Website**. We have established a Website as well as digital and social media pages to advertise, market, and promote Restaurants, the products and services that they offer and sell, or the Restaurant franchise opportunity (each a "**Franchise System Website**"). We may, but are not obligated to, provide you with a webpage on the Franchise System Website that references your Restaurant. If we provide you with a webpage on such Franchise System Website, you must: (i) provide us the information and materials we request to develop, update, and modify your webpage; (ii) notify us whenever any information on your webpage is not accurate; and (iii) pay our then-current initial fee and monthly maintenance fee for the webpage. We will own all intellectual property and other rights in the Franchise System Websites, including your webpage, and all information they contain (including the domain name or URL for your webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

We will maintain the Franchise System Websites and may use the Brand Promotion Fund's assets to develop, maintain, and update the Franchise System Websites. We periodically may update and modify the Franchise System Websites (including your webpage). You acknowledge that we have final approval rights over all information on the Franchise System Websites (including your webpage). We may implement and periodically modify System Standards relating to the Franchise System Websites. We may also discontinue any Franchise System Website at any time, in our sole discretion.

Even if we provide you a webpage on our Franchise System Website, we will only maintain such webpage while you are in full compliance with this Agreement and all System Standards we implement (including those relating to the Franchise System Website). If you are in default of any obligation under this Agreement or our System Standards, then we may, in addition to our other remedies, temporarily remove your webpage from the Franchise System Website until you fully cure the default. We will permanently remove your webpage from the Franchise System Website upon this Agreement's expiration or termination.

10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time-to-time. We require you to use the Computer System to maintain online the sales data and other information pertaining to the operation of your Restaurant. We may also require you to use a third party approved by us for accounting and bookkeeping services. You agree to provide us regular and uninterrupted remote access to your Computer System and your books of accounts. You also agree to provide us, from time-to-time, in the manner and format that we prescribe:

(a) a report on the Gross Receipts of your Restaurant and your financial statements for such Accounting Periods as we may require. We currently mandate the "4-4-5 accounting cycle" i.e. an accounting year comprising of four (4) quarters of thirteen (13) calendar weeks each, and each quarter comprising of three (3) accounting periods (each an "**Accounting Period**") in the following order: (i) two (2) Accounting Periods each comprising of four (4) consecutive calendar weeks; and (ii) followed by one (1) Accounting Period comprising of five (5) consecutive calendar weeks.

(b) within ninety (90) days after the end of each fiscal year, the annual profit and loss and source and use of funds statements and the balance sheet for your Restaurant as of the end of that fiscal year, prepared in accordance with generally accepted accounting principles or, at our option, international accounting standards and principles. We reserve the right to require that you have these financial statements and the financial statements of any prior fiscal years audited by an independent accounting firm designated by us in writing;

(c) within ten (10) days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to your Restaurant and the Franchise; and

(d) within ten (10) days after our request, reports on the status (including the outstanding balance, then-current payment amounts, and whether such loan is in good standing) of any loans outstanding as of the previous calendar quarter for which your Restaurant or any of your Restaurant's equipment is collateral. You must also deliver to us, within five (5) days after your receipt, copies of any default notices you receive from any such lenders. You agree that we or our affiliates may contact your banks, other lenders, and vendors to obtain information regarding the status of loans of the type described herein and your accounts (including payment histories and any defaults), and you hereby authorize your bank, other lenders, and vendors to provide such information to us and our affiliates.

You agree to verify and sign each report and financial statement in the manner we prescribe. We may disclose data derived from these reports. Moreover, we may, as often as we deem appropriate (including on a daily basis), access the Computer System and retrieve all information relating to the operation of your Restaurant. You agree to preserve and maintain all records in a secure location at your Restaurant for at least three (3) years (including sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers).

Further, at our request, you will provide current financial information for your owners and guarantors, who own at least twenty five percent (25%) of more direct and indirect ownership and/or voting power in you, in order to demonstrate such owners' and guarantors' ability to satisfy their financial obligations under their individual guaranties.

11. **INSPECTIONS AND AUDITS**.

A. **Our Right to Inspect Your Restaurant**. To determine whether you and your Restaurant are complying with this Agreement and all System Standards, we and our designated agents or representatives may at any time and without prior notice to you:

(1) inspect your Restaurant;

(2) photograph your Restaurant and observe and videotape the operation of your Restaurant for consecutive or intermittent periods we deem necessary;

(3) remove samples of any products and supplies;

(4) interview the personnel and customers of your Restaurant;

(5) inspect your Computer System, including hardware, software, security, configurations, connectivity, and data access; and

(6) inspect and copy any books, records, and documents relating to the operation of your Restaurant.

You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the operation of your Restaurant. You agree to present to your customers the evaluation forms that we periodically prescribe and to participate and request your customers to participate in any surveys performed by or for us.

If we determine after any inspection of your Restaurant that one or more failures of System Standards exist, or any circumstance exists that prevent us or our designated representatives from properly inspecting any or all your Restaurant (including if you or your personnel refusing entry to the Premises), we may re-inspect your Restaurant one or more times thereafter to evaluate whether such failures have been cured and/or conduct any other follow-up review that we deem is necessary, and you will reimburse all of our costs associated with the failed audit and/or such re-inspections and follow-up visits, including supplier fees, travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

B. **Our Right to Audit**. We and our designated agents or representatives may at any time during your business hours, and without prior notice to you, examine your Restaurant, bookkeeping, and accounting records for your Restaurant, and sales and income tax records and returns, and other records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of the Gross Receipts, you agree to pay us, within fifteen (15) days after receiving the examination report, the Royalty and Brand Promotion Fund contributions due on the amount of the understatement, plus our service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or failure to furnish these items on a timely basis, or if our examination reveals a Royalty or Brand Promotion Fund contribution understatement exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

12. **TRANSFER**.

A. **By Us**. You acknowledge that we maintain a staff to manage and operate the Franchise System and that staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular manager, owner, director, officer, or employee remaining with us in any capacity. We may change our ownership or form or assign this Agreement and any other agreement to a third party without restriction.

B. **By You**. You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or to your owners if you are an Entity) and that we have granted you the Franchise in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither this Agreement (or any interest in this Agreement), your Restaurant or substantially all of its assets, any direct or indirect ownership interest in you (regardless of its size), nor any ownership interest in any of your owners (if such owners are legal entities) may be transferred without our prior written approval, which consent will not be unreasonably withheld or delayed; provided, however, that transfers among your current owners of ownership interests in you will require prior notice to us but will not require our consent as long as the Managing Owner and the controlling interests (defined in Section 17.O. below) in you are not changed as a result of such transfer. You further agree that you will not enter into any proposed mortgage, pledge, hypothecation, encumbrance or giving of a security interest in or which affects your Restaurant, this Agreement or your rights under this Agreement without our prior written consent.

A transfer of your Restaurant ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer, or attempt to transfer, without our approval is a breach of this Agreement and has no effect. In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in:

(1) this Agreement;

(2) you;

(3) your Restaurant or substantially all of its assets; or

(4) your owners (if such owners are legal entities).

An assignment, sale, gift, or other disposition includes the following events:

(a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest, including by way of a public offering or pursuant to a private placement;

(b) merger or consolidation or issuance of additional securities or other forms of ownership interest;

(c) any sale of a security convertible to an ownership interest;

(d) transfer of an interest in you, this Agreement, your Restaurant or substantially all of its assets, or your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(e) if you, one of your owners, or an owner of one of your owners dies, a transfer of an interest in you, this Agreement, your Restaurant or substantially all of its assets, or your owner by will, declaration of or transfer in trust, or under the laws of intestate succession; and

(f) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security, foreclosure upon your Restaurant, or your transfer, surrender, or loss of the possession, control, or management of your Restaurant.

If you intend to list your Restaurant for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement. You may not use or authorize the use of any Mark in advertising the transfer or other disposition of your Restaurant or of any ownership in you without our prior written consent. You shall not use or authorize the use of, and no third party shall on your behalf use, any written materials to advertise or promote the transfer of your Restaurant or of any ownership interest in you without our prior written approval of such materials.

C. **Conditions for Approval of Transfer**. If you (and your owners) are in full compliance with this Agreement, then you may request our consent to a proposed transfer. We will give your request reasonable consideration but may condition our consent on compliance with certain requirements, including the following:

(1) The transferee must demonstrate to our satisfaction that the transferee meets our then-current educational, managerial, and business standards; possesses a good moral character, business reputation, financial capabilities, and credit rating; has the aptitude and ability to operate your Restaurant; and that terms of the sale will not materially and adversely affect the post-transfer viability of your Restaurant;

(2) You submit to us any information about the proposed transfer, the transferee, and its owners that we request;

(3) You have paid all Royalty and Brand Promotion Fund contributions, and other amounts owed to us, our affiliates, and third-party vendors and have submitted all required reports and statements;

(4) You have not violated any provision of this Agreement, the Lease, or any other agreement with us during both the one hundred and eighty (180) days' period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;

(5) Neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(6) Each transferee and all its direct and indirect owners and their respective spouses must execute and deliver to us a copy of a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement (or our then-current form of franchise agreement if the transfer is of a controlling interest in you) and any other ancillary agreements;

(7) If you are a natural person or if you are an Entity and the transfer involves transfer of a controlling interest in you, then:

(a) the transferee's Designated Managers satisfactorily complete our training program;

(b) your landlord must allow you to transfer the Lease or sublease the Premises to the transferee;

(c) the transferee must agree to upgrade, remodel, and refurbish your Restaurant in accordance with our current requirements and specifications for Restaurants within one hundred and twenty (120) days after the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take within this time period); and

(d) the transferee must, at our request, sign our then-current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;

(8) other than for a transfer of a non-controlling interest in you, you must pay us the following transfer fee (the "Transfer Fee") in connection with any transfer:

(a) Five Thousand Dollars ($5,000) if the transferee is an existing owner of a Restaurant. However, if the same transfer is being consummated simultaneously with a transfer under more than one franchise agreement, the Transfer Fee will be Two Thousand Five Hundred Dollars ($2,500) for the second and subsequent franchise agreement;

(b) Ten Thousand Dollars ($10,000) if the transferee is not an existing owner of a Restaurant. However, if same transfer is being consummated simultaneously with a transfer under more than one franchise agreement, the Transfer Fee will be Five Thousand Dollars ($5,000) for the second and subsequent franchise agreement;

(9) You (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, and agents;

(10) We have approved the purchase price, amount of debt and payment terms, and, if you or your owners finance any part of the purchase price, you and your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Restaurant are subordinate to the transferee's obligation to pay Royalty, Brand Promotion Fund contributions, and other amounts due to us, our affiliates, and third-party vendors and otherwise to comply with this Agreement;

(11) You and your transferring owners (and your and their immediate family members) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 15.C. below; and

(12) The transferring owners and you will not directly or indirectly at any time or in any manner (except with respect to other Restaurants you own and operate) identify yourself or themselves or any business as a current or former Restaurant or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Restaurant in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us.

We may review all information regarding your Restaurant that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Restaurant.

Our approval of a transfer of ownership interests in you as a result of the death or incapacity of the proposed transferor will not be unreasonably withheld or delayed so long as at least one of the Managing Owners designated on Exhibit A continues to be the designated Managing Owner. If, as a result of the death or incapacity of the transferor, a transfer is proposed to be made to the transferor's spouse or children, and if we do not approve the transfer, the trustee or administrator of the transferor's estate will have nine (9) months after our refusal to consent to the transfer to the transferor's spouse within which to transfer the transferor's interests to another party whom we approve in accordance with this Section 12.C. Notwithstanding anything to the contrary, in case of transfers due to death or incapacity, we shall not charge any Transfer Fee described in Section 12.C.(8) if (i) the transferees are the transferor's spouse and/or children, and (ii) such transfers meet all the other conditions set forth in Section 12.C.

D. **Transfer to a Wholly-Owned Corporation or Limited Liability Company**. Notwithstanding Section 12.C. above, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than your Restaurant and, if applicable, other Restaurants, in which you maintain management control, and of which you own and control one hundred percent (100%) of the economic interests, equity and voting power of all issued and outstanding ownership interests, provided that all of the assets of your Restaurant are owned, and the business of your Restaurant is conducted, only by that single corporation or limited liability company. Any such proposed transfer will be subject to the conditions described in Section 12.C., except that we will not require payment of a Transfer Fee as described in Section 12.C.(8), and our right of first refusal under Section 12.G. will not apply; provided, that you reimburse us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees. You (and your owners) agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

E. **Effect of Consent to Transfer**. Our consent to a transfer of this Agreement and your Restaurant, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Restaurant or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance by you and the transferee with this Agreement.

F. **Public or Private Offering**. Written information used to raise or secure funds can reflect upon us and the Franchise System. You agree to submit any written information intended to be used for that purpose to us before inclusion in any registration statement, prospectus or similar offering memorandum. Should we object to any reference to us or our affiliates or any of our business in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are withdrawn. You may not engage in a public offering of securities without our prior written consent.

G. **Our Right of First Refusal**. If you (or any of your owners) at any time determine to sell or transfer for consideration an interest in this Agreement and your Restaurant, or a direct or indirect ownership interest in you (except to or among your current owners, which is not subject to this Section 12.G.), in a transaction that otherwise would be allowed under Sections 12.B. and 12.C. above, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement and your Restaurant. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in US dollar amount, the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price, and you must represent to us that the purchase price represents the purchase price for only the Restaurant and not a consideration for any other asset or obligation. The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections 12.B. and 12.C. above. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you or your selling owner(s) within forty five (45) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(1) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(2) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(3) we will have an additional forty-five (45) days to prepare for closing after notifying you of our election to purchase; and

(4) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including representations and warranties regarding:

(a) ownership and condition of and title to ownership interests or assets;

(b) liens and encumbrances relating to ownership interests or assets; and

(c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

If we exercise our right of first refusal, you and your selling owner(s) (and your and their immediate family members) agree that, for two (2) years beginning on the closing date, you and they will be bound by the non-competition covenant contained in Section 15.C. below. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 12.G.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 12.B. and 12.C. above. This means that, even if we do not exercise our right of first refusal (whether or not it is properly triggered as provided above) and, if the proposed transfer otherwise would not be allowed under Sections 12.B. and 12.C. above, you (or your owners) may not move forward with the transfer at all.

If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the forty five (45) day period following either the expiration of the sixty (60) days' period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

13. **EXPIRATION OF THIS AGREEMENT**.

A. **Your Right to Acquire a Successor Franchise**. When this Agreement expires:

(1) if you (and each of your owners) have fully complied with this Agreement during the Term; and

(2) if you (and each of your owners) are, both on the date you give us written notice of your desire to acquire a successor franchise (as provided in Section 13.B. below) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System Standards; and

(3) provided that (a) you maintain possession of and agree (regardless of cost) to remodel or expand your Restaurant, add or replace improvements and Operating Assets, and otherwise modify your Restaurant as we require to comply with System Standards then applicable for new Restaurants, or (b) at your option, you secure a substitute premises that we approve and you develop those premises according to System Standards then applicable for Restaurants,

then you may acquire a successor franchise to operate your Restaurant as a Restaurant for two (2) consecutive terms each comprising of five (5) years (each, a "**Successor Franchise Term**"). For each Successor Franchise Term, you agree to sign the franchise agreement we then use to grant franchises for Restaurants (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement; provided that we will waive the Initial Fee. However, you must pay a successor fee in an amount equal to Five Thousand Dollars ($5,000) for each Successor Franchise Term. If you (and each of your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise and on the date on which the term of the successor franchise commences, in full compliance with this Agreement and all System Standards, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during the Term under Section 14.B.

B. **Grant of a Successor Franchise**. You agree to give us written notice of your election to acquire a successor franchise no more than two hundred and seventy (270) days and no less than one hundred and eight (180) days before this Agreement expires. We agree to give you written notice ("**Our Notice**"), not more than ninety (90) days after we receive your notice, of our decision:

(1) to grant you a successor franchise;

(2) to grant you a successor franchise on the condition that you correct existing deficiencies of your Restaurant or in your operation of your Restaurant;

(3) not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during the Term or were not in full compliance with this Agreement and all System Standards on the date you gave us written notice of your election to acquire a successor franchise; or

(4) not to grant you a successor franchise because we are no longer granting franchises for Restaurants.

If applicable, Our Notice will:

(a) describe the remodeling, expansion, improvements, or modifications required to bring your Restaurant into compliance with then-applicable System Standards for new Restaurants; and

(b) state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If we elect not to grant you a successor franchise, Our Notice will describe the reasons for our decision. If we elect to grant you a successor franchise, your right to acquire a successor franchise is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

C. **Agreements/Releases**. In order to acquire a successor franchise, you must satisfy all of the other conditions for a successor franchise and you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Restaurants (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, agents, successors, and assigns. We will consider your or your owners' failure to sign these agreements and releases and to deliver them to us for acceptance and execution (together with the successor franchise fee) within thirty (30) days after their delivery to you to be an election not to acquire a successor franchise.

14. **TERMINATION OF AGREEMENT**.

A. **By You**. If you and your owners are fully complying with this Agreement and we materially fail to comply with this Agreement and do not correct the failure within ninety (90) days after you deliver written notice of the material failure to us or if we cannot correct the failure within ninety (90) days and we fail to give you within ninety (90) days after your notice reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Agreement effective an additional ninety (90) days after you deliver to us written notice of termination. Your termination of this Agreement other than according to this Section 14.A. will be deemed a termination without cause and a breach of this Agreement.

B. **By Us**. We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

(1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the Franchise or operating your Restaurant;

(2) you do not locate, and sign a Lease or purchase document for, an acceptable site for the Premises within ninety (90) days after the Effective Date;

(3) you do not open your Restaurant for business within the deadline set forth in Section 2.G.;

(4) we determine that your Designated Managers did not complete the initial training to our satisfaction;

(5) you abandon or fail actively to operate your Restaurant for three (3) or more consecutive days, unless you close your Restaurant for a purpose we approve;

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

(7) you fail to maintain the insurance we require and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(8) you (or any of your owners) engage in any conduct which, in our opinion, adversely affects the reputation of your Restaurant or the goodwill associated with the Marks;

(9) you use the Marks in any way prohibited by Section 5.B., or otherwise misuse the Marks;

(10) you (or any of your owners) make or attempt to make an unauthorized transfer (as described in Section 12.B.);

(11) you lose the right to occupy the Premises;

(12) you (or any of your owners) knowingly make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;

(13) you violate any law, ordinance, rule or regulation of a governmental agency in connection with the operation of your Restaurant and fail to correct such violation within seventy-two (72) hours after you receive notice from us or any other party;

(14) you fail to pay us or our affiliates any amounts due and do not correct the failure within ten (10) days after written notice of that failure has been delivered or fail to pay any third-party obligations, including your landlord and third-party vendors and suppliers, owed in connection with your ownership or operation of the Restaurant and do not correct such failure within any cure periods permitted by the person or Entity to whom such obligations are owed;

(15) you fail to pay when due any federal or state income, service, sales, use, employment or other taxes due on or in connection with the operation of your Restaurant, unless you are in good faith contesting your liability for these taxes;

(16) you understate your Gross Receipts three times or more during the Term;

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

(18) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Restaurant is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of you or your Restaurant is not vacated within thirty (30) days following the order's entry;

(19) you (or any of your owners) file a petition in bankruptcy or a petition in bankruptcy is filed against you;

(20) you (or any of your owners) fail to comply with anti-terrorism laws, ordinances, regulations and Executive Orders;

(21) you create or allow to exist any condition in or at the Restaurant's Premises which we reasonably determine to present a health or safety concern for the Restaurant's customers or employees;

(22) you fail to pass quality assurance audits, and do not cure such failure within fifteen (15) days after we deliver written notice of failure to you;

(23) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard, and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you; or

(24) you or an affiliate fails to comply with any other agreement with us or our affiliate and do not correct such failure within the applicable cure period, if any.

C. **Assumption of Management**. We have the right (but not the obligation), under the circumstances described below, to enter the Premises and assume the management of your Restaurant (or to appoint a third party to assume its management) for any period of time we deem appropriate but not to exceed ninety (90) days increments, renewable for up to one (1) year, in the aggregate. We will periodically discuss with you the results of operation of the Restaurant during the time that we manage it. If we (or a third party) assume the management of your Restaurant under subparagraphs (1) and (2) below, you agree to pay us (in addition to the Royalty, Brand Promotion Fund contributions, and other amounts due under this Agreement) an amount equal to greater of ten percent (10%) of the Gross Receipts of your Restaurant or Five Hundred Dollars ($500) per day, plus our (or the third party's) direct out-of-pocket costs and expenses, for such period during which we assume the management of your Restaurant. If we (or a third party) assume the management of your Restaurant, you acknowledge that we (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations your Restaurant incurs, or to any of your creditors for any supplies, products, or other assets or services your Restaurant purchases, while we (or the third party) manage your Restaurant.

We (or a third party) may assume the management of your Restaurant under the following circumstances:

(1) if you abandon or fail to actively operate your Restaurant;

(2) if you fail to comply with any provision of this Agreement or any System Standard and do not cure the failure within the time period, we specify in our notice to you; or

(3) if this Agreement expires or is terminated and we are deciding whether to exercise our option to purchase your Restaurant under Section 15.D. below.

If we exercise our rights under subparagraphs (1) or (2) above, that will not affect our right to terminate this Agreement under Section 14.B. above.

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

A. **Payment of Amounts Owed to Us**. You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us, the Royalty, Brand Promotion Fund contributions, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

B. **Cessation of Operations; De-Identification**. When this Agreement expires or is terminated for any reason, you and your owners:

(1) will immediately close your Restaurant for business to customers and cease to directly or indirectly sell any products and services of any kind and in any manner from your Restaurant and/or using the Marks, unless we direct you otherwise in connection with our exercise of our option to purchase pursuant to Section 15.D.;

(2) will cease to directly or indirectly use any Mark, any colorable imitation of a Mark, any other indicia of a Restaurant, any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us, in any manner or for any purpose;

(3) cease to directly or indirectly identify yourself or your business as a current or former Restaurant or as one of our current or former franchise owners (except in connection with other Restaurants you operate in compliance with the terms of a valid Franchise Agreement with us) and take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(4) if we do not exercise our option to purchase the Restaurant, promptly and at your own expense, remove all materials bearing our Marks and remove from both the interior and exterior of the Premises all materials and components of our trade dress as we determine to be necessary to avoid any association between the Premises and our Franchise System or that would, in any way, indicate that the Premises are or were associated with our brand or Franchise System;

(5) cease using and, at our direction, either disable or instruct the registrar of any Contact Information or Online Presence to transfer exclusive control and access of

such Contact Information or Online Presence to us or our designee in accordance with our instructions;

(6) return to us or destroy (as we require) all items, forms and materials containing any Mark or otherwise identifying or relating to a Restaurant, copies of any and all Confidential Information, including the Operations Manual; computer software, similar technologies, passwords, and identifications licensed by us to you; any and all customer data or other information from your Computer System; and any other information and material that is proprietary to us or the Franchise System; and

(7) comply with all other System Standards we establish from time-to-time (and all applicable laws) in connection with the closure and de-identification of your Restaurant, including as it relates to disposing of Personal Information, in any form, in your possession or the possession of any of your employees.

If you fail to take any of the actions or refrain from taking any of the actions described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies, including, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove any signs or other materials containing any Marks from your Restaurant. You must reimburse us for all costs and expenses we incur in correcting any such deficiencies.

C. **Covenant Not to Compete/Non-Interference.**

(1) **Non-Competition**. You agree that for two (2) years beginning on the effective date of the termination or expiration of this Agreement, neither you nor any of your owners, your or your owners' affiliates, or the officers, directors, managers or immediate family members of any of the foregoing, will:

(i) Divert or attempt to divert any present or prospective customer of any Restaurant to any Competitive Business, by direct or indirect inducement or otherwise; or

(ii) have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, lessor, or agent in any Competitive Business located or operating (x) within a ten (10) mile radius of your Restaurant and (y) within a five (5) mile radius of any other Restaurant in operation on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Section 15.C. begin to comply with this Section 15.C.

These restrictions also apply after transfers, as provided in Section 12.C. (11) above. If any person restricted by this Section 15.C. refuses voluntarily to comply with these obligations, the two (2) year period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 15.C. will not deprive you of your personal goodwill or ability to earn a living.

(2) **Non-Interference**. You further agree that, for two (2) years beginning on the effective date of termination or expiration, neither you nor any of your owners, your or your owners' affiliates, or the officers, directors, managers or immediate family members of any of the foregoing, will:

(i) interfere or attempt to interfere with our or our affiliates' relationships with any vendors, employees, or consultants; or

(ii) engage in any other activity which might injure the goodwill of the Marks or the Franchise System.

D. **Our Right to Purchase Your Restaurant.**

(1) **Purchase Option**. In addition to any other rights to purchase we have under this Agreement, we have the right to purchase your Restaurant, as described in this Section 15.D. (the "**Purchase Option**"), upon the occurrence of a "Termination Event." We have the unrestricted right to assign the Purchase Option in our discretion.

A "**Termination Event**" is either the expiration of this Agreement and any successor franchise granted pursuant to Section 13 (except for any expiration under the circumstances described in Section 13.B.(4) hereof) or the termination of this Agreement by you without cause or by us as permitted under Section 14.B.

(2) **Purchase Price**. We may exercise the Purchase Option based on a Termination Event by giving you written notice of our election by not later than forty-five (45) days after the occurrence of the Termination Event. The purchase price for your Restaurant will be its fair market value, provided that the fair market value will not include any value for (i) the Franchise or any rights granted by this Agreement, or (ii) goodwill attributable to our Marks, brand image and other intellectual property. Closing of the purchase will take place, as described in paragraph (4) below, on a date we select which is within ninety (90) days after the purchase price is determined by us or, if you dispute the calculation of the purchase price, as determined pursuant to paragraph (3) below.

(3) **Disputes Regarding Purchase Price Calculation**. If you dispute the calculation of the purchase price, the purchase price will be determined by one independent accredited appraiser designated by us who will calculate the purchase price applying the criteria specified above. We agree to select the appraiser within fifteen (15) days after we receive the financial and other information necessary to calculate the purchase price (if you and we have not agreed on the purchase price before then). You and we will share equally the appraiser's fees and expenses. The appraiser must complete its calculation within thirty (30) days after its appointment. The purchase price will be the appraiser's determination of the value, applying the appropriate mechanism as described above.

(4) **Real Property**. If you or any of your affiliates owns the Premises, you agree to (or cause your affiliate to) lease the Premises to us or our designated affiliate on terms and conditions that are commercially reasonable in light of the location and condition of the Premises and other relevant circumstances.

(5) **Closing**. You will continue to operate your Restaurant in accordance with this Agreement through the closing. Prior to closing, you agree to cooperate with us in conducting due diligence, including providing us with access to your business and financial records, relevant contracts and all other information relevant to the Restaurant. At the closing, we (or our assignee) will pay the purchase price in cash. You agree to execute and deliver to us (or our assignee):

(a) an asset purchase agreement and all related agreements, in form and substance acceptable to us and in which you provide all customary warranties and representations, including representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise;

(b) a transfer of good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;

(c) an assignment of all of the licenses and permits for your Restaurant which may be assigned or transferred;

(d) an assignment of the Lease;

(e) general releases, in form and substance satisfactory to us, of any and all claims you and your owners have against us and our shareholders, officers, directors, employees, agents, successors, and assigns; and

(f) an agreement, in form and substance satisfactory to us, voluntarily terminating this Agreement under which you and your owners agree to comply with all post-term obligations set forth in Sections 15.A. through 15.C. and Section 15.F. intended to survive termination or expiration of this Agreement.

E. **Remedies**. If we terminate this Agreement because of your breach or if you terminate this Agreement without cause, you and we agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalties, and that the Brand Promotion Fund would have otherwise derived from your continued contributions, through the remainder of the Term. Therefore, you and we agree that a reasonable estimate of such damages, less any cost savings we might have experienced (the "**Lost Revenue Damages**"), is an amount equal to the net present value of the Royalties and contributions to the Brand Promotion Fund that would have become due had this Agreement not been terminated, from the date of termination to the scheduled expiration of the Term. For the purposes of this Section, Lost Revenue Damages shall be calculated as follows: (1) the number of calendar months left in the Term, multiplied by (2) the aggregate of the Royalty fee and Brand Promotion Fund contribution percentages, multiplied by (3) the average monthly Gross Receipts of your Restaurant during the twelve (12) full calendar months immediately preceding the termination date; provided, that if as of the termination date, your Restaurant has not been operating for at least twelve (12) months, the average monthly Gross Receipts of all Restaurants (whether franchised or company-owned) operating under the Marks during the entirety of our fiscal year immediately preceding the termination date.

You agree to pay us Lost Revenue Damages, as calculated in accordance with this Section, within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine. You and we agree that the calculation described in this Section is a calculation only of the Lost Revenue Damages and that nothing herein shall preclude us or limit us from proving and recovering any other damages caused by your breach of the Agreement.

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

16. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION**.

A. **Independent Contractors**. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, your personnel, and others as the owner of your Restaurant under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time-to-time.

You also acknowledge that you will have a contractual relationship only with us and may look only to us to perform under this Agreement.

B. **No Liability to or for Acts of Other Party**. We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of your Restaurant or the business you conduct under this Agreement. We will have no liability for your obligations to pay any third parties, including any product vendors.

C. **Taxes**. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your Restaurant, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes promptly and must reimburse us for any such taxes that we must pay to any state taxing authority on account of your operation or payments that you make to us.

D. **Indemnification**. You agree to indemnify, defend, and hold harmless us, our current and former parents, subsidiaries and affiliates, and our and their respective owners, shareholders, directors, managers, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of your

Restaurant, the business you conduct under this Agreement, or your breach of this Agreement, including those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph. The obligations of this Section 16.D. shall survive any expiration or termination of this Agreement.

17. **ENFORCEMENT**.

A. **Security Interest**. As security for the performance of your obligations under this Agreement, including payments owed to us for purchases by you, you hereby collaterally assign to us the Lease and grant us a security interest in all of the Operating Assets and all other assets of your Restaurant, including but not limited to inventory, accounts, supplies, contracts, cash derived from the operation of your Restaurant and sale of other assets, and proceeds and products of all those assets. You agree to execute such other documents as we may reasonably request in order to further document, perfect and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement and at law. If a third-party lender requires that we subordinate our security interest in the assets of your Restaurant as a condition to lending you working capital for the construction or operation of your Restaurant, we will agree to subordinate pursuant to terms and conditions determined by us. This Agreement shall be deemed to be a Security Agreement and Financing Statement and may be filed for record as such in the records of any county and state that we deem appropriate to protect our interests.

B. **Severability and Substitution of Valid Provisions**. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

C. **Waiver of Obligations**. We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the Term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Restaurants; the existence of franchise agreements for other Restaurants which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

D. **Costs and Attorneys' Fees**. If either party initiates an arbitration, judicial or other proceeding, the prevailing party will be entitled to reasonable costs and expenses (including attorneys' fees incurred in connection with such judicial or other proceeding).

E. **You May Not Withhold Payments Due to Us**. You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations under this Agreement or for any other reason, and you specifically waive any right you may have at law or in equity to offset any funds you may owe us or to fail or refuse to perform any of your obligations under this Agreement.

F. **Rights of Parties are Cumulative**. Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

G. **Arbitration**. We and you agree that all controversies, disputes, or claims between us and our affiliates, and our and their respective shareholders, owners, officers, directors, agents, representatives and employees, on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to:

(1) this Agreement or any other agreement between you (or your owners) and us (or our affiliates);

(2) our relationship with you;

(3) the scope or validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration obligation under this Section 17.G, which we and you acknowledge is to be determined by an arbitrator, not a court); or

(4) any System Standard,

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in or within 50 miles of our (or, as applicable, our successor's or assign's) then-current principal place of business (currently, Louisville, Kentucky). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The decision of the arbitrator shall be final and binding upon each party and may be enforced in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid or, except as expressly provided in this Article 17, award any punitive, exemplary, or multiple damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law, any such right to or claim for any punitive, exemplary, or multiple damages against any party to the arbitration proceedings).

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between us and our affiliates, or our and their respective shareholders, owners, officers, directors, agents, representatives and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees), on the other hand, may not be: (i) conducted on a class-wide basis; (ii) commenced, conducted or consolidated with any other arbitration proceeding; or (iii) brought on your behalf by any association or agency. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

Despite our and your agreement to arbitrate, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in accordance with Section 17.K.; provided, however, that we and you must contemporaneously submit our dispute, controversy or claim for arbitration on the merits as provided in this Section.

You and we agree that, in any arbitration arising as described in this Section, requests for documents shall be limited to documents that are directly relevant to significant issues in the case or to the case's outcome; shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain; and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded. With respect to any electronic discovery, you and we agree that:

(a) production of electronic documents need only be from sources used in the ordinary course of business. No such documents shall be required to be produced from back-up servers, tapes or other media;

(b) the production of electronic documents shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the documents and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;

(c) the description of custodians from whom electronic documents may be collected shall be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the dispute; and

(d) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, subject to allocation of costs in the final award as provided herein.

In any arbitration arising out of or related to this Agreement, each side may take no more than three depositions. Each side's depositions are to consume no more than a total of fifteen (15) hours, and each deposition shall be limited to five (5) hours. There are to be no speaking objections at the depositions, except to preserve privilege.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreements.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

H. **Governing Law**. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, this Agreement, the Franchise, and all claims arising from the relationship between us (and our affiliates) and you (and your owners or affiliates), whether couched in tort or contract, will be governed by the laws of the Commonwealth of Kentucky, without regard to its conflict of laws rules, except that any Kentucky law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. If any of the provisions of this Agreement which relate to restrictions on you and your owners' competitive activities are found unenforceable under Kentucky law, the enforceability of those provisions will be governed by the laws of the state in which your Restaurant is located.

I. **Consent to Jurisdiction**. Subject to the obligation to arbitrate under Section 17.G. above and the provisions below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the court nearest to our (or, as applicable, our successor's or assign's) then-current principal place of business (currently, Louisville, Kentucky), and you (and each owner) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in that court.

J. **Waiver of Punitive Damages, Jury Trial, and Class Action**. **EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD-PARTY CLAIMS UNDER SECTION 16.D., AND EXCEPT FOR PUNITIVE, EXEMPLARY OR MULTIPLE DAMAGES AVAILABLE TO EITHER PARTY UNDER UNITED STATES FEDERAL LAW, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

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

YOU WAIVE YOUR RIGHT TO PARTICIPATE IN ANY CLASS ACTION WITH RESPECT TO CLAIMS ARISING OUT OF YOUR PURCHASE OF THE FRANCHISE OR THIS AGREEMENT, AND YOU AGREE THAT CLAIMS OF ANY OTHER PARTY OR PARTIES SHALL NOT BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN US AND YOU.

K. **Injunctive Relief**. Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against conduct that threatens to injure or harm us, the Marks or the Franchise System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may obtain such injunctive relief. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction.

L. **Binding Effect**. This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by our and your duly-authorized officers.

M. **Limitations of Claims; No Implied Covenant**. You and your owners agree not to bring any claim asserting that any of the Marks are generic or otherwise invalid. Except with regard to your obligation to pay us and our affiliates Royalty payments, the Brand Promotion Fund contributions and other advertising fees, and other payments due from you pursuant to this Agreement or otherwise, any claims between the parties must be commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim, or such claim shall be barred. The parties understand that such time limit might be shorter than otherwise allowed by law. You and your owners agree that your and their sole recourse for claims arising between the parties shall be against us or our successors and assigns. You and your owners agree that our and our affiliates' members, managers, shareholders, directors, officers, employees, representatives and agents shall not be personally liable nor named as a party in any action between us or our affiliates and you or your owners.

No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

N. **Agreement Effectiveness**. This Agreement shall not be effective until accepted by us as evidenced by dating and signing by an officer or other duly authorized representative of ours. Notwithstanding that this Agreement shall not be effective until signed by us, we reserve the right to make the effective date of this Agreement the date on which you signed the Agreement.

O. **Construction**. The preambles and exhibits are a part of this Agreement which, together with the System Standards contained in the Operations Manual (which may be periodically modified, as provided in Sections 4.C., 8.J., and 17.L. above), constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Restaurant (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Any policies that we adopt and implement from time-to-time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in Section 16.D., nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

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

If two or more persons are at any time the owners of the Franchise and your Restaurant, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "**owner**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Restaurant or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or your Restaurant and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to a "**controlling interest**" in you or one of your owners (if an Entity) means the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a "controlling interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer). "**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. All amounts payable by you or your owners to us or our affiliates must be in United States Dollars ($USD).

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The term "**your Restaurant**" includes all of the assets of the Restaurant you operate under this Agreement, including its revenue and the Lease. "**Including**" means "including without limitation" and "including, but not limited to" unless otherwise noted.

The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in Illinois, Indiana, Maryland, Michigan, Minnesota, New York, Virginia, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

P. **Lawful Attorney**. Notwithstanding anything otherwise contained in this Agreement, if you do not execute and deliver any documents or other assurances so required of you pursuant to this Agreement or if we take over the management or operation of the business operated hereunder on your behalf for any reason, you hereby irrevocably appoint us as your lawful attorney with full power and authority, to execute and deliver in your name any such documents and assurances, and to manage or operate the business on your behalf, and to do all other acts and things, all in such discretion as we may desire, and you hereby agree to ratify and confirm all of our acts as your lawful attorney and to indemnify and save us harmless from all claims, liabilities, losses, or damages suffered in so doing. You also hereby appoint us as your attorney-in-fact to receive and inspect your confidential sales and other tax records and hereby authorize all tax authorities to provide such information to us for all tax periods during the Term.

18. NOTICES AND PAYMENTS.

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Manual will be deemed to be delivered on the earlier of the date of actual delivery or one of the following:

(a) at the time delivered by hand;

(b) at the time delivered via computer transmission and, in the case of the Royalty, Brand Promotion Fund contributions, and other amounts due, at the time we actually receive payment;

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

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

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

Notices must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice, or if to you, notice may be delivered to your Restaurant. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before then) will be deemed delinquent.

19. ELECTRONIC MAIL.

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates ("**Official Senders**") to you during the Term.

You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term.

This consent given in this Section 19 shall not apply to the provision of notice by either party under this Agreement pursuant to Section 18 unless we and you otherwise agree in a written document manually signed by both parties.

20. **PROHIBITED PARTIES**

You hereby represent and warrant to us, as an express consideration for the franchise granted hereby, that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been:

1. Listed on: (a) the U.S. Treasury Department's List of Specially Designated Nationals, (b) the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders, (c) the U.S. State Department's Debarred List or Nonproliferation Sanctions, or (d) the Annex to U.S. Executive Order 13224.

2. A person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism.

You further represent and warrant to us that you are now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by you to us or our affiliates are and will be legally obtained in compliance with these laws. You agree not to, and to cause all employees, agents, representatives, and any other person or entity associated with you not to, during the Term, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.

21. **COUNTERPARTS**.

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

BISCUIT BELLY FRANCHISING LLC	______________________________ **[Franchisee]**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date:_____________________________	Date: _____________________________

EXHIBIT A
TO THE FRANCHISE AGREEMENT

LIST OF FRANCHISEE'S OWNERSHIP INTEREST

Effective Date: This Exhibit A is current and complete as of _________________________, 20__

1. **Form of Owner**.

(a) **Individual Proprietorship**. Your owner(s) (is) (are) as follows: ______________
____

(b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on _________________________, under the laws of the State of _____________. You have not conducted business under any name other than your corporate, limited liability company, or partnership name unless indicated in the following: ____. Your federal tax identification number is ____________. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer	**Position(s) Held**
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________

2. **Owners**. The following identifies the owner that you have designated as, and that we approve to be, the Managing Owner and lists the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	**Type / Percentage of Interest**
Managing Owner:	________________________	________________________%
Other Owners:	________________________	________________________%
	________________________	________________________%
	________________________	________________________%

BISCUIT BELLY FRANCHISING LLC	______________________________ **[Franchisee]**
By:______________________________ Name:______________________________ Title:______________________________ Date:______________________________	By:______________________________ Name:______________________________ Title:______________________________ Date: ______________________________

EXHIBIT B
TO THE FRANCHISE AGREEMENT

IDENTIFICATION OF PREMISES AND PROTECTED TERRITORY

1. **Restaurant Premises**: ____

2. **Protected Territory**: See the highlighted area in the map below.

   [*Insert map*]

3. **Restaurant Number**: ____

BISCUIT BELLY FRANCHISING LLC	__________________________________ [Franchisee]
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date:_____________________________	Date: _____________________________

<u>EXHIBIT C</u>
TO THE FRANCHISE AGREEMENT

BISCUIT BELLY FRANCHISING LLC
FORM LEASE ADDENDUM

TO LEASE AGREEMENT DATED ____________________
BY AND BETWEEN
______________________________________, AS "**LANDLORD**"

AND

____, AS "**TENANT**" FOR THE DEMISED PREMISES ("**PREMISES**") DESCRIBED IN THE LEASE (AS DEFINED BELOW)

This Lease Addendum and the provisions hereof are hereby incorporated into the body of the lease to which this Lease Addendum is attached (the "**Lease**"), and the provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Lease Addendum and the provisions of the Lease, this Lease Addendum shall govern and control.

1. <u>Consent to Collateral Assignment to Franchisor; Disclaimer</u>. Landlord acknowledges that Tenant intends to operate a Biscuit Belly® restaurant in the Premises, and that Tenant's rights to operate a Biscuit Belly® restaurant and to use the Biscuit Belly® name, trademarks and service marks (the "**Marks**") are solely pursuant to a franchise agreement ("**Franchise Agreement**") between Tenant and Biscuit Belly Franchising LLC ("**Franchisor**"). Tenant's operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and (ii) Franchisor's (or any entity owned or controlled by, or under common control with, Franchisor) succeeding to Tenant's interest in the Lease as a result of Franchisor's exercise of rights remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Tenant, and (iii) Tenant's, Franchisor's or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. Landlord and Tenant agree and acknowledge that simultaneously with such assignment pursuant to the immediately preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Landlord further agrees that all

unexercised renewal or extension rights shall not be terminated in the event of any assignment referenced herein, but shall inure to the benefit of the applicable assignee.

2. Use of Premises. Without limitation of uses permitted under the Lease, but in expansion thereof, Tenant shall have the right to use the Premises for purposes of operating a restaurant featuring biscuit sandwiches, breakfast fare, and other food products, beverages and related products and services periodically approved by Franchisor under the trade name Biscuit Belly®.

3. Adjoining Use. No operation currently exists, and Landlord shall not permit, directly or indirectly, a restaurant whose sale of southern-style foods for on-premises consumption, delivery or carryout exceeds ten percent (10%) of such restaurant's total gross receipts to be operated within the same shopping complex, shopping mall, or the building in which the Premises is located.

4. Compliance of Applicable Law; Parking. Landlord represents and warrants that as of the date hereof the Premises are in compliance with all applicable law, including without limitation parking sufficient to comply with the use of the Premises as provided in paragraph 2 above. Tenant shall have the right to use parking spaces for its guests, invitees and employees in an amount at least sufficient to comply with applicable zoning and other laws. The use of the parking spaces is provided by Landlord to Tenant without additional charge.

5. Radius/Relocation. Any radius restrictions or relocation provisions found in the Lease are hereby deleted and of no further force or effect.

6. Remodeling, Décor, Signs and Marks. Landlord agrees that Tenant shall have the right to remodel, equip, paint, and decorate the interior of the Premises and to display the Marks, signs, and awnings on the interior and exterior of the Premises as Tenant is required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Biscuit Belly® restaurant in the Premises; provided, however, that Tenant shall make no structural changes to the Premises without Landlord's consent.

7. Tenant's Signage. Notwithstanding anything in the Lease contained to the contrary or in conflict, Landlord hereby grants and approves the following signage rights:

7.1. Landlord agrees to allow Tenant to use Franchisor's standard sign and awning package to the maximum extent permitted by local governmental authorities.

7.2. Tenant shall be provided, at Tenant's sole cost and expense, with a panel on any pylon/monument/directory sign for the development in which the Premises is located, and shall be permitted to install a standard sign thereon as approved by Franchisor, including without limitation Franchisor's logo.

8. Notice and Cure Rights to Franchisor. Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by Tenant or expiration or termination of the Lease, and commencing upon receipt thereof by Franchisor, Franchisor shall have 15 additional days to the established cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have

a cure period of less than (i) fifteen (15) days after Franchisor's receipt of such notice as to monetary defaults or (ii) thirty (30) days after Franchisor's receipt of such notice as to non-monetary defaults. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

Biscuit Belly Franchising LLC
2600 Valley Vista Road
Louisville, Kentucky 40205
Attn: Chad Coulter

9. Non-disturbance from Mortgage Lenders. Notwithstanding anything contained in the Lease to the contrary or in conflict, it shall be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under this Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations hereunder beyond an applicable grace or cure period provided herein (as may be extended from time-to-time pursuant to paragraph 6 immediately above).

CHECK THE FOLLOWING PARAGRAPH THAT APPLIES. CHECK ONLY ONE. IF NONE IS CHECKED, THEN CLAUSE a) BELOW WILL BE APPLICABLE, AND CLAUSE b) BELOW WILL BE DEEMED DELETED

A) ☐ Landlord represents and warrants that on the date hereof no mortgage, deed of trust, deed to secure debt or similar encumbrance encumbers the Premises.

B) ☐ A mortgage, deed of trust or deed to secure debt currently encumbers the Premises. It is a condition precedent to Tenant's obligations under this Lease that the holder of such encumbrance enter into a written subordination and non-disturbance agreement with Tenant, in form acceptable to Franchisor.

10. Financing of Trade Fixtures by Franchisor and Security Interest. Any security interest and/or Landlord's lien in Tenant's trade fixtures, 'trade dress', equipment and other personal property in the Premises is hereby subordinated to any security interest and pledge granted to Franchisor in such items. The parties acknowledge that there may be certain personal property in the Premises which are not owned by Tenant, which property shall not be subject to any lien of Landlord. Upon request, Landlord shall grant the party who owns such property reasonable access to the Premises for the sole purpose of removing such property, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access.

11. Tenant Approvals. Notwithstanding anything in the Lease to the contrary, if Tenant is unable to obtain licenses, building permits, signage permits, variances, subdivision approvals, special use permits and other governmental approvals necessary to construct and operate a Biscuit Belly® restaurant (all of the foregoing licenses, permits and approvals are hereinafter referred to as the "**Tenant Approvals**") within eighteen (18) weeks after Landlord's approval of Tenant's Plans, Tenant may terminate this Lease by written notice to Landlord, effective as of the date of

delivery of written notice to Landlord thereof and any remaining security deposit shall be returned to Tenant, and any rentals paid in advance shall be prorated accordingly.

12. Third-Party Beneficiary. Franchisor is a third-party beneficiary of this Lease Addendum. Therefore, Franchisor shall have all rights (but not the obligation) to enforce the terms of this Lease Addendum.

13. Franchisor Right to Enter. Landlord acknowledges that, under the Franchise Agreement, Franchisor or its appointee has the right to assume the management and operation of the Tenant's business, on Tenant's behalf, under certain circumstances (to-wit: Tenant's abandonment, Tenant's failure to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the restaurant). Landlord agrees that Franchisor or its appointee may enter upon the Premises for purposes of assuming the management and operation of Tenant's restaurant as provided in the Franchise Agreement and, if it chooses to do so, in the name of the Tenant and without assuming any direct liability under the Lease. Further, upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises for the purpose of removing all signs and other material bearing the Biscuit Belly® name or trademarks, service marks or other commercial symbols of Franchisor.

14. Amendments. Tenant and Landlord agree that the Lease may not be terminated, modified or amended without Franchisor's prior written consent, nor shall Landlord accept surrender of the Premises without Franchisor's prior written consent. Tenant agrees to promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the signed modifications and amendments.

15. Copy of Lease. Landlord agrees to provide Franchisor with a copy of the fully-executed Lease within 10 days of its full execution by Landlord and Tenant to the address shown in paragraph 6 above.

16. Successors and Assigns. All of Franchisor's rights, privileges and interests under this Lease Addendum and the Lease shall inure to the benefit of Franchisor's successors and assigns. All provisions of this Lease Addendum applicable to Tenant and Landlord shall be binding upon any successor or assign of Tenant or Landlord under the Lease.

17. Counterparts. This Lease Addendum may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

LANDLORD: ____________________	**TENANT**: ______________________
By: ________________________	By:________________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________

<u>EXHIBIT D</u>
TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF CONTACT INFORMATION AND ONLINE PRESENCES

THIS COLLATERAL ASSIGNMENT is entered into as of __________, 20__, in accordance with the terms of the Franchise Agreement ("**Franchise Agreement**") between **BISCUIT BELLY FRANCHISING LLC** ("**Franchisor**"), and __________________________ ("**Franchisee**"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a Biscuit Belly® Restaurant ("**Franchised Business**") located at ____.

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Contact Information**") and (2) those certain Internet website addresses ("**URLs**") associated with Franchisor's trade and service marks and used from time-to-time in connection with the operation of the Franchised Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "**Telephone Company**") and Franchisee's Internet service provider ("**ISP**") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without extension), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Contact Information and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Contact Information and the URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

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

THUS, SIGNED this as of the day and date shown on the first page hereof.

BISCUIT BELLY FRANCHISING LLC	______________________________
	[Franchisee]
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

EXHIBIT E
TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of ________________, 20 __, by ____ ____ ____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (as amended, modified, restated or supplemented from time-to-time, the "**Agreement**") on this date by ________________________________ ("**we**"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that ____ ("**Franchisee**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time-to-time grant to 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 Guaranty, which will be continuing and irrevocable during the term of the Agreement; (5) this liability will not be diminished, relieved, or otherwise affected by any amendment, addendum, renewal agreement, transfer, assignment, or any other document which purports to revise the terms of the Franchise Agreement, and (6) at our request, the undersigned shall present updated financial information to us as reasonably necessary to demonstrate his or her ability to satisfy the financial obligations of Franchisee under this Agreement.

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

Each of the undersigned represents and warrants that, if no signature appears below for such undersigned's spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 17 (Enforcement) of the Agreement, including, without limitation, Section 17.G. (Arbitration), Section 17.I. (Consent to Jurisdiction) and Section 17.D. (Costs and Attorneys' Fees) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the undersigned and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty.

By signing below, the undersigned spouse of the Guarantor indicated below (if the spouse is not himself/herself an owner of Franchisee), acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely to acknowledge and consent to the execution of the Guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including, without limitation, to bind the spouse's own separate property).

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

This Guaranty is binding upon each Guarantor and its respective executors, administrators, heirs, beneficiaries, and successors in interest.

[*Signature page follows*]

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

GUARANTORS:

GUARANTOR(S)	SPOUSE(S)
#1: Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________	**#1:** Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________
#2: Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________	**#2:** Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________
#3: Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________	**#3:** Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________
#4: Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________	**#4:** Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________

<u>EXHIBIT C</u>

<u>AREA DEVELOPMENT AGREEMENT</u>

BISCUIT BELLY FRANCHISING LLC

BISCUIT BELLY® AREA DEVELOPMENT AGREEMENT

Developer: ____________________________________

Development Area: _____________________________

TABLE OF CONTENTS

<u>ATTACHMENTS</u>

AREA DEVELOPMENT AGREEMENT

BISCUIT BELLY® RESTAURANT

THIS AREA DEVELOPMENT AGREEMENT (this "**Agreement**") is made and entered into on the Effective Date by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company with its principal business address at 2600 Valley Vista Road, Louisville, Kentucky 40205 ("**we**", "**us**", or "**our**"), and the party signing this Agreement as the "Developer" on the signature page hereto ("**you**" or "**your**"). The "**Effective Date**" is the date we sign this Agreement, as shown beneath our signature.

1. **PREAMBLES**.

A. **BACKGROUND**.

We are the franchisor of restaurants that are currently identified by the trademark *Biscuit Belly®* (together, with such other trademarks, service marks and commercial symbols we periodically designate, the "**Marks**") featuring biscuit sandwiches, southern breakfast fare, and other food products, beverages and related products and services authorized by us from time-to-time (each a "**Restaurant**"). The Restaurants operate using certain specified business formats, methods, procedures, designs, layouts, standards, and specifications, all of which we may replace, improve, further develop, or otherwise modify from time-to-time (collectively, the "**Franchise System**").

Based on your own investigation and diligence, you have requested that we grant you the right to acquire multiple franchises (each a "**Franchise**") for the development and operation of Restaurants (the "**Development Rights**") within a defined area (the "**Development Area**") pursuant to an agreed upon schedule (the "**Development Schedule**") and, to support your request, you and, if applicable, your owners have provided us with certain information about your and their background, experience, skills, financial condition and resources (collectively, the "**Application Materials**"). In reliance on, among other things, the Application Materials, we are willing to grant you the Development Rights on the terms and conditions contained in this Agreement.

B. **ENTITY.**

If you are a business organization such as a corporation, limited liability company or partnership (each an "**Entity**"), you agree, represent and warrant to us that: (1) you were validly formed and are and will maintain, throughout this Agreement's Term (defined below), your existence and good standing under the laws of the state of your formation and qualified to do business in the state in which the Restaurants are or will be located; (2) Attachment A to this Agreement describes all of your direct and indirect owners and their interests in you as of the Effective Date; (3) Attachment A to this Agreement identifies one of your owners who is a natural person with at least twenty five percent (25%) direct ownership interest and voting power in you and who will have the authority of a chief executive officer (the "**Managing Owner**"); (3) each of your direct and indirect owners and their respective spouses will sign and deliver to us our then-standard form of Guaranty and Assumption of Obligations (the "**Guaranty**"); (4) the only business that you will own or operate during the Term will be the business granted hereunder and any Restaurants that you operate pursuant to other franchise agreements with us; and (5) at our request, you will furnish us with true and correct copies of all documents regarding your formation, existence, standing, and governance. Our current form of Guaranty is attached hereto as Attachment B hereto. The non-owner spouse of each guarantor must also sign the Guaranty in the capacity and for the purposes reflected in the Guaranty.

C. **YOUR LIQUIDITY.**

We have granted the Development Rights to you based, in part, on your representations to us regarding, and our assessment of, your liquidity as of the Effective Date. You will ensure that, throughout the Term, you will maintain sufficient liquidity to meet your obligations under this Agreement. We reserve the right to establish and modify specific liquidity thresholds from time-to-time, and you agree to comply with such minimum liquidity requirements that we reasonably impose.

2. **THE DEVELOPMENT RIGHTS.**

A. **GRANT.**

We hereby grant you the Development Rights, which must be exercised in strict compliance with this Agreement. The Development Rights may be exercised from the Effective Date and, unless sooner terminated as provided herein, continuing through the earlier of (1) the date on which the last Restaurant which is required to be opened in order to satisfy the Development Schedule opens for regular business or (2) the last day of the last Development Period (defined in Section 2.C.) (collectively, the "**Term**"). You accept the grant of the Development Rights and agree to, at all times, faithfully, honestly and diligently perform your obligations under this Agreement and fully exploit the Development Rights during the Term and throughout the entire Development Area. You must perform all of your obligations under this Agreement, and you may not subcontract or delegate any of those obligations to any third parties. This Agreement does not grant you the right to any succession, renewal and/or successor term.

B. **DEVELOPMENT AREA AND RESERVATION OF RIGHTS.**

The Development Rights may only be exercised for Restaurants to be located in the Development Area identified on Attachment A hereto. As long as you are in strict compliance of this Agreement, we and our affiliates will not operate or grant a franchise for the operation of another Biscuit Belly® Restaurant, the physical premises of which is located within the Development Area. You acknowledge and agree that other Restaurants, food aggregators, and/or third-party delivery service providers may deliver to customers located in your Development Area. You further acknowledge and agree that other Restaurants, including those owned by us or our affiliates, may market and solicit customers in your Development Area. Except as expressly limited above, you acknowledge that we (and our affiliates) retain the right at all times during and after the Term to engage in any and all activities that we (and they) deem appropriate and that have not been expressly granted to you in this Agreement, wherever and whenever we (and they) desire, and whether or not such activities compete with your Development Right, to do any of the following:

(1) establish and operate, and allow others to establish and operate, Restaurants using the Marks and the Franchise System, at any location outside the Development Area, on such terms and conditions we deem appropriate;

(2) establish and operate, and allow others to establish and operate, any other type of restaurant or business, including any restaurant business that may offer products and services which are identical to, similar to, or competitive with products and services offered by Restaurants, under trade names, trademarks, service marks and commercial symbols other than the Marks, including under trade names, trademarks, service marks and commercial symbols that are similar to or competitive with the Marks, anywhere in the world (including in the Development Area);

(3) establish and operate, and allow others to establish and operate, other lines of business and to distribute any and all products and services and/or their components or ingredients identified by the Marks, including those used in or sold at the Restaurants and/or any proprietary merchandise and pre-packaged products (such as frozen and ready-to-eat food items, spices and sauces, etc.), through alternate distribution channels (including, the Internet, supermarkets, convenience stores, grocery stores), at any location in the world (including in the Development Area), regardless of the nature or location of the customers with whom such other businesses and distribution channels do business;

(4) establish and operate, and allow others to establish and operate, any Restaurant, or other business using the Marks and/or the Franchise System, and/or offering and selling any of the products or services that are similar to, the same, or competitive with those products or services offered by Restaurants, at or through any nontraditional venues, including, permanent, temporary, or seasonal food service facilities in any stadium, entertainment or amusement park, airport, highway travel plaza, museum, shopping mall, university, elementary or secondary school, office or commercial building, hospital, military facility, special events, or other closed or limited markets, at any location in the world (including in the Development Area);

(5) be acquired by or acquire (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), any other business, including businesses that operate or allow others to establish and operate businesses similar to, the same, or competitive with Restaurants, at any location in the world (including in the Development Area); and in the event of such an acquisition, the acquirer and its affiliates will have the right to continue to establish and operate, and authorize others to establish and operate, such businesses, at any location in the world (including in the Development Area); and

(6) engage in all other activities not expressly prohibited by this Agreement, at any location in the world (including in the Development Area).

C. **DEVELOPMENT SCHEDULE.**

Your Development Schedule is set forth on Attachment A hereto. Each period described in the Development Schedule is a "**Development Period**." You must deliver to us a fully executed lease for the Premises (as defined below) or provide documents to evidence your ownership and possession of the Premises, and open and operate Restaurants in the Development Area pursuant to a written franchise agreement and related agreements signed by us and a franchisee (each a "**Franchise Agreement**"), each as necessary to satisfy the requirements of each Development Period, but you shall not be required to open, in total, more than the cumulative number of Restaurants shown for the last Development Period. The Development Schedule is not our representation, express or implied, that the Development Area can support, or that there are or will be sufficient Premises for, the number of Restaurants specified in the Development Schedule or during any particular Development Period. We are relying on your knowledge and expertise of the Development Area and your representation that you have conducted your own independent investigation and have determined that you can satisfy the development obligations under each Development Period of the Development Schedule.

If you fail to comply with your obligations under this Agreement for any Development Period, we may, at our option, grant you a one-time extension of sixty (60) days upon receipt of a late fee of Seven Thousand Five Hundred Dollars ($7,500). Nothing contained in this paragraph shall be deemed a waiver of right under Section 6.B.

D. **LOCATING PREMISES FOR RESTAURANTS.**

We may require you to use the services of a real estate brokerage firm prescribed by us from time-to-time to purchase or lease the premises for the Restaurants (the "**Premises**") you agree to develop pursuant to this Agreement. Despite any assistance we may provide, you are entirely responsible to locate and present to us proposed Premises for Restaurants in the Development Area as necessary to comply with the Development Schedule. You agree to give us all information and materials we request to assess each proposed Premises as well as your financial and operational ability to develop and operate a Restaurant at the proposed Premises. We have the absolute right to reject if (a) the proposed premises does not meet our then-current criteria; (b) you are not then in compliance with any existing Franchise Agreements executed pursuant to this Agreement; or (c) you are not operating your Restaurants in compliance with the mandatory specifications, standards, operating procedures and rules that we periodically prescribe for operating Restaurants (the "**System Standards**"). We agree to use our reasonable efforts to review and evaluate your proposed Premises within fourteen (14) business days after we receive all requested information and materials. If we accept a proposed Premises, you must sign a separate Franchise Agreement for the Premises within fifteen (15) days after we provide you with an execution copy of the Franchise Agreement, failing which, we may withdraw our acceptance.

E. **EXECUTION OF FRANCHISE AGREEMENTS.**

Simultaneously with signing this Agreement, you must sign and deliver to us a Franchise Agreement and related documents representing the first Franchise you are obligated to acquire under this Agreement. You must open and operate a Restaurant according to the terms of that Franchise Agreement. Thereafter, you must execute our then-current form of the Franchise Agreement prior to executing a lease or otherwise securing the possession of the Premises for your subsequent Restaurants. The terms of our then-current Franchise Agreement, with the exceptions provided hereunder, may differ substantially from the terms contained in the form of Franchise Agreement we are using to grant Franchises on the Effective Date, except that for each Restaurant you develop to comply with your obligation under the Development Schedule (A) we will waive the Initial Fee, and (B) Royalty will be capped at six percent (6%) of Gross Receipts under each Franchise Agreement.

3. **DEVELOPMENT FEE.**

You must pay us, on your execution of this Agreement and in consideration of the grant of the Development Rights, a nonrecurring and nonrefundable development fee in an amount equal to Forty Thousand Dollars ($40,000) multiplied by the number of Restaurants required to be opened pursuant to the Development Schedule (the "**Development Fee**"). The Development Fee is fully earned by us when you and we sign this Agreement and is nonrefundable.

4. **RECORDS AND REPORTING REQUIREMENTS.**

You agree, during the Term, to maintain records regarding your activities in connection with the exercise of the Development Rights and to provide us with the following records and reports:

(1) within ten (10) days after the end of each month during the Term, you must send us a report of your business activities during that month, including information about your efforts to find the Premises for Restaurants in the Development Area and the status of development and projected opening for each Restaurant under development in the Development Area;

(2) within thirty (30) days after the end of each calendar quarter, you must provide us with a balance sheet and profit and loss statement for you covering that quarter and the year-to-date, and an updated balance sheet for each person or entity signing the Guaranty; and

(3) such other data, reports, information, financial statements, and supporting records as we request from time-to-time.

5. **TRANSFER**.

A. **BY US**.

We have the right to delegate the performance of any portion or all of our rights and obligations under this Agreement to third-party designees. You represent that you have not signed this Agreement in reliance on any particular person or entity remaining with us in any capacity. We may change our ownership or form or assign this Agreement and any other agreement to a third party without restriction.

B. **BY YOU OR YOUR OWNERS.**

Your rights and duties under this Agreement are personal to you (or your owners if you are an Entity), and we have granted you the Development Rights in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither you nor any owners, nor any of your or their permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise dispose of or encumber this Agreement (or any direct or indirect interest in this

Agreement), the Development Rights, or any direct or indirect ownership interest in you (regardless of its size) (each, a "**Transfer**"), without our prior written; provided, however, that transfers among your current owners of ownership interests in you will require prior notice to us but will not require our consent or be subject to our right of first refusal as long as the Managing Owner and the controlling interest (defined in Section 11.F. below) of you are not changed as a result of such transfer (taking into account all prior or concurrent transfers, in the aggregate). Any Transfer without our prior written approval is a material breach of this Agreement and has no effect.

If you intend to list your Development Rights for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement and any advertising materials. You may not use any Mark in advertising the transfer or sale of your Development Rights or of any ownership in you without our prior written consent.

C. **CONDITIONS FOR APPROVAL OF TRANSFER.**

We may consider, and you will provide or assist us in compiling, any information we deem necessary or appropriate in connection with our assessment of a proposed Transfer. If we elect to approve a proposed Transfer, we may, in our sole discretion, condition our approval in any manner we deem necessary and appropriate to protect the Biscuit Belly® brand and our interests in the Franchise System and this Agreement, including any of the following (each of which you agree is reasonable):

(1) The transferee must demonstrate to our satisfaction that the transferee meets our then-current educational, managerial, and business standards; possesses a good moral character, business reputation, financial capabilities, and credit rating; has the aptitude and ability to exercise the Development Rights; and that terms of the sale will not materially and adversely affect the post-transfer viability of any Restaurant owned by you or your affiliates;

(2) you and any person or Entity obligated under this Agreement or the Guaranty must be in compliance with your or its obligations;

(3) you and the proposed transferee and its owners (if the transferee is an Entity) must provide all information and documents we request regarding the Transfer and the proposed transferee and its owners;

(4) you must provide us with executed versions of any relevant documents to effect the Transfer, and all other information we request about the proposed Transfer;

(5) if you, the transferor or any third party offers the transferee financing for any part of the purchase price, all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Development Rights must be subordinate to the transferee's obligation to pay all amounts due to us, our affiliates, and third party vendors and otherwise agree to comply with this Agreement (or any applicable Franchise Agreement with us);

(6) you (and your owner(s)) must sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;

(7) each transferee and all its direct and indirect owners and their respective spouses must execute and deliver to us a copy of our then current form of Guaranty undertaking personally to be bound, jointly and severally, by all provisions of this Agreement (or our then-current form of Area Development Agreement if the Transfer involves transfer of a controlling interest) and any other ancillary agreements;

(8) you must pay all amounts owed to us, our affiliates, and third-party vendors and have submitted all required reports and statements under this Agreement and any Franchise Agreement with us;

(9) you and your owners must not have violated any provision of this Agreement or any other agreement with us or our affiliates during both the sixty (60) day period before you requested our consent to the Transfer and the period between your request and the effective date of the Transfer;

(10) if the Transfer involves a transfer of the Development Rights or a transfer of a controlling interest in you, the transferee, at our request, must sign our then-current form of area development agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;

(11) you must pay or cause to be paid to us a transfer fee in the amount of Five Thousand Dollars ($5,000) in addition to the transfer fee payable under each Franchise Agreement transferred in accordance with Section 5.C.(13) hereto;

(12) You and your transferring owners (and your and their immediate family members) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 8.B. below; and

(13) the Transfer of this Agreement must not be made separate and apart from the Transfer to the transferee of some or all Franchise Agreements that were signed pursuant to this Agreement.

D. **EFFECT OF CONSENT TO TRANSFER.**

Our consent to any Transfer is not a representation of the fairness of the terms of any contract between you and the transferee or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance by you and the transferee with this Agreement.

E. **PUBLIC OR PRIVATE OFFERINGS.**

Written information used to raise or secure funds can reflect upon us and the Franchise System. You agree to submit any written information intended to be used for that purpose to us before inclusion in any registration statement, prospectus or similar offering memorandum. Should we object to any reference to us or our affiliates or any of our business in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are withdrawn. You may not engage in a public offering of securities without our prior written consent.

F. **OUR RIGHT OF FIRST REFUSAL**.

If you (or any of your owners) desire to engage in a Transfer (except to or among your current owners, which is not subject to this Section 5.F.), you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement and your Development Rights. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the entire proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. The right of first refusal process will not be triggered by a proposed Transfer that would not be allowed under Sections 5.B. and 5.C. above. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Within forty five (45) days after we receive an exact copy of the bona fide offer and all relevant information we request, we may, by written notice delivered to you or your selling owner(s), elect to purchase the interest offered for the price and on the terms and conditions contained in the offer; provided that:

(1) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(2) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(3) we will have an additional thirty (30) days to prepare for closing after notifying you of our election to purchase; and

(4) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including representations and warranties regarding:

(a) ownership and condition of and title to ownership interests or assets;

(b) liens and encumbrances relating to ownership interests or assets; and

(c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

If we exercise our right of first refusal, you and your selling owners) (and your and their immediate family members) agree that, for two (2) years beginning on the closing date, you and they will be bound by the restrictive covenants as described in Section 8.B. below. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 5.F.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the Transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 5.B. and 5.C. above. This means that, even if we do not exercise our right of first refusal (whether or not it is properly triggered as provided above) and, if the proposed transfer otherwise would not be allowed under Sections 5.B. and 5.C. above, you (or your owners) may not move forward with the transfer at all.

If you do not complete the sale to the proposed buyer within sixty (60) days after either we notify you that we do not intend to exercise our right of first refusal or the time our exercise expires, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the forty five (45) day period following either the expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

6. **TERMINATION OF AGREEMENT**.

A. **BY YOU.**

If you and your owners are fully compliant with this Agreement and we materially fail to comply with this Agreement and do not correct the failure within thirty (30) days after you deliver written notice of the material failure to us or if we cannot correct the failure within thirty (30) days and we fail to give you within thirty (30) days after your notice reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Agreement effective an additional thirty (30) days after you deliver to us written notice of termination. Your termination of this Agreement other than according to this Section 6.A. will be deemed a termination without cause and a breach of this Agreement.

B. **BY US.**

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

(1) you (or any of your owners) have made or make any material misrepresentation or omission in the Application Materials;

(2) you fail to comply with the Development Schedule or fail to make progress in the development of Restaurants to indicate, in our sole determination, that you will not be able to satisfy your development obligations under this Agreement for the then-current Development Period;

(3) you (or any of your owners) make or attempt to make a Transfer without complying with the requirements of Section 5;

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

(5) you (or any of your owners) file a petition in bankruptcy or a petition in bankruptcy is filed against you; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; any of your or your affiliates' Restaurants are attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of your or your affiliates' Restaurants are not vacated within thirty (30) days following the order's entry;

(6) you (or any of your owners) fail to comply with anti-terrorism laws, ordinances, regulations and Executive Orders;

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

(8) you (or any of your owners) engage in any conduct which, in our opinion, adversely affects the reputation of the Restaurants or the goodwill associated with the Marks;

(9) you (or any of your owners) fail to comply with any other provision of this Agreement and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you;

(10) you or a Guarantor or an affiliate fails to comply with any other agreement with us or our affiliate, including any Franchise Agreement, unless the failure is timely and completely cured within any cure period provided under the applicable agreement); or

(11) we or our affiliates terminate, for cause, any Franchise Agreement or any other agreement executed pursuant to this Agreement between us and/or our affiliates, on one hand, and you and/or your affiliates, on the other hand.

7. **EXCLUSIVE RELATIONSHIP DURING TERM**.

A. **COVENANTS AGAINST COMPETITION**.

(1) You acknowledge that we have granted you the Development Rights in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the Term, neither you nor any of your owners, your or your owners' affiliates, or the officers, directors, managers or immediate family members of any of the foregoing will:

(i) have any direct or indirect interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

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

(iii) divert or attempt to divert any actual or potential business or customer of any Restaurant to a Competitive Business;

(iv) directly or indirectly, appropriate, use or duplicate the Franchise System or System Standards, or any portion thereof, for use in any other business or endeavor.

(2) The term "**Competitive Business**" means any restaurant, food service or other business (other than a Restaurant) (i) whose gross receipts from the sale of biscuits or other breakfast items represent, at any time, at least ten percent (10%) of the business' total gross receipts (excluding receipts from the sale of alcoholic beverages), or (ii) that grants franchises or licenses for the operation of any of the foregoing or provides services to the franchisor or licensor of any of the foregoing. You agree to obtain similar covenants from the personnel we specify, including officers, directors, managers, and other employees attending our training program or having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

B. **NON-INTERFERENCE**. You further agree that, either during or after the Term, neither you nor any of your owners, your or your owners' affiliates, or the officers, directors, managers or immediate family members of any of the foregoing, will: (i) interfere or attempt to interfere with our or our affiliates' relationships with any vendors or consultants; or (ii) engage in any other activity which might injure the goodwill of the Marks or the Franchise System.

C. **NON-DISPARAGEMENT**. You agree not to (and to use your best efforts to cause your current and former owners, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, heirs, affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates' owners, directors, officers, employees, representatives or affiliates, current and former franchisees or developers of us or our affiliates, the Biscuit Belly® brand, the Franchise System, any Restaurant, any business using the Marks, any other brand or service-marked or trademarked concept of us or our affiliates, or which would subject the Biscuit Belly® brand or such other brands to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us, the Biscuit Belly® brand or such other brands. The obligations of this Section 7.C. shall survive any expiration or termination of this Agreement.

8. **RIGHTS AND OBLIGATIONS ON TERMINATION OR EXPIRATION OF THIS AGREEMENT.**

A. **YOUR OBLIGATIONS.**

You and, as applicable, your owners and all such other persons or Entities who are bound under the terms of this Agreement must immediately upon the expiration or termination of this Agreement, cease to directly or indirectly exercise or attempt to exercise any of the rights granted to you under this Agreement, comply with all obligations that either expressly survive or by their nature are intended to survive the expiration or termination of this Agreement, and refrain from interfering or attempting to interfere with our or our affiliates' relationships with any vendors, franchisees or consultants or engage in any other activity which might injure the goodwill of the Marks or the Franchise System.

B. **COVENANT NOT TO COMPETE/NON-INTERFERENCE**.

(1) **Non-Competition**. You agree that for two (2) years beginning on the effective date of the termination or expiration of this Agreement, neither you nor any of your owners, your or your owners' affiliates, or the officers, directors, managers or immediate family members of any of the foregoing will:

(i) divert or attempt to divert any present or prospective customer of any Restaurant to any Competitive Business, by direct or indirect inducement or otherwise; or

(ii) have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, lessor, or agent in any Competitive Business located or operating (x) within the Development Area and (y) within a five (5) mile radius of any other Restaurant in operation on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Section 8.B. begin to comply with this Section 8.B.

These restrictions also apply after Transfers, as provided in Section 5.C.(12) above. If any person restricted by this Section 8.B.(1) refuses voluntarily to comply with these obligations, the two (2) year period for that person will commence with the entry of a court order enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 8.B.(1) will not deprive you of your personal goodwill or ability to earn a living.

(2) **Non-Interference**. You further agree that, for two (2) years beginning on the effective date of termination or expiration, neither you nor any of your owners, your or your owners' affiliates, or the officers, directors, managers or immediate family members of any of the foregoing will:

(i) interfere or attempt to interfere with our or our affiliates' relationships with any vendors or consultants; or

(ii) engage in any other activity which might injure the goodwill of the Marks or the Franchise System.

C. **<u>CONTINUING OBLIGATIONS</u>**.

All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire, including, without limitation, all obligations relating to non-disparagement, non-competition, non-interference, confidentiality, and indemnification.

9. **<u>RELATIONSHIP OF THE PARTIES/INDEMNIFICATION</u>**.

A. **<u>INDEPENDENT CONTRACTORS</u>**.

This Agreement does not create a fiduciary relationship between you and us. You and we are and will be independent contractors, and nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, vendors, public officials, your personnel, and others as the owner of your business under a franchise we have granted and to place notices of independent ownership on the business cards, advertising, and other materials we periodically require.

You also acknowledge that you will have a contractual relationship only with us and may look only to us to perform under this Agreement. None of our affiliates is a party to this Agreement and has no obligations under it. However, our affiliate who is the owner of the Marks, you and we agree that such affiliate will be a third-party beneficiary of those provisions in this Agreement relating to use of the Marks, with the independent right to enforce such provisions against you and to seek damages from you for your failure to comply with those provisions.

B. **<u>EMPLOYEES, AGENTS AND INDEPENDENT CONTRACTORS</u>**.

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in your exercise of the Development Rights. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions in relation with your exercise of the Development Rights in compliance with federal, state, and local employment laws.

C. **<u>INDEMNIFICATION</u>**.

You agree to indemnify, defend, and hold harmless us, our current and former affiliates, and each of the foregoing Entity's respective owners, managers, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified

Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 9.C.

10. **ENFORCEMENT**.

A. **ARBITRATION**

We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standards, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within fifty (50) miles of our (or, as applicable, our successor's or assign's) then current principal place of business (currently, Louisville, Kentucky). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding).

Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

WE AND YOU AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT AN ARBITRATION PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, OR (III) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

We and you agree that, in any arbitration arising as described herein, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

With respect to any discovery of electronically stored information ("**ESI**"), you and we agree that such requests must balance the need for production of ESI relevant and material to the outcome of a disputed issue against the cost of locating and producing such information. You and we agree that:

(1) production of ESI need only be from sources used in the ordinary course of business. No party shall be required to search for or produce information from back-up servers, tapes, or other media;

(2) the production of ESI shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the information and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;

(3) the description of custodians from whom ESI may be collected shall be narrowly tailored to include only those individuals whose ESI may reasonably be expected to contain evidence that is relevant and material to the outcome of a disputed issue;

(4) the parties shall attempt to agree in advance upon, and the arbitrator may determine, reasonable search parameters; and

(5) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, which cost advance will not be awarded to the prevailing party in any final award.

In any arbitration each side may take no more than three (3) depositions, unless the parties mutually agree otherwise. Each side's depositions are to consume no more than a total of fifteen (15) hours, and each deposition shall be limited to five (5) hours, unless the parties mutually agree to additional time.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

B. **GOVERNING LAW.**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, this Agreement, the franchise and all claims arising from the relationship between us and you will be governed by the laws of the State of Kentucky, without regard to its conflict of laws rules, except that (1) any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (2) the enforceability of those provisions of this Agreement which relate to restrictions on you and your owners' competitive activities will be governed by the laws of the state in which your Development Area is located.

C. **CONSENT TO JURISDICTION**.

Subject to the obligation to arbitrate under Section 10.A. above and the provisions below, you and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the court nearest to our (or, as applicable, our successor's or assign's) then current principal place of business (currently, Louisville, Kentucky), and you (and each owner) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in that court.

D. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**.

Except for your obligation to indemnify us for third party claims under Section 9.C., we and you (and your owners) 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 us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive trial by jury in any action or proceeding brought by either of us.

E. **INJUNCTIVE RELIEF**.

Nothing in this Agreement, including the provisions of Section 10.A., bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

F. **COSTS AND ATTORNEYS' FEES.**

The prevailing party in any judicial or arbitration proceeding shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such proceeding.

G. **LIMITATIONS OF CLAIMS**.

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS. The parties understand that such time limit might be shorter than otherwise allowed by law. You and your owners agree that your and their sole recourse for claims arising between the parties shall be against us or our successors and assigns. You and your owners agree that our and our affiliates' members, managers, shareholders, directors, officers, employees, and agents shall not be personally liable nor named as a party in any action between us or our affiliates and you or your owners.

WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR

AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES, ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

11. **MISCELLANEOUS**.

A. **BINDING EFFECT.**

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the System Standards, this Agreement may not be modified except by a written agreement signed by our and your duly-authorized officers.

B. **RIGHTS OF PARTIES ARE CUMULATIVE.**

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

C. **SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS**.

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

D. **WAIVER OF OBLIGATIONS.**

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

E. **THE EXERCISE OF OUR JUDGMENT.**

We have the right to operate, develop, and change the Franchise System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, to grant or decline to grant you a right to take or withhold an action, or to provide or withhold approval or consent, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights in our sole discretion.

F. **CONSTRUCTION.**

The preambles and exhibits are a part of this Agreement, which together with this Agreement constitute our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Development Rights (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement); but nothing in this Agreement or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. Any policies that we periodically adopt and implement to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in Section 9.C., nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term "affiliate" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "Controlling interest" in you or one of your owners (if an Entity) means the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed Transfer of an ownership interest in you or one of your owners, the determination of whether a "controlling interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling interest" will be transferred (because of the number of owners before the proposed Transfer) or will be deemed to have been transferred (because of the number of owners after the proposed Transfer). If two (2) or more persons are at any time the owners of the Development Rights, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "owner" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Development Rights or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or your Development Rights and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to an "ownership interest" in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. "Person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The following provision applies if you or a franchise granted hereby are subject to the franchise registration or disclosure laws in Illinois, Indiana, Maryland, Michigan, Minnesota, New York, Virginia, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

G. **NO WARRANTY OR REPRESENTATION.**

We and our agents, affiliates, officers, directors, managers, owners, employees and other representatives have not made or given to you any warranties, representations, undertakings, commitments, covenants or guarantees respecting the subject matter of this Agreement except as expressly stated in this Agreement, and specifically without limiting the generality of the foregoing, you hereby acknowledge and agree that we and our agents, affiliates, officers, directors, managers, owners, employees and other representatives have not made or given any warranty, representation, undertaking, commitment, covenant or guarantee in respect of sales or profit to be derived or costs or expenses to be incurred by you and that you are not relying upon any warranties, representations, undertakings, commitments, covenants or guarantees of us and our officers, directors, shareholders, employees and other representatives except as provided in this Agreement.

H. **LAWFUL ATTORNEY.**

Notwithstanding anything otherwise contained in this Agreement, if you do not execute and deliver any documents or other assurances so required of you pursuant to this Agreement or if we take over the management or operation of the business operated hereunder on your behalf for any reason, you hereby irrevocably appoint us as your lawful attorney with full power and authority, to execute and deliver in your name any such documents and assurances, and to manage or operate the business on your behalf, and to do all other acts and things, all in such discretion as we may desire, and you hereby agree to ratify and confirm all of our acts as your lawful attorney and to indemnify and save us harmless from all claims, liabilities, losses, or damages suffered in so doing. You also hereby appoint us as your attorney-in-fact to receive and inspect your confidential sales and other tax records and hereby authorize all tax authorities to provide such information to us for all tax periods during the Term.

I. **NOTICES**.

All notices, consents, approvals, statements, documents or other communications required or permitted to be given hereunder must be in writing, and will be deemed to be delivered on the earlier of the date of actual delivery or one of the following: (i) at the time delivered by hand, (ii) at the time delivered via computer transmission and, in the case of amounts due, at the time we actually receive electronic payment, (iii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery, or (iv) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Any notice must be sent to the party to be notified at its most current principal business address of which the notifying party has notice; except that, it will always be deemed acceptable to send notice to you at the address of any of the Restaurants owned by you. Any required payment or report which we do not actually receive during regular business hours on the date due will be deemed delinquent.

J. **PROHIBITED PARTIES**

You hereby represent and warrant to us, as an express consideration for the franchise granted hereby, that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been:

1. Listed on: (a) the U.S. Treasury Department's List of Specially Designated Nationals, (b) the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders, (c) the U.S. State Department's Debarred List or Nonproliferation Sanctions, or (d) the Annex to U.S. Executive Order 13224.

2. A person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism.

You further represent and warrant to us that you are now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by you to us or our affiliates are and will be legally obtained in compliance with these laws. You agree not to, and to cause all employees, agents, representatives, and any other person or entity associated with you not to, during the Term, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.

K. **COUNTERPARTS**.

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

BISCUIT BELLY FRANCHISING LLC, a Kentucky limited liability company	**DEVELOPER:** **________________________________** **[Name]**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
EFFECTIVE DATE:________________	Date: ________________________________

Signature Page to Area Development Agreement

ATTACHMENT A
TO AREA DEVELOPMENT AGREEMENT

INFORMATION REGARDING OWNERSHIP, DEVELOPMENT AREA, DEVELOPMENT SCHEDULE, AND OTHER AGREEMENT TERMS

1. **Name and Address of Developer**.
   Name: ____________________________
   Attention: __________________________
   Address: ___________________________
   ____
   Email Address: ______________________

2. **Form of Owner**.

   (a) **Individual Proprietorship**. Your owner(s) (is) (are) as follows: ______________
   ____

   (b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on _________________________, under the laws of the State of ______________. You have not conducted business under any name other than your corporate, limited liability company, or partnership name unless indicated in the following: _________.

3. **Owners**. The following identifies the owner that you have designated as, and that we approve to be, the Managing Owner and lists the full name of each person who is one of your owners (as defined in the Area Development Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	**Type and Percentage of Interest**
Managing Owner:	_________________________	_________________________%
Other Owners:	_________________________	_________________________%
	_________________________	_________________________%

4. The **Development Area** is comprised of: ____, as depicted on the map attached to this Attachment. If the Development Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

[Insert a map of the Development Area]

5. The **Development Schedule** is as follows:

Development Period		**Premises purchased/ leases executed during Development Period***	**Restaurants Opened During Development Period**	**Restaurants Operating by End of Development Period**
1.	_____ to _____	___________	___________	___________
2.	_____ to _____	___________	___________	___________
3.	_____ to _____	___________	___________	___________
4.	_____ to _____	___________	___________	___________

* To satisfy this requirement, we must have received, by the end of the Development Period, copies of either documents evidencing your ownership of the Premises or fully executed (by all parties) leases (together with all exhibits) for the Premises that we have accepted.

BISCUIT BELLY FRANCHISING LLC,
a Kentucky limited liability company

By: ________________________________
Name: ______________________________
Title: _______________________________
Date: _______________________________

DEVELOPER:
____
[Name]

By: _________________________________
Name: _______________________________
Title: _______________________________
Date: _______________________________

ATTACHMENT B
TO AREA DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by each of the undersigned persons indicated below who have executed this Guaranty (each a "**Guarantor**") to be effective as of the Effective Date of the Agreement (defined below).

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (as amended, modified, restated or supplemented from time-to-time, the "**Agreement**") on this date by **BISCUIT BELLY FRANCHISING LLC** ("**we**" or "**our**"), each Guarantor personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that ______________________________ ("**Developer**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for each and every provision in the Agreement that sets out an obligation of the Developer, including both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor consents and agrees that: (1) Guarantor's direct and immediate liability under this Guaranty will be joint and several, both with Developer and among other guarantors; (2) Guarantor will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time-to-time grant to 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 Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) at our request, each Guarantor shall present updated financial information to us as reasonably necessary to demonstrate such Guarantor's ability to satisfy the financial obligations of Developer under the Agreement.

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

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 10 (Enforcement) of the Agreement, including Section 10.A. (Arbitration), Section 10.C. (Consent to Jurisdiction) and Section 10.F. (Costs and Attorneys' Fees) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the Guarantors and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty.

By signing below, the undersigned spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely to acknowledge and consent to the execution of the Guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including, without limitation, to bind the spouse's own separate property).

Each Guarantor that is an entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law

This Guaranty is binding upon each Guarantor and its respective executors, administrators, heirs, beneficiaries, and successors in interest.

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as this Guaranty and Assumption of Obligations was executed.

GUARANTOR(S)	**SPOUSE(S)**
#1: Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________	**#1:** Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________
#2: Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________	**#2:** Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________
#3: Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________	**#3:** Signature: ______________________________ Name: _________________________________ Address: _______________________________ _______________________________________ Email: _________________________________

EXHIBIT D

FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT AS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

Biscuit Belly Franchising, LLC
Balance Sheet
YTD Period Ending 03/26/2023

ASSETS	
Current Assets:	
Cash	79,573
Accounts Receivable	66,377
Total Current Assets	**145,950**
Property and Equipment:	
Furniture & Equipment Asset	21,441
Less: Accumulated Depreciation	-3,932
Net Property and Equipment	**17,509**
Other Assets:	
Operating Lease Right-of-Use	75,426
Security Deposits	2,175
Total Other Assets	**77,601**
Total ASSETS	**241,060**
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable and Accrued Expenses	1,778
Intercompany	414,818
Current Portion of Operating Lease Liability	25,874
Other Liabilities	412,395
Total Current Liability	**854,865**
Long-Term Liabilities	
Long-term Portion of Operating Lease Liability	50,366
Notes Payable	50,000
Total Long-Term Liabilities	**100,366**
Total LIABILITIES	**955,231**
Equity	
Retained Earnings	-717,323
YTD Income	3,152
Total Equity	**-714,170**
Total LIABILITIES & EQUITY	**241,060**

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT AS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM

Biscuit Belly Franchising, LLC
Profit & Loss
YTD Period Ending 03/26/2023

Sales		
Franchise Royalties & Fees	117,631	100.00%
Total Sales	**117,631**	100.00%
Operating Expense	**50,388**	42.84%
G&A	**63,403**	53.90%
Interest, Taxes, Depreciation and Amortization		
9350 - Interest Expense	27	0.02%
9390 - Depreciation and Amortization	661	0.56%
Total Interest, Taxes, Depreciation and Amortization	**688**	0.59%
Net Profit	**3,152**	2.68%

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT AS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM

AUDITED FINANCIAL STATEMENTS

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Biscuit Belly Franchising LLC

Financial Statements

December 25, 2022, December 26, 2021, and December 31, 2020

With Independent Auditors' Report

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Members
of Biscuit Belly Franchising LLC

Opinion

We have audited the accompanying financial statements of Biscuit Belly Franchising LLC (a Kentucky Limited Liability corporation), which comprise the balance sheet as of December 25, 2022 and December 26, 2021 and the related statement of operations, member's deficit, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Biscuit Belly Franchising LLC as of December 25, 2022 and December 26, 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of Biscuit Belly Franchising LLC as of December 31, 2020 and from the period July 20, 2020 to December 31, 2020, were audited by other auditors whose report dated February 26, 2021 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Biscuit Belly LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
April 18, 2023

		2022	2021	2020
Assets				
Current assets:				
Cash	$	27,630	53,850	58,672
Accounts receivable		2,141	-	-
Prepaid expenses		5,179	-	2,002
Total current assets		34,950	53,850	60,674
Property and equipment:				
Furniture and equipment		21,441	11,691	-
Less: accumulated depreciation		(3,271)	(626)	-
Net property and equipment		18,170	11,065	-
Other assets:				
Operating lease right-of-use assets		75,426	-	-
Security deposit		2,175	2,175	-
Total other assets		77,601	2,175	-
Total assets	$	130,721	67,090	60,674

	2022	2021	2020
Liabilities and Member's Deficit			
Current liabilities			
Accounts payable and accrued expenses	$ 10,621	720	11,765
Accounts payable, net to related parties and affiliates	411,181	141,045	95,506
Gift card payable	59,760	-	-
Current portion of operating lease liability	25,874	-	-
Deferred income	240,000	300,000	-
Total current liabilities	747,436	441,765	107,271
Long-term liabilities			
Long-term operating lease liability, less current portion	50,366	-	-
Notes payable - officers	50,000	50,000	50,000
Total long-term liabilities	100,366	50,000	50,000
Total liabilities	847,802	491,765	157,271
Member's deficit	(717,081)	(424,675)	(96,597)
Total liabilities and member's deficit	$ 130,721	67,090	60,674

Biscuit Belly Franchising LLC
Statements of Operations
For the Years Ended December 25, 2022 and December 26, 2021
and the Period July 20, 2020 to December 31, 2020

	2022	2021	2020
Franchise fees	$ 60,000	-	-
Revenue from franchise agreements	115,632	-	-
Total revenue	175,632	-	-
Operating expenses	465,393	327,452	199,197
Loss from operations	(289,761)	(327,452)	(199,197)
Other income (expense):			
Depreciation expense	(2,645)	(626)	-
Miscellaneous income	-	-	3,500
Total other income (expense)	(2,645)	(626)	3,500
Net loss	$ (292,406)	(328,078)	(195,697)

See accompanying notes to the financial statements.

Balance as of July 20, 2020	$ -
Contributions	99,100
Net loss	(195,697)
Balance as of December 31, 2020	(96,597)
Net loss	(328,078)
Balance as of December 26, 2021	(424,675)
Net loss	(292,406)
Balance as of December 25, 2022	$ (717,081)

Biscuit Belly Franchising LLC
Statements of Cash Flows
For the Years Ended December 25, 2022 and December 26, 2021
and the Period July 20, 2020 to December 31, 2020

	2022	2021	2020
Cash flows from operating activities			
Net loss	$ (292,406)	(328,078)	(195,697)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation expense	2,645	626	-
Changes in operating assets and liabilities:			
Accounts receivable	(2,141)	-	-
Prepaid expenses	(5,179)	2,002	(2,002)
Security deposit	-	(2,175)	-
Gift card payable	59,760	-	-
Accounts payable and accrued expenses	9,901	(11,045)	11,765
Operating lease asset and liability	814	-	-
Deferred income	(60,000)	300,000	-
Net cash used by operating activities	(286,606)	(38,670)	(185,934)
Cash flows from investing activities			
Purchase of fixed assets	(9,750)	(11,691)	-
Cash flows from financing activities			
Capital contributions	-	-	99,100
Advances, net from related parties and affiliates	270,136	45,539	145,506
Net cash provided by financing activities	270,136	45,539	244,606
Net increase (decrease) in cash	(26,220)	(4,822)	58,672
Cash at beginning of period	53,850	58,672	-
Cash at end of period	$ 27,630	53,850	58,672

See accompanying notes to the financial statements.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of business
Biscuit Belly Franchising LLC (the Company) is wholly owned by Biscuit Belly International LLC (BBI). The Company offers franchises for restaurants operating under the Biscuit Belly Brand, offering a menu of southern style comfort food for breakfast and lunch. Under the franchise agreements, the Company is to provide various services including operational information and guidance, site location assistance, training, and marketing programs.

Related parties
Biscuit Belly LLC (BB) is an affiliate, operating a Biscuit Belly branded restaurant. BBI, BB and the Company advance funds between each other for operations. These amounts are shown net on the balance sheet as a current liability as it is the intent of management to settle these items in the near term.

Cash
The Company maintains cash balances in a financial institution that may, at times, exceed federally insured limits. The Company has not experienced any losses in cash balances and management believes it is not exposed to any significant credit risk of loss in cash.

Property and equipment
Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the related assets.

Franchising program
The franchise agreements provide for an initial franchise fee of $30,000. Royalty payments are set at 5.00% of gross receipts, payable weekly, for the first 104 weeks after opening and 6.00% of gross receipts thereafter. The brand promotion and advertising fund contribution is set at 0.75% of gross receipts, payable weekly, which are used for marketing expenditures.

Franchise agreements have a 10-year term and can be renewed for two additional 5-year terms.

Revenue recognition
In January 2021, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2021-02, *Franchisors - Revenue from Contracts with Customers (Subtopic 952-606).* ASU 2021-02 introduces a new practical expedient that simplifies the application of the guidance regarding identification of performance obligations by permitting non-public franchisors to elect to recognize all pre-opening services provided to franchisees as a single performance obligation rather than identifying each pre-opening service as separate performance obligations. The Company's management adopted ASU 2021-02 and elected to consider all pre-opening services as a single performance obligation.

Franchise fees and development fees are recognized in the period when the Company performs substantially all initial services required under the franchise agreements as a single performance obligation. Deferred income represents franchise fees and development fees collected for which initial training and pre-opening assistance has not been completed as of year-end. Franchisees are required to pay continuing monthly royalties based on gross receipts in addition to other agreed upon fees noted in the franchise agreement which are calculated based on monthly receipts. All revenues are recognized at a point in time.

The Company sells gift cards at franchisee and corporate locations as well as unrelated third-party stores. Revenue from the sale of gift cards is deferred until the card is presented at any of the franchisee or corporate locations at which time it is recognized as revenue at a point in time. A liability has been established for deferred gift card revenue at the end of the year. Management does not estimate breakage on unredeemed gift cards as there is no previous history of the usable of such gift cards.

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

Accounting pronouncements
During 2022, the Company adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The Company has elected the effective date method for implementing this ASU where a cumulative adjustment related to the implementation of ASC 842 is recorded as of January 1, 2022, the date of implementation, with no adjustment to any prior year information presented in the financial statements. The lease standard resulted in the recognition of right-of-use assets and related lease liabilities of $101,654 as of the date of implementation with no material cumulative effect adjustment to retained earnings. As allowed under the new accounting standard, the Company elected to apply practical expedients available under the transition provisions, including (i) not reassessing whether expired or existing contracts contain leases, (ii) not reassessing lease classification, and (iii) not revaluing initial direct costs for existing leases.

Leases
The Company considers an arrangement a lease if, at inception, the arrangement transfers the right to control the use of an identified asset for a period of time in exchange for consideration. Under leasing standards, control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.
Operating leases are included in operating lease right-of-use assets, other current liabilities, and operating lease liabilities on the balance sheets.

The lease term reflects the noncancellable period of the lease together with periods covered by an option to extend or terminate the lease when management is reasonably certain that it will exercise such option.

The Company has elected the following accounting policy elections:

> The option to use the risk-free rate to all classes of leased assets determined using a period comparable to the lease term as the discount rate for leases where the implicit rate is not readily determinable.
>
> The short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing leases to not recognize the asset and liability for the leases.
>
> To not separate lease and non-lease components for all classes of leased assets

Short-term leases are less than one year without purchase or renewal options that are reasonably certain to be exercised and are recognized on a straight-line basis over the lease term. The ROU assets are tested for impairment in accordance with ASC 360.

Subsequent events
Management has evaluated subsequent events through April 18, 2023, the date the financial statements were available for issue.

Reporting Period
The Company's annual financial information consists of 4 quarters of 13 weeks, each grouped into two 4-week periods and one 5-week period.

Income taxes
The Company is a single member limited liability company for income tax reporting purposes. Accordingly, its results are included with BBI in its federal and state income tax returns. BBI is taxed as a partnership in accordance with the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements because those taxes are the responsibility of BBI's members. GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken uncertain tax positions that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken by the Company and has concluded that as of December 31, 2021, no uncertain positions have been taken, or expected to be taken, which would require recognition of a tax liability (or asset), or disclosure in the financial statements.

2. NOTES PAYABLE - OFFICERS:

The Company has entered into two demand notes payable to officers. The balances were $50,000 at December 25, 2022, December 26, 2021, and December 31, 2020. The notes bear interest at a fixed rate of 1.26% and are classified as long-term as the officers do not anticipate calling the notes in the near term.

3. LEASES AMD COMMITMENTS:

The Company leases office space under operating leases through October 2025. Total operating lease expense for the year ended December 25, 2022 was $26,914.

Prior to adoption of ASC 842, the Company's total lease expense for the years ending December 26, 2021 and December 31, 2020 were $16,125 and $0, respectively.

As of December 25, 2022, the Company has not entered into any material leases expected to commence in 2023.

The following summarizes the weighted-average remaining lease term and weighted-average discount rate as of December 25, 2022:

Weighted average remaining lease term - operating	2.83 years
Weighted average discount rate – operating leases	0.78%

Future minimum lease payments for all noncancelable operating leases as of December 25, 2022 is as follows:

2023	$ 26,360
2024	27,660
2025	23,050
	77,070
Less imputed interest	(830)
Total operating lease liability	$ 76,240

The following summarizes the supplemental cash flow information for the year ended December 25, 2022:

Operating cash flows from operating leases	$ 26,100
Right-of-use assets obtains in exchange for lease liabilities	$ 101,654

4. RISKS, UNCERTAINTIES, AND CONCENTRATIONS:

The Company offers franchises for the Biscuit Belly brand. As a result, the Company's future revenue is dependent upon the success, growth, and support of the Biscuit Belly brand, and the Company's future franchisees. In addition, the Company's ability to continue as a going concern is dependent on the support of BBI and its investors who have expressed their intent and ability to provide the financial support needed for the Company to continue its operations.

EXHIBIT E

REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

<u>**REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT**</u>

DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS WILL BE LOCATED IN: ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, VIRGINIA, OR WISCONSIN.

The purpose of this Statement is to demonstrate to **Biscuit Belly Franchising LLC** ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the area development and/or franchise rights ("Franchisee"), (a) fully understands that the purchase of a Biscuit Belly® Restaurant franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Franchise Agreement and Area Development Agreement, at least 14 calendar days before I executed the Franchise Agreement and/or the Area Development Agreement, as applicable. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:

My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:
PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED. Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success) other than information contained in the FDD? ☐ Yes ☐ No (Initial Here: ____) If you selected "Yes," please describe the information you received on the lines below: ____ ____.	INITIAL:

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;

2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;

3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

[Signature page follows]

FRANCHISEE:

Sign here if you are taking the franchise as an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

____
Signature
Print Name: ______________________
Date: ___________________________

____
Signature
Print Name: ______________________
Date: ___________________________

____
Signature
Print Name: ______________________
Date: ___________________________

____
Signature
Print Name: ______________________
Date: ___________________________

Sign here if you are taking the franchise as a **CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

____
Print Name of Legal Entity

By: ____________________________
Signature

Print Name: ______________________
Title: ___________________________
Date: ___________________________

<u>EXHIBIT F</u>

<u>SAMPLE GENERAL RELEASE</u>

GENERAL RELEASE

BISCUIT BELLY FRANCHISING LLC, a Kentucky limited liability company with its principal business address at 2600 Valley Vista Road, Louisville, Kentucky 40205 ("**we**", "**us**", or "**our**") and ____________________________ with its principal business address at ____________ __________________ ("**you**" or "**your**") currently are parties to that certain Biscuit Belly® [franchise agreement or area developer agreement] dated ______________________, 20___ (the "**Agreement**"). You have asked us to take the following action or to agree to the following request: _
____
____
____
____
_________________________. We have the right under the Agreement to obtain a general release from you and your owners as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your current and former affiliates, and each such foregoing person's or entity's current and former successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, managers, directors, officers, principals and employees (collectively, the "**Releasing Parties**"), hereby forever release and discharge us and our current and former affiliates, and each of the foregoing entity's officers, directors, owners, managers, principals, employees, agents, representatives, successors, and assigns (collectively, the "**Franchisor Parties**") of and from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "**Claims**") that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Franchisor Parties, including without limitation, (1) arising out of or related to the Franchisor Parties' obligations under the Agreement, or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the Franchisor Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

If the franchise you operate under the Agreement is located in Maryland or if any of the Releasing Parties is a resident of Maryland, the following shall apply:

> Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this agreement on the dates noted below, to be effective as of the Effective Date.

BISCUIT BELLY FRANCHISING LLC

By:_______________________________
Name:_____________________________
Title:_____________________________
Date:_____________________________
**Effective Date*

[FRANCHISEE OR AREA DEVELOPER]:

(IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

By:________________________________

Name:______________________________

Title:______________________________

(IF YOU ARE AN INDIVIDUAL AND NOT A LEGAL ENTITY; AND/OR ALL [FRANCHISEE/AREA DEVELOPER] OWNERS):

____
Signature

____
Print Name

____
Signature

____
Print Name

EXHIBIT G

STATE ADDENDA AND AGREEMENT RIDERS

ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
BISCUIT BELLY FRANCHISING LLC

The following are additional disclosures for the Franchise Disclosure Document of Biscuit Belly Franchising LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise law applies to you.

<u>FOR THE FOLLOWING STATES</u>: ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, VIRGINIA, OR WISCONSIN.

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.

<u>ILLINOIS</u>

1. The following paragraph is added at the end of Item 5:

   Pursuant to an order of the Illinois Attorney General's Office based on our financial condition, we will deposit all initial fees and payments received from you due under the Franchise Agreement into an escrow account established with UMB Bank. These funds will remain in escrow until we apply for their release. We will apply for release of these funds when your Restaurant opens for business, or when Illinois lifts this financial assurance requirement, whichever is earlier. A copy of the escrow agreement is on file with the Illinois Attorney General's Office.

2. The "Summary" section of Item 17(v) entitled "**<u>Choice of forum</u>**" is deleted in its entirety.

3. The "Summary" section of Item 17(w) entitled "**<u>Choice of law</u>**" is deleted in its entirety and replaced with the following:

   Except for the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. 1051 et seq.), the United States Arbitration Act (9 U.S.C. 1 et seq.), or other federal law, Illinois law shall apply to and govern the Franchise Agreement.

4. The following language is added to the end of the chart in Item 17:

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

   Your rights upon termination and non-renewal of the franchise are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

MARYLAND

1. The following is added to the end of Items 5 & 7:

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

2. The following is added to the end of the "Summary" sections of Item 17(c), entitled "**Requirements for franchisee to renew or extend**", and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

3. The following is added to the end of the "Summary" section of Item 17(h), entitled "**'Cause' defined – non curable defaults**":

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

4. The following language is added to the end of Items 17(u), entitled "**Dispute Resolution by Arbitration and Mediation**":

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

5. The following language is added to the end of Items 17(v), entitled "**Choice of Forum**", and 17(w), entitled "**Choice of Law**":

You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise

Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

MINNESOTA

1. The following is added to the end of Items 5 & 7:

The Minnesota Department of Commerce (Securities Section) requires us to defer the collection of the Initial Fee and other initial payments owed by you to us and our affiliates until we have completed our pre-opening obligations under the Franchise Agreement and you have begun operating your Restaurant. If you execute an Area Development Agreement, we agree to defer the collection of the Development Fee and other payments payable by you to us or our affiliates until we have completed our pre-opening obligations under the Area Development Agreement.

2. The following language is added to the end of Item 6:

The Item 6 item entitled "**Lost Revenue Damages**" will not be enforced to the extent prohibited by applicable law

3. The following paragraphs are added to the end of Item 17:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document, Franchise Agreement, or Area Development Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement or Area Development Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statutes, Section 80C.14, Subd. 3, 4, and 5, which require (except in certain specified cases) that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Any release required as a condition of transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

NEW YORK

1. The following paragraphs are added to the state cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to us, our predecessor, our parent, our affiliates, the persons identified in Item 2, or an affiliate offering franchises under our *principal trademark*:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, no such party has civil actions pending against that party, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

B. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices; or comparable allegations.

C. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither we, our affiliate, predecessor, officers or general partners, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document, have, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; or (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to Item 5:

We apply the initial franchise fee to defray our costs for site review and approval, legal compliance, general administrative expenses, and profits.

5. The following is added to the end of Item 17:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following is added to Item 17(d) entitled "Termination by Franchisee":

You may terminate the Franchise Agreement on any ground available by law.

7. The following is added to Item 17(j) entitled "Assignment of contract by Franchisor":

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement and Area Development Agreement.

8. The following is added to the end of Items 17(v), entitled "Choice of Forum", and 17(w), entitled "Choice of Law":

However, the governing choice of law and choice of forum should not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

VIRGINIA

1. The following Risk Factor is added to the "**Special Risks to Consider About *This* Franchise**" page:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from $679,000 to $1,102,000. This amount exceeds the franchisor's stockholders equity as of December 26, 2021, which is $(424,675).

2. The following language is added to Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising has required us to defer the collection of the Initial Fee and other initial payments owed by you to us and our affiliates until we have completed our pre-opening obligations under the Franchise Agreement and you have begun operating your Restaurant. If you execute an Area Development Agreement, we agree to defer the collection of the Development Fee and other payments payable by you to us or our affiliates until we have completed our pre-opening obligations under the Area Development Agreement.

3. The following language is added to the end of the "Summary" section of Item 17(e), entitled "**Termination by franchisor without cause**":

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds 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.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER (this "**Rider**") is made and entered into by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company whose address it 2600 Valley Vista Rd Louisville, Kentucky 40205 ("**we**," "**us**," or "**our**"), and ______________________________ ____________, whose principal business address is ___________________ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated __________________________, 20___ (the "**Franchise Agreement**"). This Rider is annexed to and forms an integral part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) the offer for sale of the Franchise was made or accepted in the State of Illinois and your Restaurant is or will be located in the State of Illinois; or (b) you are domiciled in Illinois.

2. **INITIAL FEES**. The following paragraph is added at the end of Section 3.A of the Franchise Agreement:

> Pursuant to an order of the Illinois Attorney General's Office based on our financial condition, we will deposit all initial fees and payments received from you due under the Franchise Agreement into an escrow account established with UMB Bank. These funds will remain in escrow until we apply for their release. We will apply for release of these funds when your Restaurant opens for business, or when Illinois lifts this financial assurance requirement, whichever is earlier. A copy of the escrow agreement is on file with the Illinois Attorney General's Office.

3. **WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTION**. The following language is added to the end of Section 17.J ("Waiver of Punitive Damages, Jury Trial, and Class Action") of the Franchise Agreement:

> 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 at Section 705/41 or Illinois regulations at Section 200.609.

4. **LIMITATIONS OF CLAIMS; NO IMPLIED COVENANT**. Section 17.M ("Limitation of Claims; No implied Covenant") of the Franchise Agreement is amended by adding the following:

> However, nothing contained in this Section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/27 or any other law of the State of Illinois, to the extent applicable.

5. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following is added to the end of the Franchise Agreement:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern this Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Franchisee's rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

BISCUIT BELLY FRANCHISING LLC	________________________________ **[Franchisee]**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
EFFECTIVE DATE:________________	Date: _____________________________

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER (this "**Rider**") is made and entered into by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company whose address it 2600 Valley Vista Rd Louisville, Kentucky 40205 ("**we**," "**us**," or "**our**"), and ______________________________ ____________, whose principal business address is ___________________ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ___________________________, 20___ (the "**Franchise Agreement**"). This Rider is annexed to and forms an integral part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland; or (b) your Restaurant is or will be operated in the State of Maryland.

2. **FEE DEFERRAL**. The following is added to the end of Section 3.A. of the Franchise Agreement:

> Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, collection all Initial Fees and other payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement and the Restaurant commences operations.

3. **RELEASES**. The following provision is added to the end of Section 12.C.(9), Section 13.C., Section 15.D.(5)(e) of the Franchise Agreement:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **TERMINATION OF AGREEMENT**. The following is added to Section 14.B.(19) of the Franchise Agreement:

> This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **ARBITRATION**. The following paragraph is added to the end of Section 17.G. ("Arbitration") of the Franchise Agreement:

> A Maryland franchise regulation states that it is an unfair or deceptive practice to require you to waive your right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. **GOVERNING LAW**. The following paragraph is added to the end of Section 17.H. (“Governing Law”) of the Franchise Agreement:

> Notwithstanding the foregoing, (1) any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (2) Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **CHOICE OF FORUM**. The following language is added to the end of Section 17.I (“Consent to Jurisdiction”) of the Franchise Agreement:

> Notwithstanding the foregoing, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

8. **LIMITATIONS OF CLAIMS; NO IMPLIED COVENANT**. Section 17.M. (“Limitation of Claims; No Implied Covenants”) of the Franchise Agreement is amended by adding the following:

> Notwithstanding the forgoing, you may bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after Company grants Franchisee the franchise.

9. **ACKNOWLEDGMENT**. The following is added as a new Section 17.Q. of the Franchise Agreement:

> **Acknowledgement**. All representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

BISCUIT BELLY FRANCHISING LLC	______________________________ **[Franchisee]**
By:____________________________	By:____________________________
Name:__________________________	Name:__________________________
Title:___________________________	Title:___________________________
Date: ___________________________	Date: ___________________________

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER (this "**Rider**") is made and entered into by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company whose address it 2600 Valley Vista Rd Louisville, Kentucky 40205 ("**we**," "**us**," or "**our**"), and ____, whose principal business address is ___________________ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ___________________________, 20___ (the "**Franchise Agreement**"). This Rider is annexed to and forms an integral part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) your Restaurant will be operated wholly or partly in the State of Minnesota; and/or (b) you are either a resident of, domiciled in, or actually present in the State of Minnesota.

2. FEE DEFERRAL. The following is added to the end of Section 3.A. of the Franchise Agreement:

> Pursuant to an order of the Minnesota Department of Commerce (Securities Section), we will defer the collection of the Initial Fee and other initial payments owed by you to us or our affiliates until we have completed all of our pre-opening obligations under this Agreement and you have begun operating your Restaurant.

3. **RELEASES**. The following provision is added to the end of Section 12.C.(9), Section 13.C., Section 15.D.(5)(e) of the Franchise Agreement:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent, prohibited by Minnesota Franchise Law.

4. **TERMINATION OF AGREEMENT**. The following is added to Section 14.B.(19) of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, Company will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of this Agreement.

5. **LOST REVENUE DAMAGES**. The following sentence is added to the end of Section 15.E ("Remedies") of the Franchise Agreement:

> Certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extend the law allows.

6. **GOVERNING LAW**. The following is added to the end of Section 17.H ("Governing Law") of the Franchise Agreement:

> Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or Franchisee's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **CONSENT TO JURISDICTION**. The following sentence is added to the end of Section 17.I ("Consent to Jurisdiction") of the Franchise Agreement:

> Notwithstanding the foregoing, Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Company, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statutes chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

8. **WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTION**. The provisions of Section 17.J ("Waiver of Punitive Damages, Jury Trial, and Class Action") of the Franchise Agreement are hereby deleted in their entirety.

9. **INJUNCTIVE RELIEF**. The following sentence is added to the end of Section 17.K ("Injunctive Relief") of the Franchise Agreement:

> Notwithstanding the foregoing, a court will determine if a bond is required**.**

10. **LIMITATION OF ACTIONS; NO IMPLIED COVENANT**. The following is added to the end of Section 17.M ("Limitation of Claims; No Implied Covenant") of the Franchise Agreement:

> However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

BISCUIT BELLY FRANCHISING LLC	________________________________ **[Franchisee]**
By:_____________________________	By:_____________________________
Name:___________________________	Name:___________________________
Title:___________________________	Title:___________________________
EFFECTIVE DATE:______________	Date: ___________________________

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN NEW YORK

THIS RIDER (this "**Rider**") is made and entered into by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company whose address it 2600 Valley Vista Rd Louisville, Kentucky 40205 ("**we**," "**us**," or "**our**"), and ______________________________ ____________, whose principal business address is __________________ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated __________________________, 20___ (the "**Franchise Agreement**"). This Rider is annexed to and forms an integral part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) the offer to sell the Franchise was made in the State of New York; or (b) the offer to buy the Franchise was accepted in the State of New York; or (c) if you are domiciled in the State of New York and your Restaurant is or will be operated in the State of New York.

2. **TRANSFER – BY US**. The following sentence is added to the end of Section 12.A of the Franchise Agreement:

> However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under this Agreement

3. **RELEASES**. The following provision is added to the end of Section 12.C.(9), Section 13.C., Section 15.D.(5)(e) of the Franchise Agreement:

> Notwithstanding the foregoing, all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT**. The following is added to Section 14.B.(19) of the Franchise Agreement:

> You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW**. The following is added to the end of Section 17.H ("Governing Law") of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

6. **CONSENT TO JURISDICTION**. The following sentence is added to the end of Section 17.I ("Consent to Jurisdiction") of the Franchise Agreement:

> This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law as amended, and the regulations issued thereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

BISCUIT BELLY FRANCHISING LLC	________________________________ **[Franchisee]**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
EFFECTIVE DATE:_______________	Date: ______________________________

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA

THIS RIDER (this "**Rider**") is made and entered into by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company whose address it 2600 Valley Vista Rd Louisville, Kentucky 40205 ("**we**," "**us**," or "**our**"), and ______________________________ ____________, whose principal business address is __________________ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated **__________________________**, 20**___** (the "**Franchise Agreement**"). This Rider is annexed to and forms an integral part of the Franchise Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because the Franchise Agreement contemplates or requires you to maintain a place of business the State of Virginia.

2. **FEE DEFERRAL**. The following is added to the end of Section 3.A. of the Franchise Agreement:

> Pursuant to an order of the Virginia State Corporation Commission's Division of Securities and Retail Franchising, we will defer the collection of the Initial Fee and other initial payments owed by you to us or our affiliates until we have completed all of our pre-opening obligations under this Agreement and you have begun operating your Restaurant.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

BISCUIT BELLY FRANCHISING LLC	________________________________ **[Franchisee]**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
EFFECTIVE DATE:_______________	Date: ______________________________

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE AREA DEVELOPMENT AGREEMENT

RIDER TO THE
AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER (this "**Rider**") is made and entered into by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company whose address it 2600 Valley Vista Rd Louisville, Kentucky 40205 ("**we**," "**us**," or "**our**"), and ______________________________ ____________, whose principal business address is __________________ ("**you**" or "**your**")

1. **BACKGROUND**. We and you are parties to that certain Area Development Agreement dated __________________________, 20___ (the "**Area Development Agreement**"). This Rider is annexed to and forms an integral part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) the offer for sale of the Development Rights was made or accepted in the State of Illinois and your Development Area is located in the State of Illinois; or (b) you are domiciled in Illinois.

2. **DEVELOPMENT FEE**. The following paragraph is added at the end of Section 3 of the Area Development Agreement:

> Pursuant to an order of the Illinois Attorney General's Office based on our financial condition, we will deposit all initial fees and payments received from you due under the Are Development Agreement into an escrow account established with UMB Bank. These funds will remain in escrow until we apply for their release. We will apply for release of these funds when your first Restaurant opens for business, or when Illinois lifts this financial assurance requirement, whichever is earlier. A copy of the escrow agreement is on file with the Illinois Attorney General's Office.

3. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. The following language is added to the end of Section 10.D ("Waiver of Punitive Damages and Jury Trial") of the Area Development Agreement:

> 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 at Section 705/41 or Illinois regulations at Section 200.609.

4. **LIMITATIONS OF CLAIMS**. Section 10.G ("Limitation of Claims") of the Area Development Agreement is amended by adding the following:

> However, nothing contained in this Section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/27 or any other law of the State of Illinois, to the extent applicable.

5. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following is added to the end of the Area Development Agreement:

> Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern this Agreement.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Franchisee's rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

BISCUIT BELLY FRANCHISING LLC, a Kentucky limited liability company	**DEVELOPER:**
	________________________________ **[Name]**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
EFFECTIVE DATE:_______________	Date: ____________________________

RIDER TO THE
AREA DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND

THIS RIDER (this "**Rider**") is made and entered into by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company whose address it 2600 Valley Vista Rd Louisville, Kentucky 40205 ("**we**," "**us**," or "**our**"), and ______________________________ ____________, whose principal business address is ___________________ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Area Development Agreement dated ___________________________, 20___ (the "**Area Development Agreement**"). This Rider is annexed to and forms an integral part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland; or (b) your Development Area is located in the State of Maryland.

2. **FEE DEFERRAL**. The following is added to the end of Section 3 of the Area Development Agreement:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. **RELEASES**. The following is added to the end of Section 5.C.6 of the Area Development Agreement:

> However, any release required as a condition of assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **INSOLVENCY**. The following language is added to the end of Section 6.B.5 of the Area Development Agreement:

> This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **ARBITRATION**. The following paragraph is added at the end of Section 10.A ("Arbitration") of the Area Development Agreement:

> A Maryland franchise regulation states that it is an unfair or deceptive practice to require a developer to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 10.C ("Consent to Jurisdiction") of the Area Development Agreement:

Notwithstanding the foregoing, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 10.G ("Limitation of Claims") of the Area Development Agreement:

Notwithstanding the foregoing, you may bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

8. **ACKNOWLEDGEMENT**. The following is added as a new Section 10.H at the end of the Area Development Agreement:

Acknowledgment. All representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

BISCUIT BELLY FRANCHISING LLC, a Kentucky limited liability company	**DEVELOPER:**
	________________________________ **[Name]**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
Date: ____________________________	Date: ____________________________

RIDER TO THE
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER (this "**Rider**") is made and entered into by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company whose address it 2600 Valley Vista Rd Louisville, Kentucky 40205 ("**we**," "**us**," or "**our**"), and ______________________________ ____________, whose principal business address is ___________________ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Area Development Agreement dated ___________________________, 20___ (the "**Area Development Agreement**"). This Rider is annexed to and forms an integral part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) your Development Area is wholly or partly located in the State of Minnesota; and/or (b) you are either a resident of, domiciled in, or actually present in the State of Minnesota.

2. FEE DEFERRAL. The following is added to the end of Section 3 of the Area Development Agreement:

> Pursuant to an order of the Minnesota Department of Commerce (Securities Section), we will defer the collection of the Development Fee and other initial payments owed by you to us or our affiliates until we have completed all of our pre-opening obligations under this Agreement and the first Restaurant developed pursuant to this Agreement commences operations.

3. **RELEASES**. The following provision is added to the end of Section 5.C.6 of the Area Development Agreement:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent, prohibited by Minnesota Franchise Law.

4. **TERMINATION OF AGREEMENT – BY YOU**. The following is added to Section 6.A of the Area Development Agreement:

> However, with respect to franchises governed by Minnesota law, Company will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of this Agreement.

5. **GOVERNING LAW**. The following is added to the end of Section 10.B ("Governing Law") of the Area Development Agreement:

> Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. **CONSENT TO JURISDICTION**. The following sentence is added to the end of Section 10.C ("Consent to Jurisdiction") of the Area Development Agreement:

> Notwithstanding the foregoing, Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Company, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statutes chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. The provisions of Section 10.D ("Waiver of Punitive Damages and Jury Trial") of the Area Development Agreement are hereby deleted in their entirety.

8. **INJUNCTIVE RELIEF**. The following sentence is added to the end of Section 10.E ("Injunctive Relief") of the Area Development Agreement:

> Notwithstanding the foregoing, a court will determine if a bond is required**.**

9. **LIMITATION OF ACTIONS**. The following is added to the end of Section 10.G ("Limitation of Claims") of the Area Development Agreement:

> However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

BISCUIT BELLY FRANCHISING LLC, a Kentucky limited liability company	**DEVELOPER:**
	________________________________ **[Name]**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
EFFECTIVE DATE:________________	Date: ______________________________

RIDER TO THE
AREA DEVELOPMENT AGREEMENT
FOR USE IN NEW YORK

THIS RIDER (this "**Rider**") is made and entered into by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company whose address it 2600 Valley Vista Rd Louisville, Kentucky 40205 ("**we**," "**us**," or "**our**"), and ______________________________ ____________, whose principal business address is ___________________ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Area Development Agreement dated ___________________________, 20___ (the "**Area Development Agreement**"). This Rider is annexed to and forms an integral part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because (a) the offer to sell the Development Rights was made in the State of New York; or (b) the offer to buy the Development Rights was accepted in the State of New York; or (c) if you are domiciled in the State of New York and your Development Area is located in the State of New York.

2. **RELEASES**. The following provision is added to the end of Section 5.C.6 of the Area Development Agreement:

> Notwithstanding the foregoing, all rights enjoyed by you and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

3. **TERMINATION OF AGREEMENT – BY YOU**. The following is added to Section 6.A of the Area Development Agreement:

> You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. **TRANSFER – BY US**. The following sentence is added to the end of Section 6.B of the Area Development Agreement:

> However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under this Agreement.

5. **GOVERNING LAW**. The following is added to the end of Section 10.B ("Governing Law") of the Area Development Agreement:

> This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

6. **CONSENT TO JURISDICTION**. The following sentence is added to the end of Section 10.C ("Consent to Jurisdiction") of the Area Development Agreement:

> This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law as amended, and the regulations issued thereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

BISCUIT BELLY FRANCHISING LLC, a Kentucky limited liability company	**DEVELOPER:** ______________________________ **[Name]**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________
EFFECTIVE DATE:_______________	Date: _____________________________

RIDER TO THE
AREA DEVELOPMENT AGREEMENT
FOR USE IN VIRGINIA

THIS RIDER (this "**Rider**") is made and entered into by and between **BISCUIT BELLY FRANCHISING LLC**, a Kentucky limited liability company whose address it 2600 Valley Vista Rd Louisville, Kentucky 40205 ("**we**," "**us**," or "**our**"), and ______________________________ ____________, whose principal business address is ___________________ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Area Development Agreement dated ___________________________, 20___ (the "**Area Development Agreement**"). This Rider is annexed to and forms an integral part of the Area Development Agreement. This Rider supersedes any inconsistent or conflicting provisions of the Area Development Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Area Development Agreement. This Rider is being signed because the Area Development Agreement contemplates or requires you to maintain a place of business the State of Virginia.

2. **FEE DEFERRAL**. The following is added to the end of Section 3 of the Area Development Agreement:

> Pursuant to an order of the Virginia State Corporation Commission's Division of Securities and Retail Franchising, we will defer the collection of the Development Fee and other initial payments owed by you to us or our affiliates until we have completed all of our pre-opening obligations under this Agreement and the first Restaurant developed pursuant to this Agreement commences operations.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

BISCUIT BELLY FRANCHISING LLC	________________________________ **[Franchisee]**
By:____________________________	By:____________________________
Name:__________________________	Name:__________________________
Title:___________________________	Title:___________________________
EFFECTIVE DATE:______________	Date: ___________________________

EXHIBIT H

LIST OF FRANCHISEES

LIST OF EXISTING FRANCHISEES AS OF DECEMBER 25, 2022

Sl. No	Name	Address	Phone number
1.	BB Hoover, LLC *	1031 Brock's Gap Parkway, Hoover, AL 35244	(205) 402-8126
2.	Fresh Development One LLC	3330 Cobb Parkway Northwest Acworth, GA 30101	(770) 766-1500
3.	Shoffner Family Foods, LLC	652 E Main St, Lexington KY 40502	(859) 303-4654

** This franchisee opened its Restaurant after December 25, 2022*

LIST OF EXISTING FRANCHISEES WHO HAVE SIGNED FRANCHISE AGREEMENT AS OF DECEMBER 25, 2022 BUT RESTAURANT NOT OPENED

Sl. No	Name	Address	Phone number
1.	Sunshine Eats Inc. *	2710 Carl T Jones Dr., Suite 302, Huntsville, AL 35802	(256) 824 - 9896

** This franchisee opened its Restaurant after December 25, 2022*

LIST OF FRANCHISEES WHO LEFT THE FRANCHISE SYSTEM OR HAVE NOT COMMUNICATED WITH US IN THE TEN WEEKS PRIOR TO THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT

None.

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

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

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

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

State	Effective Date
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	April 20, 2023
Minnesota	Pending
New York	Pending
Virginia	Pending
Wisconsin	April 20, 2023

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
(OUR COPY)

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

If Biscuit Belly Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Biscuit Belly Franchising LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

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

Issuance Date: **April 20, 2023**

The franchisor is Biscuit Belly Franchising LLC, 2600 Valley Vista Rd Louisville, KY 40205. Tel: (706) 255-3870. The franchise seller for this offering is:

❑ **Chad Coulter** Biscuit Belly Franchising LLC 2600 Valley Vista Rd Louisville, KY 40205 (706) 255-3870	❑ **Charles Schnatter** Biscuit Belly Franchising LLC 2600 Valley Vista Rd Louisville, KY 40205 (706) 255-3870	❑**Lauren Coulter** Biscuit Belly Franchising LLC 2600 Valley Vista Rd Louisville, KY 40205 (706) 255-3870	______________________ Biscuit Belly Franchising LLC 2600 Valley Vista Rd Louisville, KY 40205 (706) 255-3870

See Exhibit A for Biscuit Belly Franchising LLC's registered agents authorized to receive service of process.

I have received a disclosure document dated **April 20, 2023** that included the following Exhibits:

Exhibit A	State Administrators/Agents for Service of Process	Exhibit F	Sample General Release
Exhibit B	Franchise Agreement	Exhibit G	State Addenda and Agreement Riders
Exhibit C	Area Development Agreement	Exhibit H	List of Existing Franchisees and Franchisees Who Have Left the System
Exhibit D	Financial Statements	Exhibit I	Receipts
Exhibit E	Representations and Acknowledgement Statement		

____________________ Date	__________________________ Signature	________________________ Printed Name
____________________ Date	__________________________ Signature	________________________ Printed Name

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or email, to Chad Coulter, Biscuit Belly Franchising LLC, 2600 Valley Vista Rd Louisville, KY 40205. Phone: (706) 255-3870, franchising@biscuit-belly.com

RECEIPT
(YOUR COPY)

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

If Biscuit Belly Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Biscuit Belly Franchising LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

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

Issuance Date: **April 20, 2023**

The franchisor is Biscuit Belly Franchising LLC, 2600 Valley Vista Rd Louisville, KY 40205. Tel: (706) 255-3870. The franchise seller for this offering is:

❑ **Chad Coulter**	❑ **Charles Schnatter**	❑**Lauren Coulter**	______________________
Biscuit Belly Franchising LLC	Biscuit Belly Franchising LLC	Biscuit Belly Franchising LLC	Biscuit Belly Franchising LLC
2600 Valley Vista Rd	2600 Valley Vista Rd	2600 Valley Vista Rd	2600 Valley Vista Rd
Louisville, KY 40205	Louisville, KY 40205	Louisville, KY 40205	Louisville, KY 40205
(706) 255-3870	(706) 255-3870	(706) 255-3870	(706) 255-3870

See Exhibit A for Biscuit Belly Franchising LLC's registered agents authorized to receive service of process.

I have received a disclosure document dated **April 20, 2023** that included the following Exhibits:

Exhibit A	State Administrators/Agents for Service of Process	Exhibit F	Sample General Release
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Exhibit C	Area Development Agreement	Exhibit H	List of Existing Franchisees and Franchisees Who Have Left the System
Exhibit D	Financial Statements	Exhibit I	Receipts
Exhibit E	Representations and Acknowledgement Statement		

__________________	______________________	______________________
Date	Signature	Printed Name
__________________	______________________	______________________
Date	Signature	Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.