

## FRANCHISE DISCLOSURE DOCUMENT



**Your Pie Franchising, LLC**  
a Georgia limited liability company  
13010 Morris Road, Suite 100  
Alpharetta, Georgia 30004  
(706) 850-5304  
e-mail: [kcaldwell@yourpie.com](mailto:kcaldwell@yourpie.com)  
website: [www.yourpie.com](http://www.yourpie.com)

As a franchisee, you will operate a restaurant under the “YOUR PIE” name that offers premium pizza, salads, paninis, Italian gelato and related products.

The total investment necessary to begin operation of a Your Pie Restaurant ranges from \$362,750 to \$721,500 plus real estate purchase or rental costs. This includes \$35,000 that must be paid to us or our affiliate(s). For multi-store development rights, you must pay us the cumulative amount of the initial franchise fee multiplied by the number of Your Pie Restaurants you commit to develop. The initial franchise fee due under the Development Rights Rider for each Your Pie Restaurant ranges from \$25,000 per Restaurant for a commitment of 5 or more Your Pie Restaurants to \$28,333 per Restaurant for a commitment of 3 or 4 Your Pie Restaurants.

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 Disclosure 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 Ken Caldwell at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 or by telephone at (706) 850-5304.

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

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

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

Issuance date of this Franchise Disclosure Document: April 9, 2021.

## 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:

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

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

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

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

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

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS 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 FRANCHISED 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 FRANCHISEE 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 \$100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE 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.**

\* \* \* \*

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATIONS AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

\* \* \* \*

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

STATE OF MICHIGAN DEPARTMENT OF ATTORNEY GENERAL  
CONSUMER PROTECTION DIVISION  
ATTN: FRANCHISE SECTION  
670 G. MENNEN WILLIAMS BUILDING, 1<sup>ST</sup> FLOOR  
LANSING, MICHIGAN 48913  
TELEPHONE NUMBER (517) 335-7567

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**EXHIBITS**

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Franchise Agreement (including Exhibit A – Listing of Ownership Interest; Exhibit B – Premises and Territory; and Exhibit C - Guaranty and Assumption of Obligations)
Exhibit C	Development Rights Rider to Franchise Agreement
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Exhibit I	Franchisee Disclosure Questionnaire

## **Item 1**

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

To simplify the language in this Disclosure Document, “we,” “us,” or “our” means Your Pie Franchising, LLC, the franchisor. “You” means the person to whom we grant a franchise. If you are a corporation, partnership, limited liability company, or other entity, your owners must sign our “Guaranty and Assumption of Obligations,” which means that the provisions of our Franchise Agreement (Exhibit B) will also apply to your owners. (See Item 15)

We were organized under the laws of the State of Georgia on March 25, 2010 under the name Your Supply Company, L.L.C. (“Your Supply”). Our principal business address is 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004. Until July 2013, our principal business purpose was to manufacture and sell certain Trade Secret Food Products (as defined below) to distributors who would, in turn, sell the Trade Secret Food Products directly to our franchisees. However, in July 2013, we became the owner and franchisor of the Your Pie brand, concept and franchise system as part of a series of corporate changes undertaken to facilitate a minority investment in us by a private equity firm based in Atlanta, Georgia (the “Transaction”). As a result of the minority investment, we changed our name to Your Pie Franchising, LLC, and all of the assets associated with the Your Pie brand, concept and franchise system, including existing franchise agreements and intellectual property (including all trademarks, service marks and commercial symbols), were contributed to us.

As a result of the Transaction, we operate under the trade name “Your Pie” and the trademarks described in Item 13 (the “Marks”) and no other name. We have offered Your Pie franchises since September 2013. We have no other business activities, and have not offered franchises in other lines of business.

Our predecessor, Your Pie Franchising, Inc., was incorporated under the laws of Georgia on July 16, 2008, and, subsequent to the Transaction, changed its name to Your Pie Holdings, Inc. (the “Predecessor”). The owners of our Predecessor prior to the Transaction collectively remain our majority owners after the Transaction. Its principal business address is 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004. Our Predecessor offered franchises for Your Pie Restaurants from August 2008 through July 2013. Our Predecessor has not engaged in other business activities, and has not offered franchises in any other lines of business.

Neither we nor our Predecessor has conducted a business of the type being offered through this Disclosure Document. However, certain of our owners have formed entities in which they own and operate Your Pie Restaurants.

If we have an agent in your state for service of process, we disclose that agent in Exhibit A.

Except as described above, we have no parents, predecessors or affiliates required to be included in this Item.

We grant franchises for restaurants operating under the “Your Pie” name and other Marks. For reference purposes in this Disclosure Document, we call the restaurants in our franchise system

(the “System”) “Your Pie Restaurants,” and we call the Your Pie Restaurant that you will operate the “Restaurant”.

Your Pie Restaurants offer premium pizza, salads, paninis, Italian gelato, beverages (including beer and wine), and other products designated by us (collectively, “Menu Items”). Your Pie Restaurants operate mostly at stores located in strip shopping centers and other street-level retail locations in both in-town commercial areas and suburban areas.

Menu Items are prepared according to specified recipes and procedures and use high quality ingredients, including our specially-formulated and specially-produced proprietary sauces, ingredients, and other food items (collectively, “Trade Secret Food Products”). If you acquire a franchise, you must operate your Restaurant according to our business formats, methods, procedures, signs, designs, layouts, standards and specifications.

We also may grant multi-unit development rights to qualified franchisees, who then may develop multiple Your Pie Restaurants within a defined area over a specific time period or according to a pre-determined development schedule. We use our Development Rights Rider, incorporated into this Disclosure Document as Exhibit C, to facilitate multi-unit development. Franchisees who execute a Development Rights Rider may open and operate Your Pie Restaurants directly or through controlled affiliates; however, multi-unit franchisees must sign our then-current form of Franchise Agreement for each Your Pie Restaurant they develop. Our Development Rights Rider is structured as an amendment to our Franchise Agreement.

Your Restaurant will offer products and services to the general public throughout the year and compete with other food chains (local, regional, and national), restaurants, grocery stores, food service businesses and other local businesses that sell similar products. The market for our type of products and services is well-developed and very competitive in most areas. Despite this competition, we believe that Your Pie Restaurants appeal to consumers because of, among other items, our freshly-prepared products and high quality service.

There are no regulations that are specific to a restaurant like ours. You must comply with all local, state and federal laws that apply to your Restaurant operations, including health, sanitation, no smoking, licensing, Occupational Safety and Health Administration (“OSHA”) and Equal Employment Opportunity Commission (“EEOC”) discrimination, employment and sexual harassment laws. Various federal and state agencies, including the U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health and sanitation agencies, have regulations for the preparation of food and the condition of restaurant facilities. You must also comply with laws that apply generally to all businesses such as federal and state wage and hour and related laws. The Americans with Disability Act of 1990 requires readily accessible accommodations for disabled individuals and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. If you sell beer and wine at your Restaurant, you may also have liability under Dram Shop laws for injuries related to the sale and consumption of alcoholic beverages. You will have to obtain certain permits, licenses, alcoholic beverage licenses, and approvals to do so, and your Restaurant will have to undergo periodic health inspections. You must ensure that your point-of-sale system or your credit card processing terminals (whichever are responsible for processing credit card transactions) are in compliance with the most current Payment Card Industry (PCI) standards. You

are solely responsible for complying with these standards and applicable regulations in a timely manner and for all costs of maintaining compliance. We do not assume any responsibility for advising you on these regulatory or legal matters. You should consult with your attorney concerning these and other local laws and ordinances that may affect your restaurant operations.

## **Item 2**

### **BUSINESS EXPERIENCE**

#### **Founder, Director, and President: Drew French**

Since July 2013, Mr. French has been our Director and President. Mr. French founded the Your Pie concept in 2008. Since November 2007, Mr. French has been the Managing Member for Lineage Group, LLC, the operator of the Your Pie location in Athens, Georgia (“Lineage”). He serves in his present capacities in the Atlanta, Georgia metro area.

#### **Chief Executive Officer: David McDougall**

Since November 2019, Mr. McDougall has been our Chief Executive Officer. From November 2018 to November 2019, Mr. McDougall served as our Chief Operating Officer. From January 2013 to May 2018, Mr. McDougall was the Chief Executive Officer of Back Yard Burgers in Nashville, Tennessee. He serves in his present capacity in the Atlanta, Georgia metro area.

#### **Chief Marketing Officer: Lisa Dimson**

Since September 2019, Ms. Dimson has been our Chief Marketing Officer. From February 2017 until July 2019, Ms. Dimson served as the Chief Executive Officer of Fab’rik LLC in Atlanta, Georgia. From June 2016 to February 2017, Ms. Dimson served as Strategic Marketing Partner for Fishbowl Analytics in Alexandria, Virginia. She serves in her present capacity in the Atlanta, Georgia metro area.

#### **Vice President - Development: Kenneth B. Caldwell**

Since August 2013, Mr. Caldwell has been our Vice President - Development. He serves in his present capacity in the Atlanta, Georgia metro area.

#### **Vice President of Operations and Support: Michael K. Tillis**

Since October 2020, Mr. Tillis has been our Vice President of Operations and Support. He was Chief Operations Officer of Star Chain, Inc., a position he held from September 2017 to January 2020. From July 2009 to September 2017, he was a Franchise Business Consultant for Checkers. He serves in his present capacity in the Atlanta, Georgia metro area.

#### **Chairman of the Board: David Barr**

Since July 2013, Mr. Barr has been our Chairman of the Board of Directors. He served as the Chairman of the International Franchise Association from 2019 to 2020. Mr. Barr is also Partner of Franworth, a company that assists developing franchisors (since May 2016); Board

Member of Capriotti's Sandwich Shop, Inc., a franchisor of premium sandwich shops (since December 2015); Board Member of Chicken Salad Chick, a franchisor of specialty restaurants (since January 2020); Board Member for Brightstar Care, a home health service franchisor (since August 2013); Board Member of Domino's Pizza – China, developer for Domino's brand in China (since July 2017); Board Member of Outwest Restaurant Group, multi-unit franchisee of Outback Steakhouse restaurants (since April 2021); Board Member of Farm Burger, owner and operator of specialty restaurants (since June 2012); Board Member of Column Health, owner and operator of treatment centers in the New England area (since October 2020); Chairman of Retail Credit Solutions, the administrator of private label credit card solutions (since November 2006); and Chairman of the Board of PMTD Restaurants LLC, a multi-unit franchisee of KFC and Taco Bell restaurants (since September 1998). He serves in his present capacities in Marietta, Georgia.

**Director: James (Bucky) Cook, IV**

Since July 2013, Mr. Cook has been our Director. From July 2013 to November 2019, Mr. Cook also served as our Chief Executive Officer. He serves in his present capacity in the Atlanta, Georgia metro area.

**Director: Allen French**

Since July 2013, Dr. French has been our Director. Since November 2007, Dr. French has been a Member of Lineage. He serves in his present capacities in the Atlanta, Georgia metro area.

**Director: Michael A. Lonergan**

Since July 2013, Mr. Lonergan has been our Director. Since July 2010, Mr. Lonergan has served as the Managing Director of Georgia Oak Partners, LLC in Atlanta, Georgia. He serves in his present capacity in Atlanta, Georgia.

**Director of Technology: Kevin Altman**

Mr. Altman has been our Director of Technology since October 2020. Prior to that, Mr. Altman has been our Director of Operations from October 2016 to October 2021. Mr. Altman served as our Operation Manager from January 2014 to October 2016. He serves in his present capacity in the Atlanta, Georgia metro area.

**Director of Training: Ashley Williams**

Since September 2019, Ms. Williams has been our Director of Training. From June 2006 to September 2019, Ms. Williams served as Corporate Trainer for Outback Steakhouse in Tampa, Florida. She serves in her present capacity in the Atlanta, Georgia metro area.

**Item 3**

**LITIGATION**

No litigation is required to be disclosed in this Item.

#### **Item 4**

### **BANKRUPTCY**

**In re Star Chain, Inc., et al [Chapter 11 Case No. 19-65768-WLH]**. On October 2, 2019, Star Chain, Inc. filed a voluntary petition for relief under Chapter 11 of the United States Code (the “**Bankruptcy Code**”) with the United States Bankruptcy Court for the Northern District of Georgia (the “**Bankruptcy Court**”). The petition was filed by Star Chain, Inc., Omer Casurlik, and 25 affiliated “US Star” debtors (the “**Debtors**”). Star Chain, Inc.’s address and principal place of business was located at 11735 Point Place, Roswell, Georgia 30076. The Debtors owned and operated fast food franchised outlets under the brands “Captain D’s”, “Yogli Mogli” and “Checkers Drive-In Restaurants”. The franchised outlets were either closed or the assets were sold during the pendency of the bankruptcy filing. The Bankruptcy Court found that dismissal was appropriate under Bankruptcy Code Section 1112(b), and entered such dismissal on October 2, 2020. The case was closed on October 10, 2020. *We have no affiliation or other involvement with Star Chain, Inc. and the Debtors, except that our Vice President of Operations and Support, Michael K. Tillis, served as an officer for Star Chain, Inc. from September 2017 to January 2020.*

Other than above, no bankruptcy information is required to be disclosed in this Item.

#### **Item 5**

### **INITIAL FEES**

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. Our standard initial franchise fee currently is \$35,000. The initial franchise fee under the Franchise Agreement is fully earned when paid and is not refundable under any circumstances, except as provided below.

If we determine that any of your required trainees cannot complete initial training to our satisfaction, we may require you to (i) designate or hire new trainees, and/or (ii) have the trainees take additional training (which may require the payment of additional costs) conducted by us or third parties (“**Required Action**”). If you fail to take the Required Action, we may terminate the Franchise Agreement and keep 50% of the initial franchise fee. We will return the other 50% to you if you sign our required form of release of claims.

During our 2020 fiscal year, franchisees paid us initial franchise fees ranging from \$10,000 to \$35,000. Reduced initial franchise fees were based on incentives offered to existing franchisees during 2020 to encourage development during COVID-19.

As part of the commitment to develop multiple Your Pie Restaurants, the Development Rights Rider to the Franchise Agreement will set forth the minimum number of Your Pie Restaurants you will develop and the dates by which each you must develop each one. When you sign the Development Rights Rider, you will be required to pay, in a lump sum, an amount equal to the initial franchise fee for a Your Pie Restaurant franchise multiplied by the number of Your Pie Restaurants you commit to develop and open under the Development Rights Rider, including

the first Your Pie Restaurant that is the restaurant to be developed under your initial Franchise Agreement with us.

For franchisees that sign a Development Rights Rider, we offer a reduction in the initial franchise fee for each Your Pie Restaurant to be developed under the Development Rights Rider, as follows:

<b>TOTAL NUMBER OF YOUR PIE RESTAURANTS THAT YOU COMMIT TO OPEN UNDER THE DEVELOPMENT RIGHTS RIDER</b>	<b>INITIAL FRANCHISE FEE FOR EACH YOUR PIE RESTAURANT TO BE DEVELOPED UNDER THE DEVELOPMENT RIGHTS RIDER</b>
3 or 4 Your Pie Restaurants	\$28,333
5 or more Your Pie Restaurants	\$25,000

You will not receive any discount based on any Franchise Agreement that you signed before signing the Development Rights Rider. Fees paid under the Development Rights Rider are fully earned when received by us and are not refundable under any circumstances.

Except as noted above, you do not pay us or our affiliates any other fees or payments for services or goods before your Restaurant opens.

**Item 6**

**OTHER FEES**

(1) Type of Fee <sup>1</sup>	(2) Amount	(3) Due Date	(4) Remarks
Continuing Service and Royalty (“ <u>Royalty</u> ”)	5% of Restaurant’s Gross Sales	Bi-weekly, on or before the 3rd day after the corresponding bi-weekly period (as the bi-weekly periods are determined by us for each year) <sup>2</sup>	See Note 1
Contributions to Advertising and Development Fund (the “ <u>Fund</u> ”)	An amount designated by us, which will not exceed 2% of Gross Sales	Bi-weekly, on or before the 3rd day after the corresponding bi-weekly period (as the bi-weekly periods are determined by us for each year)	See Item 11 for a detailed discussion about the Fund. <i>Current Fund contribution is 2% of Gross Sales.</i>
Local Advertising Spending Requirement <sup>4</sup>	Local Advertising Spending Requirement will be 4.5% of Restaurant’s Gross Sales less the then-current Fund contribution, but never to be less than 2.5% of Restaurant’s Gross Sales nor more than 3.5% of Restaurant’s Gross Sales	Bi-weekly, on or before the 3rd day after the corresponding bi-weekly period (as the bi-weekly periods are determined by us for each year). Local Advertising Spending Requirement commences with the first full month after the opening of the Restaurant.	In addition to your grand opening advertising obligation, you agree to spend a minimum percentage of your Restaurant’s Gross Sales each calendar year to market and promote your Restaurant in accordance with our guidelines. You must spend each month an amount equal to the then-current Local Advertising Spending Requirement percentage of the preceding month’s Gross Sales. You will receive a credit against your Local Advertising Spending Requirement for contributions you made to any cooperative program for your market during the applicable year.



<b>(1) Type of Fee<sup>1</sup></b>	<b>(2) Amount</b>	<b>(3) Due Date</b>	<b>(4) Remarks</b>
Cooperative Advertising Program Contribution	An amount based on your Restaurant's Gross Sales specified by 50% or more of the Restaurants operating in the advertising cooperative area; provided, however, the amount of the contribution may not exceed an amount we designate	<i>Currently, we do not collect these fees.</i>	If an advertising cooperative is established for your area, you must pay this amount to the cooperative program. Contributions to the cooperative program will be credited toward the Local Advertising Spending Requirement (but not toward the Fund contribution). All members of an advertising cooperative (whether a franchisee-owned, company-owned or affiliate-owned Restaurant) have equal voting rights on all matters brought before the advertising cooperative for a vote, including matters relating to the amount of required contributions, but the maximum contribution cannot exceed an amount we designate.
Additional Training or Assistance	Currently, we charge \$100 per day plus expenses for training at our location and \$250 per day plus expenses for training at your Restaurant	When training or assistance begins	We provide initial training for a total of 3 people at no cost (see Item 11). We may charge you for initial training for individuals in excess of 3; for training newly-hired personnel; for refresher training courses; for the annual convention; and for additional or special assistance or training you need or request.
Renewal fee	\$5,000	Before renewal	Payable when, and if, you acquire a successor franchise term. There are other conditions to acquire a successor franchise term (see Item 17 of this Disclosure Document).
Transfer	\$10,000	Before transfer completed	No transfer fee is payable if the Franchise Agreement is transferred to an entity you control
Compliance Fee	\$1,000	On demand	We may charge \$1,000 if your Restaurant is not in compliance with our System specifications or the Franchise Agreement and you fail to correct the non-compliance after 14 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.

<b>(1) Type of Fee<sup>1</sup></b>	<b>(2) Amount</b>	<b>(3) Due Date</b>	<b>(4) Remarks</b>
Product and Service Purchases	See Item 8	See Item 8	You will buy products and services from us; our affiliates; designated and approved vendors whose items meet our standards and specifications; and/or other suppliers to the industry. We may be the sole supplier for some of these products and services.
Supplier/Product Evaluation Testing Fee	A fee not to exceed the reasonable cost of our inspection of the supplier's facility and the actual cost of our product testing. The actual cost will depend on what is necessary to evaluate the product. We estimate that this amount could be \$2,500 for a more significant product.	When billed	This covers the costs of testing new products or inspecting new suppliers you propose
Computer Systems, Maintenance, and Support	Costs of Service	As incurred	We or a third party may charge you a fee for any proprietary software or technology that we, our affiliates or a third-party license to you and for other maintenance and support services that we or a third party might provide in the future. <i>Currently; we do not provide these services, but may charge you for them if we choose to provide them in the future.</i>
Audit	Cost of inspection or audit	10 days after billing	Due if you do not give us reports, supporting records, or other required information or understate required Royalties or Fund contributions by more than 2%
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows	As incurred	Due on all overdue amounts

<b>(1) Type of Fee<sup>1</sup></b>	<b>(2) Amount</b>	<b>(3) Due Date</b>	<b>(4) Remarks</b>
Reimbursement for our expenses related to maintenance and refurbishment of Restaurant	You must reimburse our expenses.	As incurred	If, after we notify you, you do not undertake efforts to correct deficiencies in the Restaurant's appearance, we can undertake the repairs, and you must reimburse our expenses. We are under no obligation to take action to correct your deficiencies.
Insurance	You must reimburse our costs	As incurred	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us.
Insufficient Funds Processing Fee	\$200	As incurred	Due if you have insufficient funds in your account to cover a payment, or, if you pay by check, a check is returned for insufficient funds
Late Fee	\$500	As incurred	If you fail to pay any amounts owed to us under the Franchise Agreement or report Gross Sales in a timely manner, in addition to having the right to charge you interest, we have the right to charge you a late fee. (Gross Sales reports are due by the second Monday following the close of each accounting period.) The late fee will be assessed during the week following a missed deadline. All late fees actually recovered by us will be contributed to the Fund.
Management Fee	\$500 per person per day (plus costs and expenses)	As incurred	Due when we (or a third party) manage the Restaurant after your or your Operating Manager's death or disability or after your default or abandonment

(1) Type of Fee <sup>1</sup>	(2) Amount	(3) Due Date	(4) Remarks
Liquidated Damages	The greater of the average annual amount of the Royalty for the 2 years preceding the termination date, or the Royalties paid to us for the 12-month period preceding the termination date (if the Restaurant has not been opened for at least 12 months, the average monthly Royalty paid to us for the months the Restaurant has been open multiplied by 12), multiplied by either 3.5 or the number of years left under the term of the Franchise Agreement, whichever is less	On the effective date of termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement due to your default under the Franchise Agreement. You must pay us liquidated damages in addition to any other monetary obligations that you have to us under the Franchise Agreement as of the date of termination.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your Restaurant's operation.

**Explanatory Notes**

1. "Gross Sales" means the aggregate of all moneys and receipts derived from (i) all products prepared and services performed at your Restaurant, including all delivery and catering charges not included in the price of Menu Items; (ii) sales and orders made, solicited or received at your Restaurant, including delivery, catering, and online orders; (iii) all other business whatsoever conducted or transacted at or from your Restaurant; (iv) all other revenues derived from the exploitation of the System and/or the Marks by you; and (v) insurance proceeds and/or condemnation awards for loss of sales, profits or business, and whether these Gross Sales are evidenced by cash, credit, check, gift card or gift certificates, services, property or other means of exchange. However, there shall be excluded from

Gross Sales (a) all sales taxes imposed by governmental authorities directly on sales and actually collected from customers, provided such taxes are added to the selling price and are, in fact, paid by you to the appropriate governmental authority; and (b) the amount of discounts to customers in the form of coupon sales and redemptions up to 4% of Gross Sales, provided the related sales have been included in Gross Sales. For any orders of products placed by customers using third-party delivery service providers (e.g., GrubHub, ezCater, Waitr, DoorDash, Uber Eats, Postmates, Foodsby) (a “TPDS”), Gross Sales shall include the purchase price of the products charged to the customer by such TPDS (which shall include any fee that is incorporated into or deducted from the menu price of the products and shall not be adjusted to reflect any discounts, credits, or coupons deducted from the customer’s total order by the TPDS), regardless of the amount of revenue actually received from the TPDS as a result of the customer’s purchase. For avoidance of doubt, the TPDS may pay you an amount equal to the purchase price charged for the products to the customer less a commission, other fees, and any discounts, credits, or coupons applied to the order, and such commission, fees, discounts, credits, and coupons will not be deducted from Gross Sales. Notwithstanding the foregoing, Gross Sales shall not include any separate fee charged by the TPDS directly to the customer that appears as a separate line item charge on the customer’s bill. Cash refunds and credit given to customers shall be deducted in computing Gross Sales to the extent that this cash and credit represent amounts previously included in Gross Sales and on which a Royalty was previously paid. Gross Sales shall be deemed to be realized by you at the time of the sale or delivery of the products, merchandise or services, irrespective of the time when you actually receive your payment. Gross Sales consisting of property or services shall be valued at their fair market value at the time the property or services were received by or for the account of you. Royalties, advertising fees and all other fees or amounts payable to us may be withdrawn by us from a bank account specified by you by means of an electronic funds transfer.

2. Except for product and service purchases described in Item 8, and except as otherwise noted in this Item 6, all fees are imposed and collected by and payable to us. Except as noted above, all fees are uniform and non-refundable.
3. Before your Restaurant opens, you must sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Royalty, Fund contributions, and other amounts due under the Franchise Agreement and for your purchases from us and/or our affiliates (the “Electronic Depository Transfer Account” or “EDTA”). We will debit the EDTA for these amounts on their due dates. Funds must be available in the EDTA for withdrawal. We may require payment other than by automatic debit, and you must comply with our payment instructions.

If you do not report the Restaurant’s Gross Sales, we may debit your EDTA for 120% of the last Royalty and Fund contribution that we debited. If the amounts we debit are less than the amounts you actually owe us, we will debit your EDTA for the balance on the day we specify. If the amounts we debit are greater than the amounts you actually owe us, we will credit the excess against the amounts that we otherwise would debit from your EDTA during the following week.

4. All advertising and promotional materials that you develop for your Restaurant must contain notices of our website's domain name in the manner we designate. 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. You will also be required to spend at least \$10,000 to advertise and promote your Restaurant during a grand opening period we designate.

**Item 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

(1) <b>Type of expenditure</b>	(2) <b>Amount</b>	(3) <b>Method of payment</b>	(4) <b>When due</b>	(5) <b>To whom payment is to be made</b>
Initial Franchise Fee (1)	\$35,000	Lump Sum	Upon signing Franchise Agreement (and, if applicable, Development Rights Rider)	Us
Real Estate/Rent (2)	See Note 2	See Note 2	See Note 2	Landlord
Utility and Security Deposits (2)	\$2,500 - \$12,000	As Agreed	As Incurred	Utility Companies, Landlord
Leasehold Improvements (3)	\$113,750 - \$358,000	As Agreed	As Incurred	Outside Suppliers
Computer System	\$6,000 - \$9,000	As Agreed	As Incurred	Outside Suppliers
Furniture, Fixtures, and Equipment (4)	\$150,000 - \$214,000	As Agreed	As Incurred	Outside Suppliers
Signage	\$4,000 - \$15,000	As Agreed	As Incurred	Outside Suppliers
Professional Fees	\$2,000 - \$6,000	As Agreed	As Incurred	Lawyers, Accountants and other Advisors

(1) Type of expenditure	(2) Amount	(3) Method of payment	(4) When due	(5) To whom payment is to be made
Architectural Plans and Civil Engineer (5)	\$8,000 - \$11,000	As Agreed	As Incurred	Architect and Civil Engineer
Office Equipment and Supplies (6)	\$1,500 - \$3,500	As Agreed	As Incurred	Outside Suppliers
Business Licenses and Permits (7)	\$2,500 - \$7,000	As Agreed	As Incurred	Government Agencies
Opening Inventory and Supplies (8)	\$10,000	As Agreed	As Incurred	Designated and Approved Suppliers, Us
Grand Opening Marketing (9)	\$10,000	As Incurred	As Incurred	Advertising Sources
Training Expenses (out-of-pocket costs for 3 people)	\$7,000 - \$9,000	As Incurred	As Incurred	Third Parties
Insurance – 3 months (10)	\$500 - \$2,000	As Incurred	As Incurred	Insurance Company
Additional Funds - 3 months (11)	\$10,000 - \$20,000	As Incurred	As Incurred	
<b>TOTAL ESTIMATED INITIAL INVESTMENT (excluding real estate costs) (12)</b>	\$362,750 - \$721,500			

### **Explanatory Notes**

The above chart contains estimates of a franchisee's total initial investment in one Your Pie Restaurant, based upon our experience franchising Your Pie Restaurants. The chart should be read in conjunction with the following notes.

\* All amounts listed in the above table are nonrefundable, except that a portion of the initial franchise fee is refundable if we determine that your required trainees cannot complete initial training to our satisfaction and we decide to terminate the Franchise Agreement. (See Item 5.)

1. We describe the initial franchise fees in Item 5 including the manner in which fees are calculated under the Development Rights Rider. No separate investment is required when you sign the Development Rights Rider.
2. A Your Pie Restaurant occupies approximately 2,300 to 3,000 square feet of space. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors and could be considerably higher in large metropolitan areas. Your Pie Restaurants can be located in strip shopping centers, free-standing units, and other venues in downtown commercial areas and in residential areas.

We anticipate that you will rent the Restaurant's premises. It is possible, however, that you might choose to buy, rather than rent, real estate on which a building suitable for the Restaurant already is constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of the numerous variables that affect the value of a particular piece of real estate, this initial investment table does not reflect the potential cost of real estate.

3. Leasehold improvement costs, including floor covering, wall treatment, counters, ceilings, painting, window coverings, electrical, carpentry, and similar work, and architect's and contractor's fees, depend on the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your Restaurant; and any construction or other allowances the landlord grants. This assumes no landlord allowances are provided.
4. These amounts are for new equipment for the Restaurant, including ovens, refrigerators, freezers, small wares, stereo system, security system, televisions, tables, chairs, and millwork.
5. The architect will provide architectural services relating to the Restaurant building. The civil engineer will provide engineering services in conjunction with the architect and contractor.
6. This includes a small desk and chair, safe, adding machine, printer, fax machine, and telephone system.
7. The estimate includes the costs and expenses you will incur to obtain legal counsel to assist you with obtaining your business licenses and permits from state and local authorities. You must sell beer and wine at your Restaurant and you will need any required license to sell alcoholic beverage at your Restaurant ("Alcoholic Beverage Licenses"). The types of Alcoholic Beverage Licenses you need and the amount necessary to obtain the Alcoholic Beverage Licenses will vary widely among municipalities and will depend on the local governing authority involved. This estimate as it relates to Alcoholic Beverage Licenses is based solely on Your Pie Restaurants developed by certain of our owners in Georgia. The costs for Alcoholic Beverage Licenses in your state and municipality may be much higher. You will need to research the Alcoholic Beverage Licenses you will need and factor that into your initial investment.



8. This includes food and beverage products, paper products, cleaning supplies, and printing and other supplies.
9. This is the minimum required amount you must spend on grand opening marketing for your Restaurant. Grand opening advertising takes place shortly before the opening of your Restaurant and for 60 days thereafter or such other period as we may designate.
10. You must obtain and maintain certain types and amounts of insurance. (See Item 8) Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents, and other factors bearing on risk exposure. The estimate contemplates insurance costs for 3 months.
11. This item estimates your initial startup expenses (other than the items identified separately in the table). These expenses include payroll costs but not any draw or salary for you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs depend on how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period.
12. In providing these figures, we relied on our experience supporting franchisees to operate Your Pie Restaurants. We estimate these amounts will be required to cover your initial start-up expenses such as payroll, utilities, additional inventory, and other operating costs for the first three months after opening. However, these figures are merely estimates and there is no assurance that additional working capital will not be necessary during this initial phase or after. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. You may have additional or greater expenses starting your business. In particular, the amount of cash reserves you will need will depend on factors such as your management skill, how well you follow the System, your experience and business expertise, economic conditions, the local market for your business, competition and the performance of your business.

### **Item 8**

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

You must operate the Restaurant according to our mandatory specifications, standards, operating procedures, and rules (the “System Standards”) that we periodically require and which are generally set forth in our Operating Procedures Manual (the “Manual”). System Standards may regulate, among other things, the types, models, and brands of fixtures, furniture, equipment, furnishings, and signs (collectively, “Operating Assets”); products and supplies you must use in operating the Restaurant; unauthorized and prohibited food products, beverages, and services;

inventory requirements; the type of music and/or television programming you play or show; and designated and approved suppliers of Operating Assets, Trade Secret Food Products and other items.

In the case of Trade Secret Food Products, suppliers will be limited to us, our affiliates, and/or other specified exclusive sources, and you must buy Trade Secret Food Products during the franchise term only from us, our affiliates, and/or the other specified exclusive sources at the prices we and they decide to charge. We restrict your sources of Trade Secret Food Products in order to protect our trade secrets, assure quality, assure a reliable supply of products that meet our standards, achieve better terms of purchase and delivery service, control usage of the Marks by third parties, and monitor the manufacture, packaging, processing, and sale of these items. You must purchase from us some of the Trade Secret Food Products. We may make products available directly or indirectly through distributors.

In the case of Operating Assets and items other than Trade Secret Food Products, suppliers could, at our option, be limited to us, our affiliates, and/or other specified exclusive sources, in which case you would have to buy such Operating Assets and other items only from us, our affiliates, and/or the other specified exclusive sources at the prices we or they decide to charge. We have the absolute right to limit the suppliers with whom you may deal. There are currently no suppliers in which any of our officers own an interest.

The Operating Assets include the Computer System (defined in Item 11), which (i) you must purchase (or lease) and (ii) must meet the System Standards. The current Computer System is not proprietary to us and, currently, we do not designate a specific distributor for the Computer System. See Item 11 for details.

Currently, the only product that we provide to the System is dough which is a Trade Secret Food Product that we sell to designated distributors who supply the System. Except as disclosed in this Item 8, there are currently no other goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate or comparable items for establishing or operating the Restaurant that you currently must buy or lease from us (or an affiliate) or designated suppliers. Any purchases from us and our affiliates, whether required or voluntary, generally will be at prices exceeding our costs.

To maintain the quality of the goods and services that Your Pie Restaurants sell and the System's reputation, we may condition your right to buy or lease goods and/or services (besides those described above that you may obtain only from us, our affiliates, and/or other specified exclusive sources) on their meeting our minimum standards and specifications and/or being acquired from suppliers that we approve. We will issue and modify standards and specifications based on our and our franchise owners' experience in operating Your Pie Restaurants. Our standards and specifications may impose minimum requirements for production, performance, reputation, prices, quality, design, and appearance. Our Manual or other communications will identify our standards and specifications. We will notify you and, where appropriate, the suppliers, of our standards and specifications. There might be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be an approved supplier.

If we institute any type of restrictive sourcing program and you want to use any item or service that we have not yet evaluated or to buy or lease from a supplier that we have not yet approved or designated, you first must send us sufficient information, specifications, and samples so that we can determine whether the item or service complies with System Standards or the supplier meets approved supplier criteria. Either you or the proposed supplier must pay us a fee not to exceed the reasonable cost of our inspection of the supplier's facility and the actual cost of our product testing. The actual cost will depend on what is necessary to evaluate the product. We estimate that this amount could be \$2,500 for a more significant product. Within a reasonable time frame after we receive the completed request and after we complete our evaluation and inspection or testing (approximately 30 days), we will notify you in writing of our approval or disapproval of the proposed supplier and/or product. We periodically will establish procedures for your requests and may limit the number of approved items, services, and/or suppliers as we think best.

Supplier approval might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or the System for the right to do business with the System. We may deny approval for any reason, including our determination to limit the number of approved suppliers. We and any other affiliate have the right to receive payments or other material consideration from suppliers on account of their actual or prospective dealings with you and other franchise owners and to use all amounts that we and our affiliates receive without restriction (unless we and our affiliates agree otherwise with the supplier) for any purposes we and our affiliates deem appropriate. Supplier approval might be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new supplier, product, or service.

Insurance. Besides these purchases or leases, you must obtain and maintain, at your own expense, commercial property, comprehensive public liability, general liability, product liability, business interruption, cyber liability, and motor vehicle liability insurance against claims for bodily and personal injury, death, property damage (including losses related to the equipment and leasehold improvements), and financial loss (as applicable) caused by, or occurring in connection with, the operation of your Restaurant. Your insurance policies must contain the minimum liability coverage we require periodically, as detailed in the Manual, and name us as an additional insured party. Premiums depend on the insurance carrier's charges, terms of payment, and your history.

Advertising Materials. You may not use any advertising, signage, promotional, or marketing materials that we have not approved or have disapproved. Before you use any advertising, promotional, and marketing materials that we have not prepared or previously approved, you must send us such materials for review. If you do not receive written disapproval within 10 business days after we receive the materials, they are deemed to be approved.

Restaurant Development. You are responsible for developing the Restaurant. We will give you mandatory and suggested specifications and layouts for a Your Pie Restaurant, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, Operating Assets, and color scheme. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans

with Disabilities Act (“ADA”) or similar rules governing public accommodations for persons with disabilities. You must prepare a site survey and all required construction plans and specifications for the Restaurant’s site and make sure that they comply with the ADA and similar rules, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. We must review and approve all final plans and specifications before you begin constructing the Restaurant and all revised or “as built” plans and specifications during construction. Our review is only to ensure your compliance with our design requirements. We may inspect the Restaurant during its development.

Restaurant Site. We must consent to the location of the Restaurant. We have the right to approve the Restaurant’s lease or sublease and to require that it include certain provisions (listed in Section 2.B. of the Franchise Agreement), including our right to assume or sublease the Restaurant’s location if the franchise is terminated, not renewed or if you lose possession because of your default under the lease.

The Development Rights Rider does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items.

\* \* \*

Collectively, the purchases and leases described above are approximately 95% of your overall purchases and leases in establishing the Restaurant and 65% of your overall purchases and leases in operating the Restaurant.

For the fiscal year ended December 27, 2020, our total revenues from sales of certain Trade Secret Food Products to distributors that sell to our franchisees were \$901,318.56 or 25.81% of our total 2020 revenues of \$3,491,755.40. For the fiscal year ended December 27, 2020, we did not have any revenue from selling products or services directly to our franchisees.

There currently are no purchasing or distribution cooperatives or programs among our franchisees. We have negotiated purchase arrangements with certain suppliers (including price terms).

- We have beverage arrangements with The Coca-Cola Company (“Coca-Cola”) and Dr Pepper/Seven Up, Inc. (“DPSU”) for the supply of fountain beverages and other drinks to the System. Under these arrangements, all our franchisees must pour Coca-Cola and certain Dr Pepper products.
- We have an agreement with SoFo Foods for the supply of certain products.

For the fiscal year ended December 27, 2020, we received \$489,344 in the form of commissions, rebates, sponsorships or other payments from vendors, suppliers or manufacturers based upon franchisees’ purchases from these parties; \$223,956.48 of that amount was contributed directly to the Advertising and Development Fund. This amount is 14.01% of our total 2020 revenues of \$3,491,755.40.

We may receive additional rebates from other vendors. In addition to revenue from rebates, some vendors may contribute to the expenses of our annual convention. We do not provide material benefits to franchisees (for example, renewal or granting additional franchises) based on their purchase of particular products or services or use of particular suppliers.

### Item 9

#### FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT RIGHTS RIDER	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition/lease	Sections 2A and B	Section 6	Items 7, 8, 11, and 12
(b) Pre-opening purchases/leases	Sections 2C, D, and E and 8	Not Applicable	Items 5, 7, 8, and 11
(c) Site development and other pre-opening requirements	Sections 2C, D, E, and F	Not Applicable	Items 7, 8, and 11
(d) Initial and ongoing training	Sections 4A and B	Not Applicable	Items 6, 7, and 11
(e) Opening	Section 2F	Sections 3	Item 11
(f) Fees	Sections 2E, 3, 4A, B, and C, 9, 11B, 12C (7), 12E (2), 14C, 16D, and 17C	Section 5	Items 5, 6, and 7
(g) Compliance with standards and policies/operating manual	Sections 4C and D and 8	Not Applicable	Items 8 and 11

<b>OBLIGATION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SECTION IN DEVELOPMENT RIGHTS RIDER</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
(h) Trademarks and proprietary information	Sections 2E, 5, and 6	Not Applicable	Items 13 and 14
(i) Restrictions on products/services offered	Sections 1C and 8C	Not Applicable	Items 8, 11, 12, and 16
(j) Warranty and customer service requirements	Not Applicable	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	Not Applicable	Sections 2, 3 and 4	Not Applicable
(l) On-going product/service purchases	Sections 2D and E and 8	Not Applicable	Items 6 and 8
(m) Maintenance, appearance, and remodeling requirements	Sections 8 and 13A	Not Applicable	Items 8, 11, 16, and 17
(n) Insurance	Section 8F	Not Applicable	Items 7 and 8
(o) Advertising	Section 9	Not Applicable	Items 6, 7, 8, and 11
(p) Indemnification	Section 16D	Not Applicable	Item 6
(q) Owner's participation/management/staffing	Sections 1B, 4A, and 8E	Not Applicable	Items 11 and 15
(r) Records/reports	Section 10	Not Applicable	Not Applicable
(s) Inspections/audits	Section 11	Not Applicable	Items 6 and 11
(t) Transfer	Section 12	Section 9	Item 17

<b>OBLIGATION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SECTION IN DEVELOPMENT RIGHTS RIDER</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
(u) Renewal	Section 13	Not Applicable	Item 17
(v) Post-termination obligations	Section 15	Not Applicable	Item 17
(w) Non-competition covenants	Sections 7, 12C (13), 12G, and 15D	Not Applicable	Items 15 and 17
(x) Dispute resolution	Sections 17E, F, G, and H	Section 13	Item 17

### **Item 10**

#### **FINANCING**

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

### **Item 11**

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

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

Before you open the Restaurant, we will:

1. Give you certain general guidance in the selection of a location for the Restaurant. The location must meet our minimum criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. We will consent to your proposed location within 15 business days after receiving your description of, and evidence confirming your favorable prospects for obtaining, the proposed location. We will use reasonable efforts to help analyze your market area, to help determine location feasibility, and to assist in designating the location, although we will not conduct location selection activities for you. (Franchise Agreement – Section 2.A.)
2. Approve your Restaurant's lease. You must sign a lease for the Premises within 180 days after the effective date of the Franchise Agreement (Franchise Agreement – Section 2.B.)

If you do not locate and sign a lease or purchase document for an acceptable location for your Restaurant within 180 days after you sign the Franchise Agreement, we may terminate the Franchise Agreement. (Franchise Agreement – Section 14.B.(2))

3. Give you mandatory and suggested specifications and layouts for a Your Pie Restaurant, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. (Franchise Agreement – Section 2.C.)
4. As discussed in Item 8, identify the Operating Assets, Trade Secret Food Products, other food products, and supplies that you must use to develop and operate the Restaurant, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which may be limited to and/or include us, our affiliates, and/or other specified exclusive sources). (Franchise Agreement – Sections 2.D., 2.E., and 8)
5. Make available on loan the Manual in a form we designate. We may provide the Manual (i) in a paper copy, (ii) in a digital form and/or (iii) through electronic, computerized or some other form of access. The current table of contents for the Manual appears as Exhibit E. As of the date of this Disclosure Document, the Manual contains 286 pages. (Franchise Agreement – Section 4.D.)
6. Advise you on the Restaurant's grand opening advertising program. (Franchise Agreement – Section 9.A.)
7. Train up to three of your trainees. One of the trainees must be your Operating Manager (defined below). (Franchise Agreement – Section 4.A.) We describe this training later in this Item.
8. If we grant you development rights, designate a specific number of Your Pie Restaurants you must develop and open at approved locations within your development area. (Development Rights Rider-Sections 2, 3 and 6)

During your operation of the Restaurant, we will:

1. Send one of our representatives to the Restaurant to assist with the Restaurant's opening in a manner and for a period as we determine is appropriate. (Franchise Agreement – Section 4.A.)
2. Advise you regarding the Restaurant's operation based on your reports or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that Your Pie Restaurants use; purchasing required and authorized Operating Assets, Trade Secret Food Products, and other items and arranging for their distribution to you; advertising and marketing materials and programs; employee training; and administrative, bookkeeping, accounting, and inventory control procedures. We will guide you in our Manual, bulletins, or other written materials; by electronic media; by telephone consultation; and/or at our office or the Restaurant. (Franchise Agreement – Section 4.C.)



3. Give you, at your request and as we deem appropriate, additional or special guidance, assistance, and training. (Franchise Agreement – Section 4.C.) (See Item 6)
4. Continue to provide you access to the Manual, which could include audiotapes, videotapes, compact disks, computer software, other electronic media, and/or written materials. . (Franchise Agreement – Sections 4.D. and 8)
5. Issue and modify System Standards for Your Pie Restaurants. We periodically may modify System Standards, which may accommodate regional or local variations, and these modifications may require you to invest additional capital in the Restaurant and/or incur higher operating costs. (See Item 16) (Franchise Agreement – Section 8.I.)
6. Establish, to the fullest extent allowed by applicable law, maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services. We will assist you in evaluating competitive pricing in your specific market area. (Franchise Agreement - Section 8.G.)
7. Inspect the Restaurant and observe its operation to help you comply with the Franchise Agreement and all System Standards. (Franchise Agreement – Section 11.A.)
8. Let you use our confidential information. (Franchise Agreement – Section 6)
9. Let you use our Marks. (Franchise Agreement – Section 5)
10. Periodically offer refresher training courses. (Franchise Agreement – Section 4.B.) (See Item 6)
11. Provide you with notice and our then-current standards if we require you to remodel, expand, redecorate, reequip and/or refurbish the Premises and the Restaurant to reflect changes in the operations of Restaurants that are prescribed to new franchisees. You may be required to remodel, redecorate, reequip, and/or refurbish your Restaurant no more than once every five years. (Franchise Agreement - Section 8.A)

### **Advertising and Development Fund**

We maintain and administer a formal Advertising and Development Fund (the “Fund”) for advertising, marketing, and public relations programs and materials we deem appropriate. You must contribute to the Fund the amounts that we require, which will not exceed 2% of the Restaurant’s Gross Sales during the preceding month. Your Pie Restaurants that we or our other affiliates own will contribute to the Fund on the same basis as franchise owners. We have the right to collect for deposit into the Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Your Pie Restaurants and with whom we have agreed that we will so deposit these allowances. *We currently require that you contribute 2% of the Restaurant’s Gross Sales during the preceding month to the Fund.*

We will direct all programs that the Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement

and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce Website and/or related strategies; administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising; using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Fund may advertise locally, regionally, and/or nationally in printed materials, on radio or television, and/or on the Internet. The Fund may periodically give you samples 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.

We will account for the Fund separately from our other funds and not use the Fund for our general operating expenses. However, we may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund, the Fund's other administrative costs, travel expenses of personnel while they are on Fund business, meeting costs, overhead relating to Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Fund and its programs, including conducting market research; public relations; preparing advertising, promotion, and marketing materials; and collecting and accounting for Fund contributions. During 2020, the Fund spent 24.46% for media placement; 16.49% for general and administrative expenses; 11.30% on production; and 47.75% on technology (including our loyalty app and POS conversions).

The Fund is not our asset. The Fund also is not a trust. We have a contractual obligation to hold all Fund contributions for the benefit of the contributors and to use contributions only for their permitted purposes (described above). We have no fiduciary obligation to you for administering the Fund. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on Fund contributions to pay costs before spending the Fund's other assets. We will not use Fund contributions for advertising that principally is a solicitation for the sale of franchises. We will prepare an annual, unaudited statement of Fund collections and expenses and give it to you upon written request. We may have the Fund audited annually, at the Fund's expense, by an independent certified public accountant. We may incorporate the Fund or operate it through a separate entity when we think best. The successor entity will have all of the rights and duties described here.

The objective of the Fund is to maximize recognition of the Marks and patronage of Your Pie Restaurants. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Your Pie Restaurants, we need not ensure that Fund expenditures in, or affecting, any geographic area are proportionate or equivalent to Fund contributions by Your Pie Restaurants operating in that geographic area or that any Your Pie Restaurant benefits directly or in proportion to its Fund contribution from the development of advertising and marketing materials or the placement of advertising. We may use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. We also may forgive, waive, settle, and compromise all

claims by or against the Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

We may at any time defer or reduce a franchise owner's Fund contributions and, upon 30 days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to franchise owners, and to us and our affiliates, in proportion to their, and our, respective contributions during the preceding 12-month period.

### **Local Advertising Spending Requirements and Cooperative Advertising-Payments and Reimbursements**

In addition to your grand opening obligations and your contributions to the Fund, you must spend a minimum percentage (the "Local Advertising Percentage") of the Restaurant's Gross Sales each calendar year to market and promote your Restaurant in accordance with the Franchise Agreement (Section 9.C.) during that year (the "Local Advertising Spending Requirement"). The Local Advertising Percentage is equal to 4.5% less the then-current Fund contribution percentage (which may vary in accordance with Section 9.B.), but the Local Advertising Percentage will never be less than 2.5% nor more than 3.5%.

Commencing with the first full month that the Restaurant is open and operating, you agree to spend each month, an amount equal to the then current Local Advertising Percentage of the Restaurant's Gross Sales for the preceding month. Your local advertising must follow our guidelines. All advertising and promotional materials developed for your Restaurant must contain notices of our Website's domain name in the manner we designate. You may not develop, maintain, or authorize any Website that mentions or describes you or the Restaurant or displays any of the Marks. Your advertising, promotion, and marketing must 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. Amounts spent on social media advertising may be included as qualifying expenditures for the purpose of meeting your Local Advertising Spending Requirement.

We may designate an advertising coverage area ("ACA") – local or regional – in which 2 or more Your Pie Restaurants are located in order to seek to establish a cooperative advertising program ("Cooperative Program"). An ACA is the area covered by the particular advertising medium recognized in the industry. We may require all Restaurants in the ACA owned by franchise owners, us or our affiliates to participate. We will control the ACA's organization, formation and governance, including the preparation of bylaws. The ACA will begin operating on the date we specify. If an ACA has been established as of the effective date of the Franchise Agreement for the general market area in which your restaurant is located, you automatically become a member of that ACA when you sign the Franchise Agreement, although voting rights and contributions do not begin until your Restaurant opens and begins operation. Each Your Pie Restaurant operating in the ACA will have one vote, including those we or our affiliate operate. If a Cooperative Program is established for your ACA, you must contribute an amount (based on your Restaurant's Gross Sales) to the Cooperative Program specified by 50% or more of the Your Pie Restaurants operating in the ACA; provided, however, the amount of the contribution may not exceed an amount we designate. Contributions to the Cooperative Program will be credited toward

the Local Advertising Spending Requirement (but not toward the Fund contribution). We are not required to prepare financial statements for Cooperative Programs, but we will make available for your review any records showing payments to and expenses of any Cooperative Program in which you participate. The ACA and its members may not use any marketing plans or materials without our prior written consent, and all activities must comply with our guidelines.

All advertising, promotion, and marketing must 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 periodically require. Before you use them, you must send us or our designated agency for review samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval within 10 business days after we or our designated agency receives the materials, they are deemed to be approved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

We or our affiliates may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, “Digital Marketing”) that are intended to promote the Marks, your Restaurant, and the entire network of Your Pie Restaurants. We have the sole right to control all aspects of any Digital Marketing.

Due to the significance we and the pizza industry place on PI(E) DAY, you will be required to participate in our annual March 14th promotion of \$3.14 for each pizza pie sold in your Restaurant on that day.

### **Advertising Councils**

There are currently no franchise advertising councils that advise us on advertising and marketing policies. We may form, change, and dissolve franchise advertising councils. We have a Franchise Advisory Board (“FAB”) that serves as a sounding board on issues, including advertising policies. See Item 20 for additional information on the FAB.

### **Grand Opening**

You must spend at least \$10,000 to advertise and promote the Restaurant during a grand opening period that we designate. You must comply with our guidelines for the grand opening advertising program.

### **Computer System**

You must obtain and use in your Restaurant a computer-based point-of-sale cash register system, which has terminals and a kitchen display screen in the front of the house and at least one server in the “back-of-office” such that there is integration between terminals, and an additional back of house computer to access cloud-based systems as we may specify periodically

(collectively, the “Computer System”). The Computer System must meet our specifications and include software we designate. We estimate that your purchase of the Computer System will cost between \$6000 and \$9,000. The types of data to be generated or stored in the Computer System include sales, labor, product mix, and employee statistics.

You are solely responsible for the acquisition, operation, maintenance, and upgrading of the Computer System.

We estimate that the cost of maintenance and support service for the Computer System is around \$2,000 to \$3,000 per year, but you will need to contact a vendor to determine the scope of the services they offer and the actual cost of those services. The third parties whose Computer System-related products you purchase or lease will generally have no contractual obligations to provide ongoing maintenance, repairs, upgrades or updates unless you obtain a service contract or a warranty that covers the product.

You must have high-speed internet and a functioning email address so that we can send you notices and otherwise communicate with you by this method.

We reserve the right to change the Computer System at any time, and if we do, you will be obligated to implement the new Computer System consistent with our rollout plans. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We have independent, unlimited access to the Computer System.

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 the 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 concerning, the software or technology. We or 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 franchise term, but these fees will be reasonable under the circumstances and priced competitively with similar products and services offered in the marketplace for franchise systems.

## **Opening**

We estimate that it will be 180 to 270 days after you sign the Franchise Agreement before you open the Restaurant, but this assumes that you already have a location for the Restaurant or find one shortly after signing the Franchise Agreement. You must sign a lease for an acceptable location within 180 days after the Franchise Agreement’s effective date. We may terminate the Franchise Agreement if you fail to sign a lease within the 180-day period. The specific timetable for opening depends on the location’s condition; the Restaurant’s construction schedule; the extent to which you must upgrade or remodel an existing location; the delivery schedule for equipment and supplies; completing training; and complying with local laws and regulations.

You may not open the Restaurant until: (1) we notify you in writing that the Restaurant meets our standards and specifications; (2) your trainees complete initial training to our satisfaction; (3) you pay the initial franchise fee and other amounts then due to us; and (4) you give us certificates for all required insurance policies. Subject to these conditions, you must open

the Restaurant at the earlier of (i) 270 days after the Franchise Agreement's effective date or (ii) 180 days after you sign a lease for the location. (Franchise Agreement – Section 2.F.)

If you sign a Development Rights Rider, each proposed location for a Restaurant established under it must be located with the development area identified in the Development Rights Rider. You must open the Restaurant before the date specified in the Development Rights Rider. The proposed location for your Restaurant must be authorized by us and, as part of the process in evaluating the proposed location, you agree to give us all information and materials we request in order to assess each proposed site. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within 15 business days after we receive all requested information and materials.

### **Training**

We will provide initial training for up to three of your trainees. Your trainees will include the individuals detailed below as requiring initial training. If this is your first Your Pie Restaurant, then before the Restaurant opens, you must attend and complete the initial training program to our satisfaction. We also require that at least two individuals that will work full time in the Restaurant to complete initial training to our satisfaction. If you or one of your principal owners will not act as the Operating Manager, the Operating Manager will be one of the two individuals that will work full time in the Restaurant that must complete initial training to our satisfaction. If, after you open your first Restaurant, you open an additional Restaurant, we will not require you (or if you are an entity, your principal owner) to attend initial training in connection with the opening of the subsequent Restaurant, but you must send two trainees to initial training for the subsequent Restaurant. If, however, we have certified one of your Pie Restaurants as a training facility, those employees will be trained at that Your Pie Restaurant.

We will provide 160 hours of initial training (although the specific number of hours depends on our opinion of your experience and needs). We will use the Manual and various Train-the-Trainer instructional materials as we conduct the initial training program. If your trainees cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement and may refund you a portion of the initial franchise fee. (See Item 5.) (Franchise Agreement – Section 4.A.)

Additional people beyond the first three people may attend initial training if you pay our then-current training charge for each additional person. Currently, the training charge is approximately \$2,000 per person. You must also pay (i) for all travel and living expenses that you and your employees incur and (ii) for your employees' wages and workers' compensation insurance while they train. See Item 7 of this Disclosure Document for a discussion of your costs and expenses associated with the initial training program.

Training will occur after you sign the Franchise Agreement and while you are developing the Restaurant. Your trainees must complete initial training to our satisfaction before you may open your Restaurant. Initial training must be completed between 30 and 60 days before you open your Restaurant. As of the date of this disclosure document, we provide the following initial training:

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
<b>Your Pie Leadership Days</b> -Marketing -Financial Management -Labor Management -Technology -Vendor Relations	32	0	Our headquarters in Alpharetta, GA
<b>Your Pie Position Training/ Team Member</b>	0	88	Certified training site designated by us
<b>Your Pie Management/ Operator Training</b> -Opening and Closing -Labor Management -Inventory/ Ordering -Technology/ POS -Food Safety	10	30	Certified training site we designated by us
Totals	42	118	160

Your training will be supervised by Ashley Williams, who has over 8 months of experience with us and 14 years of restaurant experience, and other trainers with no less than one year of experience approved by us.

You, your Operating Manager, and/or other previously-trained and experienced employees must attend and complete to our satisfaction various training courses that we periodically provide at the times and locations we designate. We will not require attendance for more than a total of 7 days during a calendar year. Besides attending these courses, you must attend an annual meeting of all franchise owners at a location we designate. We will not require attendance at the annual meeting for more than 4 days during any calendar year. You are responsible for all related travel and living expenses and wages incurred in connection with attending these courses and meetings.

We may require Restaurant managers (including the Operating Manager) to complete initial and ongoing training programs to our satisfaction. We require any new Operating Manager for your Restaurant to complete to our satisfaction a training program that we have approved before they begin working for you. We may charge you a fee for training managers and replacement Operating Managers. Currently, we charge \$100 per day plus our expenses for additional training at our designated location, and \$250 per day plus our expenses for additional training at your Restaurant. You are responsible for all related travel and living expenses and wages incurred in connection with attending these training programs.

## **Item 12**

### **TERRITORY**

#### **Franchise Agreement**

You will operate the Restaurant at a specific location that we must consent to. You may operate the Restaurant only at the location consented to by us. You will not receive an exclusive territory, although we restrict our rights to operate or grant a franchise for the operation of another Your Pie Restaurant at a location within your Territory (the “Territory”). You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The size of your Territory will be determined in our sole discretion based on a number of factors that we deem relevant, which include demographics, economic conditions, character of the site and nearby quantity of businesses and residences, whether your Restaurant is located in a rural or urban area, and the number and type of competing restaurants in the vicinity of your Territory.

Territories in urban areas will invariably be smaller due to the density of the population within a smaller area and will likely depend upon the number of Restaurants we envision can be developed and operated within the market. We intend for territories granted to franchisees to occupy territories falling into one of three sizes: (i) an area extending 1/2 mile in all directions from the front door of the Restaurant, (ii) an area extending one mile in all directions from the front door of the Restaurant, and (iii) an area extending in all directions from the front door of the Restaurant. Once your Territory is defined in the Franchise Agreement, you will have no further territorial or other rights outside the Territory.

If the location for your Restaurant is known when you sign your Franchise Agreement, your Territory will be described in your Franchise Agreement when you sign it. If the location for your Restaurant is not known when you sign your Franchise Agreement, we will designate the Territory by written notice to you when we consent to the location for the Restaurant. You may not relocate the Restaurant from the location consented to by us unless you obtain our prior written approval of your request to relocate, which request must meet certain criteria. The substitute location must be within the Territory. Among other factors, we will assess the proposed new location and your financial ability to meet the necessary costs incurred in relocating. We are not required to approve any relocation request.

There are no circumstances under which we may alter your territory or your territorial rights under the Franchise Agreement.

#### **Our Reserved Rights under the Franchise Agreement**

Except as limited below, and provided that you are in full compliance with the Franchise Agreement, we and our affiliates will not operate or grant a franchise for the operation of another Your Pie Restaurant at a location within your Territory during the term of the Franchise Agreement. Except as expressly limited by the previous sentence, we and our affiliates retain all rights with respect to Your Pie Restaurants, the Marks, the sale of similar or dissimilar products



and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

(1) the right to provide, offer and sell, and grant others the right to provide, offer and sell, goods and services that are identical or similar to and/or competitive with those provided at Your Pie Restaurants, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including grocery restaurants and the internet or similar electronic media) both inside and outside your Territory and on any terms and conditions we deem appropriate;

(2) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside your Territory, under the Marks and on any terms and conditions we deem appropriate;

(3) the right to operate, and to grant others the right to operate, Your Pie Restaurants located anywhere outside your Territory under any terms and conditions we deem appropriate and regardless of proximity to the Restaurant;

(4) the right to operate and grant others the right to operate Your Pie Restaurants at Non-Traditional Sites (as defined below) within and outside your Territory on any terms and conditions we deem appropriate. “Non-Traditional Sites” are sites that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including military bases, shopping malls, airports, stadiums, major industrial or office complexes, hotels, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, and sports or entertainment venues;

(5) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Your Pie Restaurants, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in your Territory); and

(6) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Your Pie Restaurants, or by another business, even if such business operates, franchises and/or licenses competitive businesses in your Territory.

You may provide catering and delivery services within a reasonable distance from the Premises, but not to exceed 10 miles, within or without the Territory, but only if those services are made by ground transportation. Subject to this maximum mileage requirement, you may provide catering and delivery services in another franchisee’s territory, and other Your Pie Restaurant franchisees may provide the same services in your Territory. Unless approved by us, you may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing to make sales inside or outside your Territory for the purposes of selling uncooked products.

Except as provided below in the Development Rights Rider, you have no options, rights of first refusal, or similar rights to acquire additional franchises.

Although we have the right to do so (as described above), neither we nor our affiliate currently operates, franchises, or has present plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will sell in your Restaurant.

Continuation of your franchise does not depend on your achieving a certain sales volume, market penetration, or other contingency. There are no restrictions on the areas in which you may solicit or accept orders. No party is obligated to pay compensation to any other party for soliciting, or accepting orders from, customers within a franchise territory (including your Territory).

### **Development Rights Rider**

You may (if you qualify) develop and operate a number of Your Pie Restaurants within a specific area (the “Area”). We and you will identify the Area in the Development Rights Rider before signing it. The Area typically is a number of zip codes, a city, or other geographic areas. We base the Area’s size primarily on the number of Restaurants you agree to develop, demographics, and site availability. We and you will negotiate the number of Restaurants you must develop, and the dates by which you must develop them, to keep your development rights. We and you then will complete the schedule in the Development Rights Rider before signing it. While the Development Rights Rider is in effect, we (and our affiliates) will not establish, or grant to others the right to establish, other Your Pie Restaurants the physical premises of which are located within the Area. There are no other restrictions on us (or our affiliates). You may not develop Your Pie Restaurants outside the Area. We may terminate the Development Rights Rider if you do not satisfy your development obligations when required.

Except as described above, continuation of your territorial exclusivity under the Development Rights Rider does not depend on your achieving a certain sales volume, market penetration, or other contingency. We may not alter your Area during the Development Rights Rider’s term.

### **Item 13**

#### **TRADEMARKS**

You must use certain Marks in operating the Restaurant. The principal Marks to be licensed to you are:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
	3575280	February 17, 2009 (Renewed)
	3560179	January 13, 2009 (Renewed)
Express Your Inner Pizza	3569359	February 3, 2009 (Renewed)
YOUR PIE	4879584	January 5, 2016 (Renewed)
PI(E) DAY	4574301	July 29, 2014 (Renewed)

These Marks have been registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”). We have filed all required affidavits of use.

You must follow our rules when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark as part of any corporate or legal business name or as part of any domain name or electronic address you maintain on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state. There are no agreements currently in effect which limit our rights to use or license the use of any of the Marks.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person’s claim of any rights in any Mark, and you may not communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take (but are not required to) the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative

proceeding arising from any infringement, challenge, or claim. You must assist us in protecting and maintaining our interests in any litigation or USPTO or other proceeding. We will reimburse you for your costs of taking any action that we asked you to take.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Restaurant's signs, 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.

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

#### **Item 14**

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

No patents or pending patent applications are material to the franchise. We claim copyrights in the Manual (which contains our trade secrets), advertising and marketing materials, menus, and similar items used in operating Your Pie Restaurants. We have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Restaurant (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the System's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes location selection criteria; recipes for Trade Secret Food Products; training and operations materials; methods, formats, specifications, standards, systems, procedures, food preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating Your Pie Restaurants; marketing and advertising programs for Your Pie Restaurants; any computer software or similar technology that is proprietary to us or the System; knowledge of specifications for and suppliers of Operating Assets, Trade Secret Food Products, and other products and supplies;

knowledge of the operating results and financial performance of Your Pie Restaurants other than your Restaurant; and graphic designs and related intellectual property.

All ideas, concepts, techniques, or materials concerning a Your Pie Restaurant, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the form of agreement that you use and will be a third party beneficiary of that agreement with independent enforcement rights.

### **Item 15**

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

Your Restaurant must always be under the direct, on premises supervision of (i) you or an individual having an ownership interest in you or (ii) a designated manager (in each case, the “Operating Manager”). The Operating Manager must directly supervise and be responsible for the day-to-day management and proper operation of your Restaurant. The Operating Manager must be present at the Restaurant for significant periods of time because the Franchise Agreement requires your Restaurant to be open during designated periods. The Operating Manager must at all times be someone that has successfully completed our initial training program. You must obtain our written approval of the person or persons designated as the Operating Manager. The Operating Manager cannot have an interest or business relationship with any of our business competitors.

You must at all times faithfully, honestly, and diligently perform your contractual obligations and use best efforts to promote and enhance the Restaurant. System Standards may regulate the Restaurant’s staffing levels, identifying the Restaurant’s personnel, and employee qualifications, training, dress, and appearance.

You must keep us informed at all times of the identity of Operating Manager and any supervisory employees acting as assistant managers of the Restaurant. Your Operating Manager and assistant managers need not have an equity interest in the Restaurant or you but must agree in writing to preserve confidential information to which they have access and not to compete with you, us, and other franchise owners. We may regulate the form of agreement that you use and be a third party beneficiary of that agreement with independent enforcement rights.

All of your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing

monetary or non-monetary obligations, including the covenant not to compete. This “Guaranty and Assumption of Obligations” is at the end of the Franchise Agreement.

**Item 16**

**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell all Menu Items and perform all services that we periodically require for Your Pie Restaurants. You may not offer or sell any products or perform any services that we have not authorized. Our System Standards may regulate required and/or authorized Menu Items and Trade Secret Food Products; unauthorized and prohibited food products, beverages, and services; purchase, storage, preparation, handling, and packaging procedures and techniques for Menu Items and Trade Secret Food Products; and inventory requirements for Trade Secret Food Products and other products and supplies so that your Restaurant operates at full capacity. We periodically may change required and/or authorized Menu Items and Trade Secret Food Products. There are no limits on our right to do so.

**Item 17**

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

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

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(a) Length of the franchise term	Section 1.C. of Franchise Agreement  Sections 2 and 3 of Development Rights Rider	Term expires 10 years from when the Restaurant first opens for business.  Term of Development Rights Right expires on the day on which the final Your Pie Restaurant to be developed under the Schedule has opened (or, if earlier, was required to open) for business.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(b) Renewal or extension of the term	Section 13 of Franchise Agreement	<p>If you are in full compliance, you may acquire 2 successor franchise terms of 5 years each (for a total of 10 years). Each renewal will be on our then-current form of Franchise Agreement (which may be materially different).</p> <p>You may not renew or extend the Development Rights Rider.</p>
(c) Requirements for franchisee to renew or extend	Section 13 of Franchise Agreement	<p>To be granted a successor franchise for a new term, you must give us timely notice; maintain possession of the Premises or find acceptable substitute premises; remodel Restaurant according to our then current standards (regardless of cost); pay a renewal fee; and sign a new franchise agreement which may contain materially different terms from your original franchise agreement, sign a general release (if law allows), and other documents we use to grant franchises.</p>
(d) Termination by franchisee	Section 14.A. of Franchise Agreement	<p>If we breach Franchise Agreement and an arbitrator determines that we did not cure default after notice from you.</p>
(e) Termination by franchisor without cause	Not Applicable	Not Applicable
(f) Termination by franchisor with cause	Section 14.B of Franchise Agreement and Section 8 of Development Rights Rider	<p>We may terminate your franchise only if you or your owners commit one of several violations.</p>

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(g) "Cause" defined — curable defaults	Section 14.B. of Franchise Agreement	You have 72 hours to cure violation of law relating to ownership or operation of Restaurant or operate Restaurant in unsafe manner if violation can be corrected; 10 days to cure monetary defaults and failure to maintain required insurance; 30 days to cure operational defaults and other defaults not listed in (h) below; and 90 days to relocate to a new location if you lose possession of the Premises.



PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(h) "Cause" defined — non-curable defaults	<p>Section 14.B. of Franchise Agreement</p> <p>Section 8 of Development Rights Rider</p>	<p>Non-curable defaults include: misrepresentation in acquiring the franchise; failure to secure Restaurant's location within 180 days after Franchise Agreement's effective date; failure to open Restaurant within 270 days after Franchise Agreement's effective date; failure to complete training; abandonment; unapproved transfers; conviction of a felony; dishonest, unethical or illegal conduct; violation of law relating to operation or ownership of Restaurant or operate the Restaurant in unsafe manner and violation cannot be corrected; unauthorized use or disclosure of the Manual or other confidential information; failure to pay taxes unless you are contesting them in good faith; understating Gross Sales; repeated defaults (even if cured); an assignment for the benefit of creditors; appointment of a trustee or receiver; and violation of any anti-terrorism law.</p> <p>We may terminate Development Rights Rider if you do not meet development schedule or other obligations; if the Franchise Agreement or any other franchise agreement between us and you (or your affiliated entity) is terminated by us for cause or by you for any or no reason.</p>

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(i) Franchisee’s obligations on termination/nonrenewal	Section 15 of Franchise Agreement	Obligations include paying outstanding amounts; complete de-identification; assigning telephone and other numbers; and returning confidential information (also see (o) and (r) below).
(j) Assignment of contract by franchisor	Section 12.A. of Franchise Agreement	No restriction on our right to assign; we may assign without your approval.
(k) “Transfer” by franchisee — defined	Section 12.B. of Franchise Agreement	Includes transfer of Franchise Agreement, the Restaurant (or its profits, losses or capital appreciation) sale of Restaurant’s assets, and ownership change in you or your owners.
(l) Franchisor approval of transfer by franchisee	Section 12.C. of Franchise Agreement and Section 9 of Development Rights Rider	No transfer without our prior written consent.  Your development rights under Development Rights Rider are not assignable at all.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(m) Conditions for franchisor approval of transfer	Section 12.C. of Franchise Agreement  Section 8 of Development Rights Rider	New franchise owner qualifies; you pay us, our affiliates, and third party vendors all amounts due and submit all required reports; no default during 60-day period before transfer request or during period between request and transfer's proposed effective date; new franchise owner (and its owners and affiliates) are not in a competitive business; training completed; lease transferred; you or transferee signs our then current franchise agreement and other documents; transfer fee paid; you sign release (if law allows); we approve material terms; you subordinate amounts due to you; you correct existing Restaurant deficiencies of which we notify you on punch list; and transferee agrees to upgrade and remodel Restaurant within specified timeframe after transfer (also see (r) below)
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 12.G. of Franchise Agreement	We may match any offer for your Restaurant or an ownership interest in you

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(o) Franchisor's option to purchase franchisee's business	Section 15.F. of Franchise Agreement	We may buy (i) the equipment used in the operation of the Restaurant at the then current book value using straight-line depreciation and/or (ii) the location of the Restaurant (if owned by you or one of your affiliates) at fair market value after the Franchise Agreement is terminated or expires (without renewal). If you do not own the location of the Restaurant, we may require you to lease or sublease the location to us.
(p) Death or disability of franchisee	Section 12.E. of Franchise Agreement	Assignment of franchise or an ownership interest in you to approved party within 9 months; we may manage Restaurant if there is no qualified manager
(q) Non-competition covenants during the term of the franchise	Section 7 of Franchise Agreement	No diverting business; no ownership interest in, or performing services for, Competitive Business anywhere (" <u>Competitive Business</u> " means any business that derives more than 35% of its revenue from selling pizza and pizza-related products or services or any business granting franchises or licenses to others to operate such a business)

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(r) Non-competition covenants after the franchise is terminated or expires	Section 15.D. of Franchise Agreement	No direct or indirect ownership interest in, or performing services for, Competitive Business for 1 year at the Premises, within a 25-mile radius of Premises or Restaurant, or within 25 miles of any other Your Pie Restaurant existing or under construction as of date Franchise Agreement expires or is terminated (same restrictions apply after transfer)
(s) Modification of the agreement	Section 17.I. of Franchise Agreement	No modifications generally, but we may change the Manual and System Standards
(t) Integration/merger clause	Section 17.K. of Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 17.E. of Franchise Agreement	We and you must arbitrate all disputes in Atlanta, Georgia
(v) Choice of forum	Section 17.G. of Franchise Agreement	Subject to arbitration requirement, litigation generally must be in courts in Atlanta, Georgia (subject to state law)
(w) Choice of law	Section 17.F. of Franchise Agreement	Except for Federal Arbitration Act and other federal law, Georgia law governs (subject to state law)

**Item 18**

**PUBLIC FIGURES**

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

**Item 19**

**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**TABLE 1**

**FY 2019 AVERAGE ANNUAL GROSS SALES  
FOR FRANCHISED RESTAURANTS OPEN AND OPERATING  
DURING ENTIRE FY 2019**

Table 1 shows the average annual Gross Sales during the fiscal year ended December 29, 2019 (“FY 2019”) for the 54 franchised Restaurants that were open and operating during the entire FY 2019. The 18 franchised Restaurants that were not open and operating during the entire FY 2019, the six franchised Restaurants that closed during FY 2019 and the two affiliate-operated Restaurants are not included in this Table 1.

As of December 29, 2019, there were 72 franchised Restaurants open and operating, 54 of which operated during the entire FY 2019. 18 franchised Restaurants were not open and operating the entire FY 2019 and, consequently, are not included in this Table 1.

<b>AVERAGE ANNUAL GROSS SALES</b>	<b>NUMBER AND PERCENTAGE OF FRANCHISED RESTAURANTS ATTAINING OR EXCEEDING AVERAGE ANNUAL GROSS SALES</b>	<b>MEDIAN ANNUAL GROSS SALES</b>	<b>LOWEST ANNUAL GROSS SALES</b>	<b>HIGHEST ANNUAL GROSS SALES</b>
\$735,453	23/54 (42.6%)	\$716,051	\$315,878	\$1,450,629

**TABLE 2**

**FY 2019 AVERAGE ANNUAL GROSS SALES  
FOR FRANCHISED RESTAURANTS OPEN AND OPERATING  
DURING ENTIRE FY 2019  
IN SMALL MARKETS**

Table 2 shows the average annual Gross Sales during FY 2019 for a subset of the 54 franchised Restaurants included in Table 1. Specifically, Table 2 shows the average annual Gross

Sales during FY 2019 for the 17 franchised Restaurants that: (1) were open and operating during the entire FY 2019; and (2) were located in Small Markets (as defined below). The franchised Restaurants that were not open and operating during the entire FY 2019 and/or were not located in Small Markets, the six franchised Restaurants that closed during FY 2019 and the two affiliate-operated Restaurants are not included in this Table 2.

As of December 29, 2019, there were 72 franchised Restaurants open and operating, 54 of which operated during the entire FY 2019. Of those 54 franchised Restaurants, 17 were located in Small Markets. 55 franchised Restaurants were not open and operating throughout the entire FY 2019 and/or were not located in Small Markets and, consequently, are not included in this Table 2.

<b>AVERAGE ANNUAL GROSS SALES</b>	<b>NUMBER AND PERCENTAGE OF FRANCHISED RESTAURANTS ATTAINING OR EXCEEDING AVERAGE ANNUAL GROSS SALES</b>	<b>MEDIAN ANNUAL GROSS SALES</b>	<b>LOWEST ANNUAL GROSS SALES</b>	<b>HIGHEST ANNUAL GROSS SALES</b>
\$865,127	9/17 (52.9%)	\$876,174	\$473,721	\$1,450,629

**TABLE 3**

**FY 2020 AVERAGE ANNUAL GROSS SALES  
FOR FRANCHISED RESTAURANTS OPEN AND OPERATING  
DURING ENTIRE FY 2020**

Table 3 shows the average annual Gross Sales during the fiscal year ended December 27, 2020 (“FY 2020”) for the 66 franchised Restaurants that were open and operating during the entire FY 2020. The 10 franchised Restaurants that were not open and operating during the entire FY 2020, the 6 franchised Restaurants that closed during FY 2020 and the 2 affiliate-operated Restaurants are not included in this Table 3.

As of December 27, 2020, there were 75 franchised Restaurants open and operating, 66 of which operated during the entire FY 2020. 10 franchised Restaurants were not open and operating the entire FY 2020 and, consequently, are not included in this Table 3.

<b>AVERAGE ANNUAL GROSS SALES</b>	<b>NUMBER AND PERCENTAGE OF FRANCHISED RESTAURANTS ATTAINING OR EXCEEDING AVERAGE ANNUAL GROSS SALES</b>	<b>MEDIAN ANNUAL GROSS SALES</b>	<b>LOWEST ANNUAL GROSS SALES</b>	<b>HIGHEST ANNUAL GROSS SALES</b>
\$534,472	29/66 (44%)	\$513,541	\$155,039	\$1,142,908

**TABLE 4**  
**FY 2020 AVERAGE ANNUAL GROSS SALES**  
**FOR FRANCHISED RESTAURANTS OPEN AND OPERATING**  
**DURING ENTIRE FY 2020**  
**IN SMALL MARKETS**

Table 4 shows the average annual Gross Sales during FY 2020 for a subset of the 66 franchised Restaurants included in Table 3. Specifically, Table 4 shows the average annual Gross Sales during FY 2020 for the 27 franchised Restaurants that: (1) were open and operating during the entire FY 2020; and (2) were located in Small Markets. The franchised Restaurants that were not open and operating during the entire FY 2020 and/or were not located in Small Markets, the 6 franchised Restaurants that closed during FY 2020 and the 2 affiliate-operated Restaurants are not included in this Table 4.

As of December 27, 2020, there were 76 franchised Restaurants open and operating, 66 of which operated during the entire FY 2020. Of those 66 franchised Restaurants, 27 were located in Small Markets. 49 franchised Restaurants were not open and operating throughout the entire FY 2020 and/or were not located in Small Markets and, consequently, are not included in this Table 4.

AVERAGE ANNUAL GROSS SALES	NUMBER AND PERCENTAGE OF FRANCHISED RESTAURANTS ATTAINING OR EXCEEDING AVERAGE ANNUAL GROSS SALES	MEDIAN ANNUAL GROSS SALES	LOWEST ANNUAL GROSS SALES	HIGHEST ANNUAL GROSS SALES
\$614,218	14/27(52%)	\$628,605	\$246,383	\$1,142,908

**Notes to Financial Performance Representation:**

**Some Your Pie Restaurants have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

1. The financial data in this Item 19 is provided only for the franchised Restaurants identified with respect to each Table and only for FY 2019 and 2020, as indicated. The data presented in this Item 19 has been generated using Gross Sales data that we collect from the point-of-sales computer systems used in the operation of the franchised Restaurants. Neither we nor an independent accountant has independently audited or verified the information. Figures are rounded to the nearest dollar.

2. For purposes of this Item 19, “Gross Sales” has the same definition as stated in the first Explanatory Note below the table in Item 6.



3. The franchised Restaurants that are the source of the data in the Tables offer the same types of products and services that your Restaurant will offer and operate in substantially the same manner that your Restaurant will operate. Those franchised Restaurants are of substantially the same size and layout as the franchised Restaurants that we expect franchisees to develop. The franchised Restaurants receive the same level of support from us that we expect new franchisees will receive.

4. New franchisees developing Your Pie Restaurants in markets where there is limited brand awareness and limited unit development may need to take more time and make more effort to build marketing effectiveness, brand awareness, a base of customers, and operational efficiencies.

5. A Your Pie Restaurant's sales, costs and income will vary significantly depending on a number of factors, including, among other things, your experience and skill, your working capital, the location of the Restaurant, competition in the market, pricing decisions, the number of other nearby Your Pie Restaurants in the market, brand awareness and brand affinity, the level and types of marketing the Restaurant undertakes, the quality of management and service at the Restaurant, staffing decisions (including wage rates), contractual relationships with lessors and vendors, local and national economic conditions, seasonal conditions (particularly in colder climates), and local weather events (e.g., hurricanes).

6. You should conduct an independent investigation and evaluation of the potential performance of your Restaurant and the costs and expenses you will incur in operating your Restaurant. Our existing franchisees can be a valuable source of information about franchise operations, financial performance and expenses, and their experiences with their Your Pie Restaurants. You are responsible for developing your own business plan for your Restaurant, including capital budgets, financial statements, projections and other appropriate factors. We recommend that you consult with your attorney, accountant, and other advisors when developing a business plan and when evaluating the Franchise Agreement, this Disclosure Document, and this franchise opportunity.

7. Written substantiation for the financial performance representation will be made available to you upon reasonable request.

8. A Restaurant is located in a Small Market if: (a) the Trade Area in which the Restaurant is located has a population of under 125,000; and (b) there are fewer than 1,500 businesses located within a 3-mile radius of the Restaurant. A Trade Area, as defined by our analytics and demographics software, SiteSeer, is the geographic area within a 10-minute drive-time radius around the Restaurant. The number of businesses in a specific geographic area is determined by data provided by Synergos Technologies, Inc., a population and demographics data and technology provider.

9. We have not made material changes to the Your Pie concept as a result of COVID-19.

Other than the preceding financial performance representation, Your Pie Franchising, LLC does 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 our Chief Executive Officer, Dave McDougall, at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004, (706) 850-5304, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**Systemwide Outlet Summary**

<b>Outlet Type*</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2018	48	62	+14
	2019	62	73	+11
	2020	73	76	+3
Company Owned	2018	1	0	-1
	2019	0	0	0
	2020	0	0	0
<b>Total Outlets</b>	<b>2018</b>	<b>49</b>	<b>62</b>	<b>+13</b>
	<b>2019</b>	<b>62</b>	<b>73</b>	<b>+11</b>
	<b>2020</b>	<b>73</b>	<b>76</b>	<b>+3</b>

**Table No. 2**

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For Years 2018 to 2020**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Alabama	2018	0
	2019	2
	2020	0
Florida	2018	1
	2019	1
	2020	0
Georgia	2018	0
	2019	1
	2020	5
North Carolina	2018	0
	2019	1
	2020	0
South Carolina	2018	1
	2019	0

State	Year	Number of Transfers
	2020	0
Tennessee	2018	0
	2019	1
	2020	0
Totals	2018	2
	2019	6
	2020	5

**Table No. 3**

**Status of Franchised Outlets  
For Years 2018 to 2020**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama*	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Arizona	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Arkansas	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
California	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Colorado	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Florida*	2018	6	2	2	0	0	0	6
	2019	6	3	1	0	0	0	8
	2020	8	1	3	0	0	0	6
Georgia*	2018	18	7	0	0	0	0	25
	2019	25	11	1	0	0	0	35
	2020	35	4	0	0	0	0	39
Illinois	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
Iowa*	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2020	3	1	0	0	0	0	4
Louisiana	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Maryland	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Mississippi	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Missouri	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Montana	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
North Carolina*	2018	2	2	1	0	0	0	3
	2019	3	1	0	0	0	0	4
	2020	4	1	0	0	0	0	5
Ohio	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Oklahoma	2018	2	0	1	0	0	0	1
	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
South Carolina	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Tennessee	2018	1	3	1	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	2	0	0	0	1
Texas	2018	2	0	0	0	0	0	2
	2019	2	1	1	0	0	0	2
	2020	2	0	0	0	0	0	2
Virginia*	2018	2	3	0	0	0	0	5
	2019	5	1	2	0	0	0	4
	2020	4	1	0	0	0	0	5
<b>Totals</b>	<b>2018</b>	<b>48</b>	<b>19</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62</b>
	<b>2019</b>	<b>62</b>	<b>17</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73</b>
	<b>2020</b>	<b>73</b>	<b>9</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76</b>

\*Franchisees in these states operate more than one Restaurant.

**Table No. 4**

**Status of Company-Owned Outlets  
For years 2018 to 2020**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Georgia	2018	1	0	0	1	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
<b>Totals</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
	<b>2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table No. 5**

**Projected Openings of Franchised Outlets For 2020**

State	Agreements Signed but Outlets Not Yet Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-owned Outlets in the Next Fiscal Year
Alabama	0	0	0
Georgia	5	3	0
Iowa	0	1	0
Maryland	1	1	0
Montana	0	1	0
North Carolina	1	2	0
South Carolina	1	1	0
<b>TOTALS</b>	<b>8</b>	<b>9</b>	<b>0</b>

Attached to this Disclosure Document as Exhibit F are the names, addresses, and telephone numbers of franchisees who have a Your Pie Restaurant open and operating as of December 27, 2020. A list of franchisees who signed a Franchise Agreement as of December 27, 2020, but their Restaurants are not operational as of December 27, 2020, is also included in Exhibit F.

The name, city and state, and the current business telephone number (or, if known, the last

known home telephone number) of every franchisee who had a Your Pie Restaurant terminated, canceled, or not renewed by us in fiscal year 2020, who otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement in fiscal year 2020, or who did not communicate with us within 10 weeks of the issuance date of this Disclosure Document are attached to this Disclosure Document as Exhibit F.

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

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

The FAB currently serves as a sounding board on issues that affect the System in the areas of marketing, product, design, equipment and operations. The FAB does not have the power or authority to modify or alter any aspects of the System as it provides advice and counsel to us. Ultimately, we maintain control of the System and its affairs. The affairs of the FAB are managed by us and bylaws we have written for the FAB. The FAB consists of 5 franchisees, our Chief Executive Officer and our President. The franchisee members of the FAB were appointed by us between 2012 through 2018. Since 2019, the franchisee members are elected by a vote of franchisees, but only franchisees who are in good standing may vote and be elected to serve on the FAB. The FAB usually meets quarterly, but may from time-to-time, meet more often. Franchisee member of the FAB are elected for rotating terms of up to 3 years and serve until the election of their successors.

Except for the FAB, there are currently no trademark-specific franchisee organizations associated with the Your Pie franchise system that have been created, sponsored, or endorsed by the franchisor or that is incorporated or otherwise organized under state law and has asked to be included in this Disclosure Document.

## **Item 21**

### **FINANCIAL STATEMENTS**

Exhibit D contains our audited balance sheets as of December 27, 2020, December 31, 2019 and December 31, 2018 and the related statements of operations and members' equity and cash flows for the fiscal years then ended. We operate on a fifty-two or fifty-three week fiscal year that ends on the last Sunday closest to December 31; however, for clarity of presentation, all periods are presented in the financial statements as if the year ended on December 31.

Exhibit D also contains our unaudited income statement from January 1, 2021 to March 21, 2021 and balance sheet as of March 21, 2021.

## **Item 22**

### **CONTRACTS**

The following agreements are exhibits to this Franchise Disclosure Document:

- (a) Franchise Agreement — Exhibit B (including Exhibit A – Listing of Ownership Interest; Exhibit B – Premises and Territory; and Exhibit C – Guaranty and Assumption of Obligations)
- (b) Development Rights Rider to Franchise Agreement — Exhibit C
- (c) State Riders to Franchise Agreement and Development Rights Rider - Exhibit G
- (d) Form of General Release — Exhibit H

Exhibit I contains the Franchisee Disclosure Questionnaire which you must complete at or before signing the Franchise Agreement.

## **Item 23**

### **RECEIPTS**

Two copies of an acknowledgment of your receipt of this Disclosure Document are attached as the last two pages of this Disclosure Document. Please return one copy to us and retain the other copy for your records.

**EXHIBIT A**

**LIST OF STATE ADMINISTRATORS/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 might not be registered to sell franchises in all of these states.

**CALIFORNIA**

Department of Financial Protection and  
Innovation

Toll Free: 1 (866) 275-2677

***Los Angeles***

Suite 750  
320 West 4<sup>th</sup> Street  
Los Angeles, California 90013-2344  
1-866-275-2677

***Sacramento***

2101 Arena Blvd.  
Sacramento, California 95834  
1-866-275-2677

***San Diego***

1350 Front Street  
San Diego, California 92101-3697  
(619) 525-4233

***San Francisco***

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

**HAWAII**

(state administrator)

Business Registration Division  
Department of Commerce and Consumer  
Affairs

P.O. Box 40  
Honolulu, Hawaii 96810  
(808) 586-2722

(agent for service of process)

Commissioner of Securities  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

**ILLINOIS**

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

**INDIANA**

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



**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  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-6360

**MICHIGAN**

(state administrator)

Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of Attorney General  
670 G. Mennen Williams Building  
525 West Ottawa  
Lansing, Michigan 48933  
(517) 335-7567

(agent for service of process)

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

**MINNESOTA**

Minnesota Department of Commerce  
Securities-Franchise Registration  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1500

**NEW YORK**

(state administrator)

NYS Department of Law  
Investor Protection Bureau  
Franchise Section  
28 Liberty Street, 21st Floor  
New York, NY 10005-1495  
(212) 416-8236

(agent for service of process)

Secretary of State of New York  
New York Department of State  
One Commerce Plaza,  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, NY 12231-0001

**NORTH DAKOTA**

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

**OREGON**

Department of Business and Consumer  
Services  
Division of Finance and Securities  
Labor and Industries Building  
Salem, Oregon 97310  
(503) 378-4387

**RHODE ISLAND**

Division of Securities  
1511 Pontiac Avenue  
John O. Pastore Complex – Building 69-1  
Cranston, Rhode Island 02920  
(401) 462-9527

**SOUTH DAKOTA**

(state administrator)

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

(agent for service of process)

Director of the Division of Insurance  
South Dakota Department of Labor and Regulation  
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, Ninth Floor  
Richmond, Virginia 23219  
(804) 371-9051

(agent for service of process)

Clerk of State Corporation Commission  
1300 East Main Street  
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

(agent for service of process)

Director  
Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater, Washington 98501

**WISCONSIN**

Administrator, Division of Securities  
State of Wisconsin  
Department of Financial Institutions  
4822 Madison Yards Way  
Madison, Wisconsin 53705  
(608) 266-7577

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**YOUR PIE  
FRANCHISE AGREEMENT**

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**FRANCHISEE**

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**DATE OF AGREEMENT**

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**RESTAURANT ADDRESS**

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**EXHIBITS**

- EXHIBIT A LISTING OF OWNERSHIP INTERESTS
- EXHIBIT B PREMISES AND TERRITORY
- EXHIBIT C GUARANTY AND ASSUMPTION OF OBLIGATIONS

## YOUR PIE FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (this “Agreement”) is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”) by and between **YOUR PIE FRANCHISING, LLC**, a Georgia limited liability company (“we,” “us,” or “our”), and \_\_\_\_\_, [**INSERT NAME OF FRANCHISEE AND JURISDICTION**] (“you” or “your”).

### **BACKGROUND:**

A. Over a considerable time period and with considerable effort, we and our affiliates have developed (and continue to develop and modify) a system and franchise opportunity for the operation of retail businesses offering premium pizza, salads, paninis, Italian gelato, beverages (including beer and wine), and related products (collectively, “Menu Items”). The Menu Items are prepared according to our specified recipes and procedures and use high quality ingredients, including our specially formulated and/or specially produced sauces, ingredients and other food items (“Trade Secret Food Products”).

B. These retail businesses operate under the “Your Pie” name and other trademarks (“Your Pie Restaurants”) and have distinctive business formats, methods, procedures, signs, designs, layouts, standards, and specifications; all of which we may improve, further develop, or otherwise modify from time to time.

C. We and our affiliates (i) use, promote, and license certain trademarks, service marks, and other commercial symbols in operating Your Pie Restaurants, which have gained and will continue to gain public acceptance and goodwill; and (ii) may create, use, and license other trademarks, service marks, and commercial symbols for Your Pie Restaurants (collectively, the “Marks”).

D. We grant to persons, who meet our qualifications and who are willing to undertake the investment and effort, a franchise to own and operate a Your Pie Restaurant (i) offering only the Menu Items and services we authorize; and (ii) using our business formats, methods, procedures, signs, designs, layouts, standards, specifications, and Marks ((i) and (ii), collectively, are the “Franchise System”).

E. As a franchisee of Your Pie Restaurant, you will comply with this Agreement and all the System Standards (defined below) in order to maintain the high and consistent quality that is critical to attracting and keeping customers for Your Pie Restaurants.



1. **ACKNOWLEDGMENTS AND GRANT OF FRANCHISE**

A. **ACKNOWLEDGMENTS.**

You acknowledge:

(1) That you have independently investigated the Your Pie Restaurant franchise opportunity and recognize that, like any other business, the nature of the business a Your Pie Restaurant conducts may, and probably will, evolve and change over time.

(2) That an investment in a Your Pie Restaurant and Your Pie franchise opportunity involves business risks that could result in the loss of a significant portion or all of your investment.

(3) That your business abilities and efforts are vital to your success.

(4) That attracting customers for your Your Pie Restaurant will require you to make consistent marketing efforts in your community through various methods and outlets including, but not limited to, local store marketing, digital marketing, media advertising, direct mail advertising, and the display and use of in-store promotional materials.

(5) That retaining customers for your Your Pie Restaurant will require you to have a high level of customer service and to adhere strictly to the Franchise System and our System Standards and that you are committed to maintaining the System Standards.

(6) That you have not received from us, and are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of your Your Pie Restaurant.

(7) That in all of their dealings with you, our officers, directors, managers, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them, as a result of this Agreement, are deemed to be only between you and us.

(8) That you have represented to us, to induce our entry into this Agreement, that all the statements you have made, and all the materials you have given, to us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise.

(9) That you have read this Agreement and our Franchise Disclosure Document and that you understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service and the uniformity of those standards at each Your Pie Restaurant and to protect and preserve the goodwill of the Marks.

(10) That we will restrict your sources of the Trade Secret Food Products, and we have the right to restrict your sources of other goods and services as provided in various sections of this Agreement including, but not limited to, Subsection 8.C. below.

(11) That we have not made any representation, warranty, or other claim regarding this Your Pie Restaurant franchise opportunity other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity by using your business professionals and advisors, and have relied solely upon their evaluations in deciding to enter into this Agreement.

(12) That you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Your Pie Restaurant franchise opportunity.

(13) That you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given, or made available to you, reviewed by an attorney, and you have either done so or waived your right to do so.

(14) That you have received our Franchise Disclosure Document along with this Agreement, at least 14 days before you executed this Agreement or made any payment to us.

(15) If any unilateral modifications have been made to this Agreement, that you have had at least 7 days to review them.

**B. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP.**

If you are a business entity or association including, but not limited to, a corporation, limited liability company, or general or limited partnership (collectively, 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 you are duly organized or formed and are validly existing in good standing under the laws of the state of your formation.

(2) Your organizational documents (including, but not limited to, your bylaws, operating agreement, or partnership agreement, as applicable) will recite that this Agreement restricts the issuance and transfer of any equity interests in you, and all certificates and other documents that represent equity interests in you will bear a legend referring to this Agreement’s restrictions.

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

(4) Each of your owners during this Agreement’s Term (as defined below) will execute a guaranty in the form that we prescribe (the current form as of the Effective Date is attached as Exhibit D) and will undertake to be personally bound, jointly and severally, by all the provisions of this Agreement and any ancillary agreements between you and us. Subject to our rights and your obligations under Section 12, you and your owners agree to update and deliver to

us revised Exhibits A to reflect any permitted changes in the information that Exhibit A now contains.

(5) You will appoint a director, officer, partner, equity holder, or member, as applicable, to be your “Managing Owner,” who is responsible for overseeing and supervising the operation of the RESTAURANT (as defined below). The Managing Owner as of the Effective Date is identified in Exhibit A. You may not change the Managing Owner without our prior written consent.

(6) The RESTAURANT and other Your Pie Restaurants, if applicable, will be the only businesses you operate (although your owners may have other non-competitive business interests).

**C. GRANT OF FRANCHISE.**

You have applied for a franchise to develop and operate a Your Pie Restaurant at the location identified on Exhibit B (the “Premises”). Subject to this Agreement’s terms and conditions, we grant you a franchise (the “Franchise”) to operate a Your Pie Restaurant at the Premises (the “RESTAURANT”), and to use the Franchise System in its operation. This Agreement will be effective upon the Effective Date and, unless this Agreement is sooner terminated as provided herein, this Agreement will expire ten (10) years from the date on which the RESTAURANT first opens for business (the “Term”). The records maintained by us regarding the opening date of the RESTAURANT will control in the event of a controversy or conflict between you and us as to the opening date. You may use the Premises only for the RESTAURANT. At all times, you agree to faithfully, honestly, and diligently perform your obligations under this Agreement and to use your best efforts to promote the RESTAURANT.

**D. TERRITORIAL PROTECTIONS.**

We will describe the “Territory” in Exhibit B. The size of the Territory shall be designated in our sole discretion. If the Territory is not designated at the time you sign this Agreement because you have not obtained our consent to the RESTAURANT’s location, we will designate the Territory by written notice to you when we consent to the RESTAURANT’s location as provided in Section 2.A. If you are in full compliance with this Agreement, and except for Non-Traditional Sites (as defined below), we and our affiliates will not operate or grant a franchise for the operation of another Your Pie Restaurant at a location within the Territory during the Term of this Agreement.

**E. RIGHTS WE RESERVE.**

Except as expressly limited by Subsection D above, we and our affiliates retain all rights with respect to Your Pie Restaurants, the Marks, the Franchise System, the Menu Items, and Trade Secret Food Products, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire. Specifically, but without limitation, we reserve the following rights:

(1) The right to establish and operate, and to grant to others the right to establish and operate similar businesses or any other businesses offering similar or dissimilar

products and services through similar or dissimilar channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate.

(2) The right to provide, offer, and sell and to grant others the right to provide, offer, and sell goods and services that are identical or similar to and/or competitive with those provided at Your Pie Restaurants, whether identified by the Marks or other trademarks or service marks, through dissimilar distribution channels (including, but not limited to, the internet or similar electronic media) both inside and outside the Territory and on any terms and conditions we deem appropriate.

(3) The right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Territory under the Marks and on any terms and conditions we deem appropriate.

(4) The right to operate, and to grant others the right to operate Your Pie Restaurants located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to the RESTAURANT.

(5) The right to operate and grant others the right to operate Your Pie Restaurants at Non Traditional Sites inside or outside the Territory on any terms and conditions we deem appropriate. “Non-Traditional Sites” are sites that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area including, but not limited to, military bases, shopping malls, airports, stadiums, major industrial or office complexes, hotels, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, and sports or entertainment venues.

(6) The right to acquire the assets or equity interests of one or more businesses providing products and services similar to those provided at Your Pie Restaurants, and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including, but not limited to, the Territory).

(7) The right to be acquired (whether through acquisition of assets, equity interests, or otherwise, regardless of the form of transaction) by a business providing products and services similar to those provided at Your Pie Restaurants, or by another business, even if such business operates, franchises, and/or licenses competitive businesses in the Territory.

You may provide catering and delivery services within a reasonable distance from the Premises not to exceed 10 miles, within or without the Territory, but solely in connection with providing such catering and delivery services and provided such services are made by ground transportation. Subject to the foregoing maximum mileage restriction, you may provide catering and delivery services in the territories of other Your Pie Restaurants operating under the System and other Your Pie Restaurant franchisees may provide the same services in the Territory. All catering and delivery services shall be for providing cooked products.

F. **MODIFICATION OF FRANCHISE SYSTEM.**

Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we consider to be best, to vary the System Standards for any franchisee based upon the peculiarities of any condition that we consider important to that franchisee's successful operation. You have no right to require us to grant you a similar variation or accommodation.

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

A. **SITE SELECTION.**

You agree to obtain our written consent to the RESTAURANT's location before signing any lease, sublease, or other agreement that grants you real property interest for the location. We will use reasonable efforts to help you analyze your market area, to help determine location feasibility, and to assist in designating the location, although we will not conduct location selection activities for you. We will not unreasonably withhold our consent to the location that meets our minimum criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed location's size, appearance, and other physical characteristics.

You agree to send us a description of your RESTAURANT's proposed location including, but not limited to, a summary of the items listed above, along with a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed location. We will use reasonable efforts to consent to the proposed location within fifteen (15) business days after receiving your written proposal. Upon our consent to the location for your RESTAURANT, and after you secure the location, we will designate the Territory as provided in Section 1.D. You may operate the RESTAURANT only at the Premises.

You acknowledge and agree that, if we supply you with information regarding a location for the Premises, that is not a representation or warranty of any kind, express or implied, of the location's suitability for a Your Pie Restaurant or any other purpose. Our consent to a location for the Premises indicates only that we believe that the site meets our then acceptable criteria. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in, or excluded from, our criteria could change, altering the potential of a location and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a location and premises we consent to fail to meet your expectations. You acknowledge and agree that your acceptance of the Franchise is based on your own independent investigation of the location's suitability for the Premises.

B. **LEASE OF PREMISES.**

If you do not own the Premises, then you must sign a lease or sublease for the Premises (the "Lease") within one hundred eighty (180) days after the Effective Date unless we agree otherwise in writing. We have the right to approve the terms of the Lease before you sign it.

The Lease must be in a form acceptable to us and must contain certain required terms and provisions (although we will not directly negotiate your Lease) including, but not limited to:

(1) A provision reserving to us or our designee, including but not limited to, another Your Pie Restaurant franchisee, the right to receive an assignment of the Lease upon termination or expiration of the Franchise or this Agreement.

(2) A provision requiring the lessor concurrently to send us a copy of any written notice of a Lease default sent to you and granting us the right (but not the obligation) to cure any Lease default within fifteen (15) business days after the expiration of your cure period (if you fail to cure such default).

(3) A provision evidencing your right to display the Marks according to the specifications in the Operating Procedures Manual (as defined below) (subject only to applicable law).

(4) A provision that the Premises may be used only for the operation of a Your Pie Restaurant.

You acknowledge that our consent to the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Your Pie Restaurant operated at the Premises. Our consent indicates only that we believe that the Premises and the Lease's terms meet our then acceptable criteria. You must deliver to us a signed copy of the Lease within seven (7) days after its execution.

If the Lease expires or is terminated without your fault, or if the site for the Premises is destroyed, condemned, or otherwise rendered unusable ("Relocation Event"), we will allow you to relocate the RESTAURANT to a new site acceptable to us. Any relocation will be at your sole expense, and we may charge you for the reasonable costs we incur, plus a reasonable fee (as set forth in the Operating Procedures Manual) for our services, in connection with any relocation of the RESTAURANT.

### C. **RESTAURANT DEVELOPMENT.**

You are responsible for developing the RESTAURANT. We will give you mandatory and suggested specifications and layouts for a Your Pie Restaurant including, but not limited to, requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation including, but not limited to, those arising under the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations for persons with disabilities. It is your responsibility to prepare a site survey and all required construction plans and specifications to suit the Premises and to make sure that these plans and specifications comply with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions.

You agree to send us construction plans and specifications for review before you begin constructing the RESTAURANT and all revised or "as built" plans and specifications during

construction. We may require you to use an approved or designated architect and/or general contractor to design and construct the RESTAURANT. Because our review is limited to ensuring your compliance with our design requirements, it might not assess compliance with federal, state, or local laws and regulations including, but not limited to, the ADA, as compliance with these laws is your responsibility. We may inspect the Premises while you are developing the RESTAURANT.

You agree to do the following, at your own expense, to develop the RESTAURANT at the Premises:

- (1) Secure all financing required to develop and operate the RESTAURANT.
- (2) Obtain all required building, utility, sign, health, sanitation, business, and other permits and licenses.
- (3) Construct all required improvements to the Premises and decorate the RESTAURANT according to approved plans and specifications.
- (4) Obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services.
- (5) Purchase or lease, and install, all required fixtures, furniture, equipment (including, but not limited to, a required or recommended computer, and point-of-sale information system), furnishings, and signs (collectively, "Operating Assets") for the RESTAURANT.
- (6) Purchase an opening inventory of authorized and approved Trade Secret Food Products, other products, materials, and supplies to operate the RESTAURANT.

**D. OPERATING ASSETS.**

You agree to use in operating the RESTAURANT only those Operating Assets that we approve for Your Pie Restaurants as meeting our specifications and standards for quality, design, appearance, function, and performance. You may not install or otherwise operate at the Premises any unauthorized vending or lotto machines. You agree to place or display at the Premises (interior and exterior) only the signs, emblems, lettering, logos, and display materials that we approve from time to time. You agree to purchase or lease approved brands, types, or models of Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

**E. COMPUTER SYSTEM.**

You agree to obtain and use the computer hardware and/or operating software we specify from time to time (the "Computer System"). We may modify specifications for, and components of, the Computer System. You also agree to maintain a functioning e-mail address. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/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 this Agreement's remaining Term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or its 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 you receive notice from us, you agree to obtain the Computer System components that we designate and to ensure that your Computer System, as modified, is functioning 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 agreement 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 this Agreement's Term; provided, however, such fees shall be reasonable under the circumstances and priced competitively with similar products and services offered in the marketplace for franchise systems.

Despite the fact that 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 with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded.

You agree to abide by: (a) the Payment Card Industry Data Security Standards ("PCIDSS") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act ("FACTA"); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("Electronic Payment Requirements"). If you are required by one of the credit card companies or another third party (including any governmental body) to provide evidence of compliance with PCIDSS, FACTA or applicable Electronic Payment Requirements, we may require that you provide, or make available, to us copies of any audit, scanning results or related documentation relating to such compliance. If you know or suspect a security breach, you must immediately notify us. You will promptly identify and remediate the source of any compromise or security breach. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of the RESTAURANT.

#### F. **RESTAURANT OPENING.**

You agree not to open and operate the RESTAURANT until:

(1) We notify you in writing that the RESTAURANT meets our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the RESTAURANT complies with any engineering, licensing, environmental, labor, health,



building, fire, sanitation, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of our right to require continuing compliance with our requirements, standards, or policies).

(2) You (or your Managing Owner) and your other employees satisfactorily complete the initial training program as required under Section 4.A.

(3) You pay the Initial Franchise Fee (defined below) and other amounts then due to us.

(4) You give us certificates for all required insurance policies.

Subject to your compliance with these conditions, you agree to open and operate the RESTAURANT for business within two hundred seventy (270) days after the Effective Date unless we agree otherwise in writing.

3. **FEES.**

A. **INITIAL FRANCHISE FEE.**

You agree to pay us a nonrecurring initial franchise fee of Thirty-Five Thousand Dollars (\$35,000) (the "Initial Franchise Fee"). The Initial Franchise Fee is nonrefundable. The Initial Franchise Fee is due, and fully earned by us, when you sign this Agreement.

B. **CONTINUING SERVICE AND ROYALTY FEE.**

During the Term of this Agreement, you agree to pay us, on or before the third (3rd) day after the corresponding bi-weekly reporting period (as the bi-weekly reporting periods are determined by us for each calendar year) a Continuing Service and Royalty Fee (the "Royalty") equal to five percent (5%) of the RESTAURANT's Gross Sales (as defined below) for each bi-weekly reporting period (as determined by us from time to time), payable, in the manner provided below (or as the Operating Procedures Manual otherwise prescribes), on or before the third (3rd) day after such bi-weekly reporting period. In connection with paying the Royalty, you will send us on a form we approve (or as we otherwise direct) a signed statement of the RESTAURANT's Gross Sales for the prior bi-weekly reporting period. Each bi-weekly statement of Gross Sales must be accompanied by the Royalty due for the weeks covered by the statement. The bi-weekly reporting periods for each calendar year will be designated by us prior to the start of each calendar year.

C. **DEFINITION OF "GROSS SALES".**

As used in this Agreement, the term "Gross Sales" means the aggregate of all moneys and receipts derived from (i) all products prepared and services performed at your Restaurant, including all delivery and catering charges not included in the price of Menu Items; (ii) sales and orders made, solicited or received at your Restaurant, including delivery, catering, and online orders; (iii) all other business whatsoever conducted or transacted at or from your Restaurant; (iv) all other revenues derived from the exploitation of the System and/or the Marks by you; and (v) insurance proceeds and/or condemnation awards for loss of sales, profits or business, and

whether these Gross Sales are evidenced by cash, credit, check, gift card or gift certificates, services, property or other means of exchange. However, there shall be excluded from Gross Sales (a) all sales taxes imposed by governmental authorities directly on sales and actually collected from customers, provided such taxes are added to the selling price and are, in fact, paid by you to the appropriate governmental authority; and (b) the amount of discounts to customers in the form of coupon sales and redemptions up to 4% of Gross Sales, provided the related sales have been included in Gross Sales. For any orders of products placed by customers using third-party delivery service providers (e.g., GrubHub, ezCater, Waitr, DoorDash, Uber Eats, Postmates, Foodsby) (a “TPDS”), Gross Sales shall include the purchase price of the products charged to the customer by such TPDS (which shall include any fee that is incorporated into or deducted from the menu price of the products and shall not be adjusted to reflect any discounts, credits, or coupons deducted from the customer’s total order by the TPDS), regardless of the amount of revenue actually received from the TPDS as a result of the customer’s purchase. For avoidance of doubt, the TPDS may pay you an amount equal to the purchase price charged for the products to the customer less a commission, other fees, and any discounts, credits, or coupons applied to the order, and such commission, fees, discounts, credits, and coupons will not be deducted from Gross Sales. Notwithstanding the foregoing, Gross Sales shall not include any separate fee charged by the TPDS directly to the customer that appears as a separate line item charge on the customer’s bill. Cash refunds and credit given to customers shall be deducted in computing Gross Sales to the extent that this cash and credit represent amounts previously included in Gross Sales and on which a Royalty was previously paid. Gross Sales shall be deemed to be realized by you at the time of the sale or delivery of the products, merchandise or services, irrespective of the time when you actually receive your payment. Gross Sales consisting of property or services shall be valued at their fair market value at the time the property or services were received by or for the account of you. Royalties, advertising fees and all other fees or amounts payable to us may be withdrawn by us from a bank account specified by you by means of an electronic funds transfer.

**D. LATE FEES AND INTEREST.**

All amounts which you owe us for any reason will bear interest accruing as of their original due date at one and one-half percent (1.5%) per month or the highest interest rate the law allows, whichever is less. We may debit your bank account automatically for late fees and interest. You acknowledge that this Subsection 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, the RESTAURANT.

**E. NON-COMPLIANCE FEE.**

We may charge you a fee of \$1,000 for any instance of non-compliance with the System Standards or this Agreement (other than your non-payment of a fee owed to us) which you fail to cure after 14 days’ notice. Thereafter, we may charge you a fee of \$250 per week until you cease such non-compliance. This fee is a reasonable estimate of our internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from your breach. The non-compliance fee is in addition to all of your other rights and remedies.

F. **APPLICATION OF PAYMENTS.**

Despite any designation you make, we may apply any of your payments in any manner that we deem appropriate, in our sole discretion, 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 in any manner that we deem appropriate in our sole discretion. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

G. **METHOD OF PAYMENT.**

Before the RESTAURANT opens, you agree to sign and deliver to us the agreements we require to authorize us to debit your business checking account automatically for the Royalty, Fund Contributions (defined below), and other amounts due under this Agreement and for your purchases from us and/or our affiliates (the “Electronic Depository Transfer Account” or “EDTA”). We will debit the EDTA for these amounts on their due dates. You agree to ensure that funds are available in the EDTA to cover our withdrawals. If there are insufficient funds in the EDTA to cover any amount owed (or, if you are paying by check and a check is returned for insufficient funds), we will charge you a processing fee of \$200 to compensate us for our additional administrative expenses.

If you fail to report the RESTAURANT’s Gross Sales, we may debit your EDTA for one hundred twenty percent (120%) of the last Royalty and Fund Contribution that we debited (including, but not limited to, any applicable late fee noted above). If the amounts that we debit from your EDTA are less than the amounts you actually owe us (once we have determined the RESTAURANT’s true and correct Gross Sales), we will debit your EDTA for the balance on the day we specify. If the amounts that we debit from your EDTA are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your EDTA during the following period.

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.**

If this is your first Your Pie Restaurant, then before your RESTAURANT opens for business, we will provide to you (or, if you are an Entity, your Managing Owner) and two (2) of your full-time manager-level employees our initial training program on the material aspects of operating a Your Pie Restaurant. If this is not your first Your Pie Restaurant and you (or, if you are an Entity, your Managing Owner) have already successfully completed the initial training program, we will only require two (2) of your full-time manager-level employees to attend the initial training program. If, however, we have certified one of your Your Pie Restaurants as a training facility, those employees will be trained at that Your Pie Restaurant. We will provide the initial training program at a designated training facility of our choice and/or at an operating Your Pie Restaurant.

We will provide without charge to you the initial training program for a total of (3) three attendees. Additional people beyond these three (3) attendees may attend the initial training program if you pay our then current training charge for each additional person. You also agree to pay for all travel and living expenses which you (or your Managing Owner) and all of your employees incur and for your employees' wages and workers' compensation insurance while they train at operating Your Pie Restaurants.

You (or your Managing Owner) and two (2) of your manager-level employees must satisfactorily complete the initial training program at least one (1) month prior to operating your RESTAURANT but no earlier than two (2) months prior to when you actually start operating your RESTAURANT. If you fail to start operating your RESTAURANT within two (2) months of your trainees (including you (or your Managing Owner) and your two (2) full-time manager-level employees) satisfactorily completing the initial training program, your trainees will have to attend and complete the initial training program again at your expense (including paying our then current training charge for all three attendees). It is your responsibility to make sure that initial training program is completed in the required timeframe of when your RESTAURANT is completed and ready to open. If we determine that you (or your Managing Owner) or any of your full-time manager-level employees cannot complete the initial training program to our satisfaction, we may require you to (i) designate a new Managing Owner, (ii) designate or hire new full-time manager-level employees, and/or (iii) have your trainees take additional training (which may require the payment of additional costs) conducted by us or third parties.

You (or your Managing Owner) may request additional training at the end of the initial training program, to be provided at our then current per diem charges, if you (or your Managing Owner) do not feel sufficiently trained in the operation of a Your Pie Restaurant. We and you will jointly determine the duration of this additional training, and you will pay for all travel and living expenses which you and all of your employees incur that are associated with this additional training. However, if you (or your Managing Owner) satisfactorily complete our initial training program and have not expressly informed us at the end of the program that you (or your Managing Owner) do not feel sufficiently trained in the operation of a Your Pie Restaurant, then you (or your Managing Owner) will be deemed to have been trained sufficiently to operate a Your Pie Restaurant.

When the RESTAURANT is ready to open for business, at our own cost, we will send up to one (1) of our representatives to the RESTAURANT for a period of seven (7) days to assist with its opening. You also must successfully complete this phase of the initial training program. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you agree to pay our then applicable charges including, but not limited to, our personnel's per diem charges and travel and living expenses.

#### **B. ONGOING TRAINING.**

We may require you (or your Managing Owner) and/or other previously trained and experienced employees to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate. We may charge reasonable registration or similar fees for these courses. We will not require attendance for more than a total of seven (7) days during a calendar year. Besides attending these courses, you agree

to attend an annual meeting of all Your Pie Restaurant franchise owners at a location we designate. Attendance will not be required for more than four (4) days during any calendar year. You agree to pay all costs to attend.

We may require that all of your RESTAURANT managers satisfactorily to complete our initial and ongoing training programs (including requiring new or replacement managers to complete our initial training program). We may charge reasonable fees for training managers. You agree to pay all travel and living expenses which you and your employees incur during all training courses and programs. You agree to assist us in training other Your Pie Restaurant franchise owners. We will reimburse your out-of-pocket expenses for providing this assistance.

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.

#### C. **GENERAL GUIDANCE.**

We will advise you from time to time regarding the RESTAURANT's operation based on your reports or our inspections and will guide you with respect to: (1) standards, specifications, and operating procedures and methods that Your Pie Restaurants use; (2) purchasing required and authorized Operating Assets, Trade Secret Food Products, and other items and arranging for their distribution to you; (3) advertising and marketing materials and programs; (4) employee training (although you are solely responsible for the terms and conditions of employment of your employees); and (5) administrative, bookkeeping, accounting, and inventory control procedures.

We will guide you in our operations manual ("Operating Procedures Manual"); in bulletins or other written materials; by electronic media; by telephone consultation; and/or at our office or the RESTAURANT. If you request, and we agree to provide, additional or special guidance, assistance, or training, you agree to pay our then applicable charges including, but not limited to, our personnel's per diem charges and travel and living expenses.

#### D. **OPERATING PROCEDURES MANUAL.**

We will make available on loan to you the Operating Procedures Manual. We will provide the Operating Procedures Manual (i) through the Website (defined below), and/or other electronic, computerized or forms of access (each, an "Operating Procedures Manual Access Point"), (ii) in a paper copy, and/or (iii) in a digital form. The Operating Procedures Manual could include audiotapes, videotapes, compact disks, computer software, other electronic media, and/or written materials. The Operating Procedures Manual shall remain our exclusive property at all times. The Operating Procedures Manual contains mandatory and suggested specifications, standards, operating procedures, and rules (the "System Standards") that we periodically prescribe for operating a Your Pie Restaurant and information on your other obligations under this Agreement. We may modify the Operating Procedures Manual periodically to reflect changes in the System Standards. The System Standards do not include any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Operating Procedures Manual or otherwise for your optional use.

You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the RESTAURANT.

You agree to keep any paper copy of the Operating Procedures Manual current and in a secure location at the RESTAURANT. If there is a dispute over its contents, our master copy of the Operating Procedures Manual controls. You agree that the Operating Procedures Manual's contents are confidential and that you will not disclose the Operating Procedures Manual to any person other than RESTAURANT employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operating Procedures Manual.

At our option, we may post some or all of the Operating Procedures 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, but not limited to, 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 Operating Procedures Manual or the System Standards. Any passwords or other digital identifications necessary to access any Operating Procedures Manual Access Point will be deemed to be part of Confidential Information (as defined below).

**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. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

**5. MARKS.**

**A. OWNERSHIP AND GOODWILL OF MARKS.**

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

**B. LIMITATIONS ON YOUR USE OF MARKS.**

You agree to use the Marks as the RESTAURANT's sole identification, 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; or (5) 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 the RESTAURANT or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the 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. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.**

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take any action we deem appropriate (including, but not limited to, no action) and control exclusively any litigation, U.S. Patent and Trademark Office ("USPTO") proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation, USPTO proceeding, or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any action that we have asked you to take.

**D. DISCONTINUANCE OF USE OF MARKS.**

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice of our directions. We need not reimburse you for your direct expenses of changing the RESTAURANT's signs, 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 Subsection apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use pursuant to this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

**E. 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 may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

6. **CONFIDENTIAL INFORMATION.**

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the “Confidential Information”), relating to developing and operating Your Pie Restaurants including, but not limited to:

- (1) Site selection criteria.
- (2) Recipes and related information regarding Trade Secret Food Products.
- (3) Training and operations materials and manuals.
- (4) Methods, formats, specifications, standards, systems, procedures, food preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating Your Pie Restaurants.
- (5) Marketing and advertising programs for Your Pie Restaurants.
- (6) Knowledge of specifications for, and suppliers of, Operating Assets, Trade Secret Food Products, and other products and supplies.
- (7) Any computer software or similar technology which is proprietary to us or the Franchise System including, but not limited to, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology.
- (8) Knowledge of the operating results and financial performance of Your Pie Restaurants other than your RESTAURANT.
- (9) Graphic designs and related intellectual property.

You acknowledge and agree that you will not acquire any interest in the Confidential Information, other than the right to use it as we specify in operating your RESTAURANT during this Agreement’s Term, and that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you:

- (1) Will not use the Confidential Information in any other business or capacity.
- (2) Will keep each item deemed to be part of the Confidential Information absolutely confidential, both during this Agreement’s Term and then thereafter for as long as the item is not generally known.
- (3) Will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form.
- (4) Will adopt and implement reasonable procedures to prevent the unauthorized use or disclosure of the Confidential Information including, but not limited to,



restricting its disclosure to RESTAURANT personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information. We have the right to regulate the form of such non-disclosure and non-competition agreements that you use and to be a third party beneficiary of those agreements with independent enforcement rights.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time we disclosed it to you, already had lawfully become generally known in the food-service industry through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the food-service industry through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques, or materials relating to a Your Pie Restaurant, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the Franchise System, and works made-for-hire for us. To the extent that any item does not qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including, but not limited to, signing assignment or other documents) that we request to evidence our ownership or to help us obtain intellectual property rights in the item.

#### 7. **EXCLUSIVE RELATIONSHIP.**

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 this Agreement’s Term, neither you, any of your owners, nor any of your or your owners’ spouses:

(1) Will have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business (as 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 stock exchange will not be deemed to violate this subparagraph).

(2) Will perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating.

(3) Will divert or attempt to divert any actual or potential business or customer of the RESTAURANT to a Competitive Business.

(4) Will engage in any other activity which might injure the goodwill of the Marks and Franchise System.

The term “Competitive Business” means (i) any restaurant or other food-service business which derives more than thirty five percent (35%) of its revenue from selling pizza and pizza-related products and services or (ii) any business granting franchises or licenses to others to

operate the type of business specified in subparagraph (i) (other than a Your Pie Restaurant operated under a franchise agreement with us).

You agree to obtain similar covenants from the personnel we specify including, but not limited to, 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 (that contains such covenants) and to be a third party beneficiary of that agreement with independent enforcement rights.

8. **SYSTEM STANDARDS.**

A. **CONDITION AND APPEARANCE OF THE RESTAURANT.**

You agree that:

(1) You will maintain the condition and appearance of the RESTAURANT, its Operating Assets, and the Premises in accordance with the System Standards and consistent with the image of a Your Pie Restaurant as an efficiently operated business offering high quality products and services and observing the highest standards of cleanliness, sanitation, efficient and courteous service, and pleasant ambiance and, in furtherance thereof, will take, without limitation, the following actions during the Term of this Agreement: (a) thorough cleaning, repainting, and redecorating of the interior and exterior of the Premises at intervals we prescribe; (b) interior and exterior repair of the Premises; and (c) repair or replacement of damaged, worn out, or obsolete Operating Assets.

(2) You will place or display at the Premises (interior and exterior) only those signs (including, but not limited to, neon), emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve.

(3) If at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the Premises of the RESTAURANT or its fixtures, furnishings, equipment, or signs does not meet our standards, then we have the right to notify you, specifying the action you must take to correct the deficiency. If you do not initiate action to correct such deficiencies within ten (10) days after you receive our notice, and then continue in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, we have the right, in addition to all other remedies, to enter the Premises or the RESTAURANT and do any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand for any expenses we incur in that connection.

(4) On notice from us, but not more often than once every five (5) years, unless sooner required by your lease, you agree to remodel, expand, redecorate, reequip and/or refurbish the Premises and the RESTAURANT to reflect changes in the operations of Your Pie Restaurants which we prescribe and require of new franchisees.

**B. RESTAURANT MENU, SPECIFICATIONS, STANDARDS AND PROCEDURES.**

You agree that: (1) the RESTAURANT will offer for sale all Menu Items and other products and services that we specify from time to time, and will only use recipes and methods of food preparation we have specified or approved; (2) the RESTAURANT will offer and sell approved products and services only in the manner we have prescribed; (3) you will not offer for sale or sell at the RESTAURANT, the Premises, or any other location any products or services we have not approved; (4) all products will be offered and sold only at retail and from the Premises and you will not offer or sell any products at wholesale; and (5) you will discontinue selling and offering for sale any products or services that we at any time decide (in our sole discretion) to disapprove in writing.

**C. APPROVED PRODUCTS, DISTRIBUTORS, AND SUPPLIERS.**

We have developed or may develop standards and specifications for types, models, and brands of required Operating Assets, Trade Secret Food Products, other products, ingredients, materials, and supplies. We reserve the right from time to time to approve specifications or suppliers and distributors (collectively, “Supplier”) of the above products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications and, if we require it, only from Suppliers that we have approved including, but not limited to, ourselves or our affiliates.

We may designate a single Supplier for any product, service, equipment, supply or material and may approve a Supplier only as to certain products. The designated Supplier may be us or an affiliate of ours.

We and our affiliates may receive payments from Suppliers on account of such Suppliers’ dealings with you and other franchise owners, and may use any amounts so received without restriction and for any purpose we and our affiliates deem appropriate. We may concentrate purchases with one or more Suppliers to obtain lower prices or the best advertising support or services. Approval of a Supplier may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service including, but not limited to, prompt attention to complaints or other criteria, and approval of a Supplier may be temporary, pending our continued evaluation of the Supplier from time to time.

If you would like to purchase any items from any unapproved Supplier, you must submit to us a written request for approval of the proposed Supplier; alternatively, the proposed supplier or distributor may submit its own request. We may deny such approval for any reason, including our determination to limit the number of approved Suppliers. We have the right to inspect the proposed Supplier’s facilities, and to require product samples from the proposed Supplier be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing. Either you or the proposed Supplier must pay us a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved Supplier and to revoke our approval if such Supplier does not continue to meet any of our criteria. We

reserve the right to receive payments from manufacturers or Suppliers on account of their actual or prospective dealings with you and other franchisees.

We and our affiliates have developed specially formulated and prepared Trade Secret Food Products for use in the operation of Your Pie Restaurants. You must use only the Trade Secret Food Products in the preparation of products served and sold by your RESTAURANT. Currently, you must purchase the Trade Secret Food Products from a designated third-party Supplier or us.

**D. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.**

You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of the RESTAURANT and must operate the RESTAURANT in full compliance with all applicable laws, ordinances, and regulations including, but not limited to, government regulations relating to occupational hazards, health, worker's compensation, unemployment insurance, withholding and federal and state income taxes, social security taxes, and sales and service taxes. You must comply with all laws and regulations relating to privacy and data protection, and must comply with any privacy policies or data protection and breach response policies we may periodically establish. All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. The RESTAURANT must in all dealings with its customers, 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 that may be injurious to our business and the goodwill associated with the Marks and other Your Pie Restaurants. You must notify us in writing within five (5) days: (i) of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect your operation or financial condition (or that of the RESTAURANT), or (ii) of any notice of violation of any law, ordinance, or regulation relating to the RESTAURANT. You must notify us immediately of any suspected data breach at or in connection with the RESTAURANT.

**E. MANAGEMENT OF THE RESTAURANT/CONFLICTING INTERESTS.**

Except as provided below, you (or your Managing Owner) must act as the general manager of the RESTAURANT with responsibility for direct, on-premises supervision of the RESTAURANT. You must keep us informed at all times of the identity of any supervisory employee(s) acting as assistant manager(s) of the RESTAURANT. You (or your Managing Owner) must devote full time and efforts to the management and supervision of the RESTAURANT.

If you (or your Managing Owner) own more than one Your Pie Restaurant, each Your Pie Restaurant must be under the direct on-premises supervision of a general manager we have approved and who has completed our training programs.

**F. INSURANCE.**

During the Term of this Agreement, you must maintain in force at your sole expense comprehensive public liability, general liability, product liability, business interruption, cyber

liability, and motor vehicle liability insurance against claims for bodily and personal injury, death, property damage, and financial loss (as applicable) caused by, or occurring in connection with, the RESTAURANT's operation; all such insurance policies containing the minimum liability coverage we prescribe from time to time. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including, but not limited to, 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. These insurance policies must name us and any affiliates we designate as additional insured parties and must provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation, or expiration. You routinely must furnish us copies of your Certificates 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 the 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.

**G. PRICING.**

We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services.

**H. COMPLIANCE WITH SYSTEM STANDARDS.**

You acknowledge and agree that operating and maintaining the RESTAURANT according to the System Standards are essential to preserve the goodwill of the Marks and all Your Pie Restaurants. Therefore, you agree at all times to operate and maintain the RESTAURANT according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard, as originally issued or subsequently modified, is not in the Franchise System's or the RESTAURANT's best interests. Although we retain the right to establish and periodically modify the System Standards that you have agreed to maintain, you retain the responsibility for the day-to-day management and operation of the RESTAURANT and implementing and maintaining the System Standards at the RESTAURANT.

As examples, and without limitation, the System Standards may regulate any one or more of the following, in addition to the items described above:

(1) The purchase, storage, preparation, handling, and packaging procedures and techniques for Menu Items and Trade Secret Food Products; and inventory requirements for Trade Secret Food Products and other products and supplies so that the RESTAURANT may operate at full capacity.

(2) The terms and conditions of the sale and delivery of, and terms and methods of payment for, Trade Secret Food Products, other products, and services that you

obtain from us and affiliated and unaffiliated suppliers; and our and our affiliates' right not to sell you any Trade Secret Food Products, or other products or to provide you with services, or to do so only on a "cash-on-delivery" or other basis, if you are in default under any agreement with us.

(3) The sales, marketing, advertising, and promotional programs and materials and media used in these programs.

(4) The use and display of the Marks at the RESTAURANT and on napkins, boxes, bags, wrapping paper, labels, forms, paper and plastic products, and other supplies.

(5) The issuing and honoring of gift certificates and loyalty cards.

(6) employee dress and appearance. However, you have sole responsibility and authority concerning your employment practices employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions.

(7) The days and hours of operation and the music and/or television programming played or shown at the RESTAURANT and the designated source of such programming.

(8) The participation in market research and testing and product and service development programs as well as participation in, and dues assessed for, advisory councils.

(9) The acceptance of credit and debit cards, other payment systems, and check verification services.

(10) The bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and giving us copies of tax returns and other operating and financial information concerning the RESTAURANT.

(11) Any other aspects of operating and maintaining the RESTAURANT that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Your Pie Restaurants.

You agree that the System Standards we prescribe in the Operating Procedures Manual, or otherwise communicate to you in writing or another tangible form (for example, via Franchise System extranet or Website), are part of this Agreement as if fully set forth in this Agreement. All references to this Agreement include all the System Standards as periodically modified.

#### **I. MODIFICATION OF SYSTEM STANDARDS.**

We periodically may modify the System Standards, which may accommodate regional or local variations, and these modifications may obligate you to make expenditures and/or incur higher operating costs. You agree to implement changes in the System Standards within the time period we request, which may include (i) reasonable refurbishing or remodeling considering when you commenced operating and the remainder of the Term, (ii) acquiring new Operating

Assets, (iii) adding new Menu Items and services, and/or (iv) otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date.

9. **MARKETING.**

A. **GRAND OPENING ADVERTISING.**

You are required to spend at least \$10,000 to advertise and promote the RESTAURANT during a grand opening period that we designate. You agree to comply with our guidelines for this grand opening advertising program.

B. **ADVERTISING AND DEVELOPMENT FUND.**

Recognizing the value of advertising and marketing to the goodwill and public image of Your Pie Restaurants, we may establish an Advertising and Development Fund (the "Fund") for the advertising, marketing, and public relations programs and materials we deem appropriate. You agree to contribute to the Fund the amounts that we prescribe from time to time, not to exceed two percent (2%) of the RESTAURANT's Gross Sales ("Fund Contributions"), payable in the same manner as the Royalty.

We have the right to collect for deposit into the Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Your Pie Restaurants and with whom we have agreed that we will so deposit these allowances. (These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes and which we and our affiliates, therefore, may use for any purposes we and they deem appropriate, as provided above.)

We will direct all programs that the Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce Website and/or related strategies; administering regional and multi-regional marketing and advertising programs including, but not limited to, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities (including Digital Marketing (defined below)).

The Fund periodically 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 our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Fund separately from our other funds and not use the Fund for any of our general operating expenses. However, we may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund, the Fund's other administrative costs, travel expenses of personnel while they are on Fund business, meeting costs, overhead relating to Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Fund and its programs including, but not

limited to, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Fund Contributions.

The Fund will not be our asset. Although the Fund is not a trust, we will hold all Fund Contributions for the benefit of the contributors and use Fund Contributions only for the purposes described in this Subsection. We do not owe any fiduciary obligation to you for administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Fund Contributions to pay costs before using the Fund's other assets.

We will prepare an annual, unaudited statement of Fund collections and expenses and give you the statement upon written request. We may have the Fund audited annually, at the Fund's expense, by an independent certified public accountant. We may incorporate the 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 Subsection.

We intend the Fund to maximize recognition of the Marks and patronage of Your Pie Restaurants. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Your Pie Restaurants, we need not ensure that Fund expenditures in, or affecting, any geographic area are proportionate or equivalent to the Fund Contributions by Your Pie Restaurants operating in that geographic area or that any Your Pie Restaurant benefits directly on account of, or in proportion to, its 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 the Fund Contributions at the Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Fund. Except as expressly provided in this Subsection, we assume no direct or indirect liability or obligation to you for collecting amounts due to the Fund or for maintaining, directing, or administering the Fund.

We may at any time defer or reduce the Fund Contributions and, upon thirty (30) days' prior written notice to you, reduce or suspend Fund Contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to our franchise owners, and to us and our affiliates, in proportion to their, and our, respective Fund Contributions during the preceding twelve (12) month period.

### **C. LOCAL ADVERTISING OBLIGATION.**

In addition to your grand opening obligations above and your Fund Contribution obligations above, you agree to spend a minimum percentage (the "Local Advertising Percentage") of the RESTAURANT's Gross Sales each calendar year to market and promote your RESTAURANT in accordance with this Subsection C. during that year (the "Local Advertising Spending Requirement"). The Local Advertising Percentage is equal to four and one-half percent (4.5%) less the then current Fund Contribution percentage (which may vary in



accordance with Subsection 9.B.), but the Local Advertising Percentage shall never be less than two and one-half percent (2.5%) nor more than three and one-half percent (3.5%).

Commencing with the first full month that the RESTAURANT is open and operating, you agree to spend each month an amount equal to the then current Local Advertising Percentage of the RESTAURANT's Gross Sales for the preceding month.

Expenditures for the Local Advertising Spending Requirement must follow our guidelines. All advertising and promotional materials that you develop for your RESTAURANT must contain notices of our Website's domain name in the manner we designate. You may not develop, maintain, or authorize any Website that mentions or describes you or the RESTAURANT or that displays any of the Marks. 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.

Before you use them, you agree to send us or our designated agency for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously approved. If you do not receive written disapproval within ten (10) days after we or our designated agency receives the materials, they are deemed to be approved. You may not use any advertising, promotional, or marketing materials that we have not approved (or been deemed not to have approved) or have disapproved.

**D. COOPERATIVE ADVERTISING PROGRAMS.**

We may designate an advertising coverage area ("ACA") — local or regional — in which two (2) or more Your Pie Restaurants are located in order to establish a cooperative advertising program ("Cooperative Program") for that ACA. An ACA is the area covered by the particular advertising medium recognized in the industry. All franchise owners in the ACA will be required to participate. We will control the ACA's organization, formation and governance, including the preparation of bylaws. The ACA will begin operating on the date we specify. If an ACA has been established as of the Effective Date of this Agreement for the general market area in which the RESTAURANT is located, you automatically become a member of that ACA when you sign this Agreement, although voting rights and contributions do not begin until your RESTAURANT opens and begins operation. Each Your Pie Restaurant operating in the ACA will have one vote including, but not limited to, Your Pie Restaurants operated by us or our affiliates.

If a Cooperative Program is or has been established for your ACA, you agree (i) to join, participate in and actively support the ACA in compliance with its governing documents and (ii) to contribute a specific percentage of your RESTAURANT's Gross Sales to the Cooperative Program on a weekly, bi-weekly or monthly basis. The amount of the contribution to the Cooperative Program will be specified by at least fifty percent (50%) or more of the Your Pie Restaurants operating in the ACA; provided, however, the amount of the contribution may not exceed an amount we designate. Contributions to the Cooperative Program will be credited toward the Local Advertising Spending Requirement (but not toward the Fund contribution).

The ACA and its members may not use any marketing plans or materials without our prior written consent, and all activities must comply with our guidelines.

**E. DIGITAL MARKETING.**

You must comply with the System Standards developed by us for the Franchise System, in the manner directed by us in the Operating Procedures Manual or otherwise, with regard to our authorization to use, and use of, blogs, common social networks (including "Facebook"), professional networks (including "LinkedIn"), live blogging tools (including "Twitter"), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools, applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "Digital Marketing") that are intended to promote or that in any way references the Marks, or involves the Franchise System or RESTAURANT. We have the sole right to control all aspects of any Digital Marketing, including those related to your RESTAURANT and Your Pie franchise. Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or relate to the RESTAURANT or your business.

**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 a Computer System to maintain certain sales data and other information and to report such information to us via a website or other means. You agree to give us in the manner and format that we prescribe from time to time:

(1) On or before the third (3rd) day immediately following the end of each bi-weekly reporting period, a report on the RESTAURANT's Gross Sales for the bi-weekly reporting period.

(2) Within fifteen (15) days after the end of each calendar month, the operating statements, financial statements, statistical reports, purchase records, and other information we request regarding you and the RESTAURANT covering the previous calendar months and the fiscal year to date.

(3) By April 15<sup>th</sup> of each year, annual profit and loss and source and use of funds statements and a balance sheet for the RESTAURANT as of the end of the prior calendar year.

(4) 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 the RESTAURANT and the Franchise.

You agree to verify and sign each report and financial statement in the manner we prescribe. We may disclose data derived from these reports, although we will not disclose without your consent (unless required by law) your identity in any materials that we circulate publicly. Moreover, we

may access, as often as we deem appropriate (including, but not limited to, on a daily basis), the Computer System and retrieve all information relating to the RESTAURANT's operation.

You agree to preserve and maintain all records in a secure location at the RESTAURANT for at least three (3) years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers). We may require you to provide us with compiled financial statements prepared annually during this Agreement's Term. If we reasonably believe that the financial statements that you have provided to us do not accurately reflect your financial condition or there has been an understatement of more than three percent (3%) in any statement or report, we may require you to provide us with audited financial statements.

11. **INSPECTIONS AND AUDITS.**

A. **OUR RIGHT TO INSPECT THE RESTAURANT.**

To determine whether you and the RESTAURANT are complying with this Agreement and all the System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect the RESTAURANT; (2) photograph the RESTAURANT and observe and videotape the RESTAURANT's operation for consecutive or intermittent periods we deem necessary; (3) remove samples of any products and supplies; (4) interview the RESTAURANT's personnel and customers; and (5) inspect and copy any books, records, and agreements relating to the RESTAURANT's operation. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the RESTAURANT's operation.

B. **OUR RIGHT TO AUDIT.**

We may at any time during your business hours, and without prior notice to you, examine your (if you are an Entity) and the RESTAURANT's business, bookkeeping, and accounting records, 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 RESTAURANT's Gross Sales, you agree to pay us, within fifteen (15) days after receiving the examination report, the Royalty and 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 to furnish these items on a timely basis, or if our examination reveals a Royalty or 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 reasonable costs of the examination including, but not limited to, 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 shareholder, director, officer, or employee remaining with us in that capacity.

We may unilaterally assign this Agreement and this Agreement shall inure to the benefit of our successors and assigns. You agree that:

(1) We may sell ourselves, our assets, the Marks, and/or the Franchise System to anyone, may offer securities publicly or privately, may enter into any business combination with another entity including, but not limited to, a merger, a sale of substantially all our assets, or an acquisition of substantially all the assets of someone else, may enter into any other financing transaction including, but not limited to, a recapitalization, leveraged buyout, or other economic or financial restructuring.

(2) We may purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of such network's, chain's, or other business' location; and, regardless of such location, we may operate, franchise, or license that network, chain, or other business as Your Pie Restaurants or operate them under any other marks.

With regard to either (1) or (2) above, you expressly and specifically waive any claims, demands, or damages arising from, or related to, the loss of our name, the Marks (or any variation thereof), the Franchise System and/or the loss of association with, or identification, of the Marks under this Agreement. If we assign our rights under this Agreement, we are not required to remain in the Your Pie business or to offer or sell any products and services to you.

B. **BY YOU.**

You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an Entity, to your owners) 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, none of the following, by operation of law or otherwise, may be transferred, assigned, sold, conveyed, or encumbered without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the RESTAURANT (or any right to receive all or a portion of the RESTAURANT's profits or losses or capital appreciation related to the RESTAURANT); (iii) substantially all of the assets of the RESTAURANT; (iv) any ownership interest in you (regardless of its size); or (v) any ownership interest in any of your owners if such owners are legal entities or any ownership interest in such legal entities. A transfer of the RESTAURANT's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect.

In this Agreement, the term “transfer” (as a verb, noun, or other part of speech) includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

- (1) The transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest.
- (2) The merger or consolidation or issuance of additional securities or other forms of ownership interest.
- (3) The sale of a security convertible to an ownership interest.
- (4) The transfer of an interest in you, this Agreement, the RESTAURANT or substantially all of its assets, or your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law.
- (5) If you, one of your owners, or an owner of one of your owners dies, a transfer of an interest in you, this Agreement, the 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.
- (6) The pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security, foreclosure upon the RESTAURANT, or your transfer, surrender, or loss of the RESTAURANT’s possession, control, or management. You may grant a security interest (including, but not limited to, a purchase money security interest) in the RESTAURANT’s assets (not including this Agreement) to a lender that finances your acquisition, development, and/or operation of the RESTAURANT without having to obtain our prior written approval as long as you give us twenty (20) days’ prior written notice.

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

If you (and your owners) are fully complying with this Agreement, then, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the requirements in this Subsection.

If you are an entity, your owners may transfer a non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) if you meet certain conditions including, but not limited to, the following two conditions: (1) the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and otherwise meet our then applicable standards for Your Pie Restaurant franchise owners (including, but not limited to, no ownership interest in or performance of services for a Competitive Business); and (2) you give us prior written notice of the transfer.

For any other proposed transfer (including, but not limited to, a transfer of this Agreement, a transfer of a controlling ownership interest in you or one of your owners, or a transfer which is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership

interest in you or one of your owners) certain conditions must be met before, or concurrently with, the effective date of the transfer including, but not limited to:

(1) The transferee has sufficient business experience, aptitude, and financial resources to operate the RESTAURANT.

(2) You have paid all Royalties, Fund and Cooperative Program contributions, and other amounts owed to us, our affiliates, and third party vendors; have submitted all required reports and statements; and have not violated any provision of this Agreement, the Lease, or any other agreement with us 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.

(3) 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.

(4) The transferee (or its managing owner) satisfactorily completes our training program.

(5) Your landlord allows you to transfer the Lease or sublease the Premises to the transferee.

(6) The transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), 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 including, but not limited to, the Royalty and the Fund and Cooperative Program contributions; provided, however, that the Term of the new franchise agreement signed will be equal to ten (10) years as long as the transferee maintains possession of the Premises during those ten (10) years.

(7) You or the transferee pays us a transfer fee equal to \$10,000.

(8) You (and your transferring owners) 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.

(9) We have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the RESTAURANT.

(10) If you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the RESTAURANT are subordinate to the transferee's obligation to pay Royalties, Fund Contributions, and other amounts due to us, our affiliates, and third party vendors and otherwise to comply with this Agreement.

(11) (a) You have corrected any existing deficiencies of the RESTAURANT of which we have notified you on a list or in other communications, and/or (b) the transferee agrees to upgrade, remodel, and refurbish the RESTAURANT in accordance with our then current

requirements and specifications for Your Pie Restaurants within the time period we specify following 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 and the time period within which such actions must be taken).

(12) You comply with the procedures of our right of first refusal set forth below in this Section.

(13) You and your transferring owners (and your and your owners' spouses) will not, for one (1) year beginning on the transfer's effective date, engage in any of the activities proscribed in Section 15 below.

(14) You and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Your Pie Restaurants you own and operate) identify yourself or themselves or any business as a current or former Your Pie Restaurant or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Your Pie 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 the 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 the RESTAURANT.

D. **TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY.**

Despite Subsection C above, if you are fully complying with this Agreement, you may transfer this Agreement to an Entity which conducts no business other than the RESTAURANT and, if applicable, other Your Pie Restaurants, in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the RESTAURANT's assets are owned, and the RESTAURANT's business is conducted, only by that Entity. Such Entity must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the Entity are subject to Subsection C above. You agree to remain personally liable under this Agreement as if the transfer to the Entity did not occur.

E. **YOUR DEATH OR DISABILITY.**

(1) **Transfer Upon Death or Disability.** Upon your or your Managing Owner's death or disability, your or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the Managing Owner's ownership interest in you, to a third party (which may be your or the Managing Owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 12. A failure to transfer your interest in this

Agreement or the Managing Owner's ownership interest in you within this time period is a breach of this Agreement.

The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or the Managing Owner from supervising the RESTAURANT's management and operation.

(2) Operation Upon Death or Disability. Upon your or the Managing Owner's death or disability, your or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a "Manager." The Manager must complete our standard training program at your expense. A new Managing Owner acceptable to us also must be appointed for the RESTAURANT, and that new Managing Owner must complete our standard training program, within sixty (60) days after the date of death or disability.

If, in our judgment, the RESTAURANT is not being managed properly any time after your or the Managing Owner's death or disability, we may, but need not, assume the RESTAURANT's management (or appoint a third party to assume its management). All funds from the RESTAURANT's operation while it is under our (or the third party's) management will be kept in a separate account, and all expenses will be charged to this account. We may charge you (in addition to the Royalty, Fund Contributions, and other amounts due under this Agreement) \$500 per day, plus our (or the third party's) direct out-of-pocket costs and expenses, if we (or a third party) assume the RESTAURANT's management under this subparagraph. We (or a third party) have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the RESTAURANT incurs, or to any of your creditors for any products, other assets, or services the RESTAURANT purchases, while we (or a third party) manage it.

**F. EFFECT OF CONSENT TO TRANSFER.**

Our consent to a transfer of this Agreement and the 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 the RESTAURANT's 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 the transferee's full compliance with this Agreement.

**G. OUR RIGHT OF FIRST REFUSAL.**

If you (or any of your owners) at any time determine to sell or transfer an interest in this Agreement and the RESTAURANT, or an ownership interest in you (except to or among your current owners, which is not subject to this Subsection), in a transaction that otherwise would be allowed under Subsections 12.B. and C above, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us within ten (10) days of such determination, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating to an interest in you or in this Agreement and the 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 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 Subsections B and 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 reserve the right, by written notice delivered to you or your selling owner(s) within thirty (30) days after we receive both an exact copy of the offer and all other information we request, to 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 such interest.

(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, but not limited to, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/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) 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 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 Subsection.

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, Subsections B and 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), if the proposed transfer otherwise would not be allowed under Subsections B and 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 within three (3) days of such change), we or our designee will have an additional right of first refusal during the thirty (30) 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.

13. **EXPIRATION OF THIS AGREEMENT.**

A. **YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.**

If you meet certain conditions, then you will have the option to acquire two successor franchise terms. Each of the two successor terms will be for five (5) years, for a total of ten (10) years. The qualifications and conditions for the first successor term are described below. The qualifications and conditions for the second successor term will be described in the form of franchise agreement signed upon the expiration of this Agreement.

When this Agreement expires:

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

(2) if you (and each of your owners) are, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Subsection 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 the System Standards; and

(3) provided that (a) you maintain possession of and agree (regardless of cost) to remodel and/or expand the RESTAURANT, add or replace improvements and Operating Assets, and otherwise modify the RESTAURANT as we require to comply with the System Standards then applicable for new Your Pie Restaurants, or (b) at your option, you secure a substitute premises that we consent to and you develop those premises according to the System Standards then applicable for Your Pie Restaurants, then you have the option to acquire a successor franchise term of five (5) years commencing immediately upon the expiration of this Agreement. You agree to sign the franchise agreement we then use to grant franchises for Your Pie 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. For each of the two five-year renewal terms, you will owe a renewal fee of \$5,000, unless otherwise agreed to by us in writing.

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 the 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 its Term under Subsection 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 twenty (220) days and no less than one hundred eighty (180) days before

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

If applicable, Our Notice will:

- (1) Describe the remodeling, expansion, improvements, and/or modifications required to bring the RESTAURANT into compliance with then applicable System Standards for new Your Pie Restaurants; and
- (2) 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.

If Our Notice states that you must cure certain deficiencies of the RESTAURANT or its operation as a condition to our granting you a successor franchise, we will give you written notice of our decision not to grant a successor franchise, based upon your failure to cure those deficiencies, not less than ninety (90) days before the Term of this Agreement expires; provided, however, that we need not give you this ninety (90) days’ notice if we decide not to grant you a successor franchise due to your breach of this Agreement during the ninety (90) day period before it expires. If we fail to give you:

- (1) Notice of deficiencies in the RESTAURANT, or in your operation of the RESTAURANT, within ninety (90) days after we receive your timely election to acquire a successor franchise (if we elect to grant you a successor franchise under subparagraph (2) above); or
- (2) Notice of our decision not to grant a successor franchise at least ninety (90) days before this Agreement expires, if this notice is required, we may extend this Agreement’s Term for the time period necessary to give you either reasonable time to correct deficiencies or the ninety (90) days’ notice of our refusal to grant a successor franchise. If you fail to notify us of your election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise.

C. **AGREEMENTS/RELEASES.**

If you satisfy all of the other conditions for a successor franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Your Pie 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 shareholders, 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 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 (1) we do not correct such failure within thirty (30) days after you deliver written notice of the material failure to us, or (2) we do not give you reasonable evidence of our effort to cure such failure within a reasonable time (if we cannot correct the failure within such thirty (30) days) within thirty (30) days after your notice to us, then you may terminate this Agreement effective an additional thirty (30) days after you deliver to us written notice of such termination. (The time period during which we may cure any material failure to comply with this Agreement after receiving notice from you is called the "Cure Period.") However, if we send you written notice during the Cure Period indicating either that (1) we do not agree that we have materially failed to comply with this Agreement, or (2) we have fully corrected the failure, then you may not terminate this Agreement; instead, if you disagree with our position, you agree to submit the dispute to arbitration in accordance with Section 17 below.

This Agreement will remain in full force and effect during these arbitration proceedings (unless we terminate it under Subsection B below). If the arbitrator determines that we are materially failing to comply with this Agreement, or that we did not fully correct a material failure to comply, then we will have an additional thirty (30) days following the arbitrator's decision to correct the failure. If we fail to do so, then 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 Subsection 14.A. will be deemed a termination without cause and a breach of this Agreement.

B. **BY US.**

We may, at our option, 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 the RESTAURANT.

(2) You do not locate, and sign a Lease or purchase document for, an acceptable site for the Premises within one hundred eighty (180) days after the Effective Date, unless we agree otherwise in writing.

(3) You do not open the RESTAURANT for business within two hundred seventy (270) days after the Effective Date, unless we agree otherwise in writing.

(4) You (or your Managing Owner) and your manager-level employees do not satisfactorily complete the initial training program.

(5) You abandon or fail actively to operate the RESTAURANT for three (3) or more consecutive business days, unless you close the RESTAURANT for a purpose we approve or because of casualty or government order.

(6) You (or your owners) make or attempt to make any transfer in violation of Section 12.

(7) You (or any of your owners) are or have been convicted of, or plead or have pleaded no contest to, a felony.

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

(9) You (or any of your owners) engage in any dishonest, unethical or illegal conduct which, in our opinion, adversely affects the RESTAURANT's reputation, the reputation of other Your Pie Restaurants or the goodwill associated with the Marks.

(10) You lose the right to occupy the Premises due to a Relocation Event and fail (a) to begin immediately to look for a substitute site or (b) to locate a substitute site, and to begin operating the RESTAURANT from that substitute site, within ninety (90) days.

(11) You (or any of your owners) knowingly make any unauthorized use or disclosure of any part of the Operating Procedures Manual or any other Confidential Information.

(12) You violate any law, ordinance or regulation relating to the ownership or operation of the RESTAURANT (including, without limitation, any law pertaining to health, safety, or sanitation or licensing), or operate the RESTAURANT in an unsafe manner, and (if the violation can be corrected) you do not begin to correct the violation immediately, and correct the violation fully within seventy-two (72) hours, after you receive notice of violation from us or any other party.

(13) You fail to pay us (or our affiliates) any amounts due and do not correct the failure within ten (10) days after we deliver written notice of that failure to you.

(14) You fail to pay when due any federal, state or local income, service, sales, or other taxes due on the RESTAURANT's operation, or repeatedly fail to make or delay making

payments to your suppliers or lenders, unless you are in good faith contesting your liability for these taxes or payments.

(15) You understate the RESTAURANT's Gross Sales three (3) times or more during this Agreement's Term or by more than five percent (5%) on any one occasion.

(16) You or any of your owners fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with any one or more obligations under this Agreement, whether or not any of these failures are corrected after our delivery of written notice to you and whether these failures involve the same or different obligations under this Agreement.

(17) You or any of your owners fails 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 any of these failures are corrected after we deliver written 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; the 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 the RESTAURANT is not vacated within thirty (30) days following the order's entry.

(19) Your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation.

(20) You fail to pay when due any amount owed to any creditor, supplier or lessor of the RESTAURANT (excluding us, our affiliates and taxing authorities) and do not correct the failure within ten (10) days after we deliver written notice of that failure to you.

(21) 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.

### **C. ASSUMPTION OF MANAGEMENT.**

We have the right (but not the obligation), under the circumstances described below, to enter the Premises and assume the RESTAURANT's management (or to appoint a third party to assume its management) for any period of time we deem appropriate. If we (or a third party) assume the RESTAURANT's management under subparagraphs (1) and (2) below, you agree to pay us (in addition to the Royalty, Fund Contributions, and other amounts due under this Agreement) \$500 per day, plus our (or the third party's) direct out-of-pocket costs and expenses, for up to sixty (60) days after we assume management.

If we (or a third party) assume the RESTAURANT's management, 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 the RESTAURANT incurs, or to any of your creditors for any supplies, products, or other assets or services the RESTAURANT purchases, while we (or the third party) manage it.

We (or a third party) may assume the RESTAURANT's management under the following circumstances: (1) if you abandon or fail actively to operate the 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 the RESTAURANT under Section 15 below.

If we exercise our rights under subparagraphs (1) or (2) above, that will not affect our right to terminate this Agreement under Subsection 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 Royalties, Fund Contributions, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

B. **MARKS.**

When this Agreement expires or is terminated:

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

(2) You agree to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark.

(3) You agree to deliver to us within thirty (30) days all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to the RESTAURANT that we request, and to allow us, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove these items from the RESTAURANT.

(4) If we do not have or do not exercise an option to purchase the RESTAURANT under Subsection E below, you agree promptly and at your own expense to

make the alterations we specify in our Operating Procedures Manual (or otherwise) to distinguish the RESTAURANT clearly from its former appearance and from other Your Pie Restaurants in order to prevent public confusion.

(5) You agree to notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, facsimile, or other numbers and telephone directory listings associated with any Mark; to authorize the transfer of these numbers and directory listings to us or at our direction; and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events.

(6) You will return all Confidential Information that you have in your possession or under your control and return any tangible representations of the System Standards and Operating Procedures Manual.

(7) You agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

**C. CONFIDENTIAL INFORMATION.**

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including, but not limited to, computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the Franchise System) in any business or otherwise and return to us all copies of the Operating Procedures Manual and any other confidential materials that we have loaned you.

**D. COVENANT NOT TO COMPETE.**

Upon

- (1) Our termination of this Agreement,
- (2) Your termination of this Agreement, or
- (3) Expiration of this Agreement (if we offer, but you elect not to acquire, a successor franchise, or if we do not offer you a successor franchise due to your failure to satisfy the conditions for a successor franchise set forth in Section 13),

You and your owners agree that, for one (1) year beginning on the effective date of termination or expiration or the date on which all persons restricted by this Subsection begin to comply with this Subsection, whichever is later, neither you nor any of your owners will have any direct or indirect interest (e.g., through a spouse) as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in, or provide any services for, any Competitive Business (as defined above) located or operating:



- (a) At the Premises;
- (b) Within a twenty five (25) mile radius of the Premises; or
- (c) Within twenty five (25) miles of any other Your Pie Restaurant in operation or under construction 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 Subsection begin to comply with this Subsection.

These restrictions also apply after transfers, as provided in Subsection 12.C. above. If any person restricted by this Subsection refuses voluntarily to comply with these obligations, the one (1) 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 Subsection will not deprive you of your personal goodwill or ability to earn a living.

**E. REASONS FOR COVENANTS.**

You acknowledge and agree that (a) you and the other individuals and entities required to comply with Sections 7 and 15.D. have received an advantage through the training provided under this Agreement, the knowledge of the day-to-day operations of a Your Pie Restaurant and access to System Standards, the Operating Procedures Manual, the Franchise System, the Confidential Information and our trade secrets, and (b) the covenants and restrictions in Sections 7 and 15.D. are reasonable, appropriate and necessary to protect the System Standards, the Operating Procedures Manual, the Franchise System, the Confidential Information, our trade secrets, other franchisees operating under the Franchise System, the goodwill of the Franchise System, our relationship with our prospective and existing customers, and our legitimate interests; and do not cause undue hardship on you or any of the other individuals and entities required by Sections 7 and 15.D. to comply with the covenants and restrictions.

**F. OUR RIGHT TO PURCHASE CERTAIN ASSETS OF THE RESTAURANT.**

Upon (i) our termination of this Agreement according to its terms and conditions, (ii) your termination of this Agreement without cause, or (iii) upon expiration of this Agreement without renewal, we shall have the right and option, but not the obligation, to exercise the following rights within thirty (30) days after such termination or expiration:

(a) Purchase the equipment used in the operation of the RESTAURANT at a purchase price equal to its then-current book value determined using the straight-line method of depreciation and purchase the fee simple interest in the Premises of the RESTAURANT at fair market value (if you or one of your affiliates own the Premises of the RESTAURANT and we elect not to lease or sublease the Premises as provided in (b) below). We will have the right to inspect the equipment and the Premises at any time during the thirty (30) day period that we have to exercise our rights; and/or

(b) Exercise the rights to the Premises of the RESTAURANT as provided in this Paragraph (b). If you lease or sublease the Premises for the RESTAURANT from an unaffiliated lessor, or if we choose not to purchase your (or your affiliate's) fee simple interest in the Premises for the RESTAURANT, you agree (as applicable) at our election to (1) assign your leasehold interest in the Premises of the RESTAURANT to us (or our assignee), (2) enter into a sublease with us (or our assignee) for the remainder of the term of your lease/sublease on the same terms (including renewal options) as your lease/sublease; or (3) lease the Premises of the RESTAURANT to us for an initial ten (10) year term, with two 5-year renewal terms (at our option), on commercially reasonable terms.

If we elect to exercise this option, we will deliver written notice to you of our election within thirty (30) days after the date of termination or expiration of this Agreement. We have the unrestricted right to assign the option under this Section 15.F. We are entitled to all customary warranties and representations in our purchase of the equipment and/or Premises, including, without limitation, representations and warranties as to ownership and condition of and title to the equipment and the Premises; liens and encumbrances on equipment and the Premises; validity of contracts and agreements; liabilities affecting the equipment and the Premise, contingent or otherwise; and indemnities for all actions, events and conditions that existed or occurred in connection with the RESTAURANT or your business prior to the closing of our purchase. .

We may exclude from the equipment purchased any equipment that is not reasonably necessary (in function or quality) to the RESTAURANT's operation or that we have not approved as meeting standards for Your Pie Restaurants, and the purchase price will reflect these exclusions. If we and you cannot agree on fair market value for the Premises of the Restaurant, fair market value will be determined by 3 independent appraisers, each of whom will conduct a separate appraisal and, in doing so, be bound by the criteria specified in this Section). We will appoint one appraiser, you will appoint one appraiser and the two party appointed appraisers will appoint the third appraiser. We and you agree to select our and your respective appraisers within fifteen (15) days after we notify you that we wishes to exercise our rights to purchase, and the two appraisers so chosen are obligated to appoint the third appraiser within fifteen (15) days after the last of the two party appointed appraisers was appointed. We and you will bear the cost of the appraisers that each of us appoints and share equally the fees and expenses of the third appraiser chosen by the two party appointed appraisers. The appraisers are obligated to complete their appraisals within thirty (30) days after the third appraiser's appointment. The purchase price for the Premises will be the average of the three appraisals.

We will pay the purchase price at the closing, which will take place within sixty (60) days after the purchase price is determined, although we may decide after the purchase price is determined not to complete the purchase. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us: (a) good and merchantable title to the purchased assets, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (b) all of the RESTAURANT's licenses and permits which may be assigned or transferred. If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the sale will be closed through an escrow. 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 respective owners, officers, directors, employees, agents, representatives, successors and assigns.

#### **G. LIQUIDATED DAMAGES**

You agree that when we grant you a license to operate a RESTAURANT in the Territory, we lose the opportunity to grant that license to someone else or other entity or to operate that RESTAURANT ourselves. Also, you agree that we will suffer substantial damages that are extremely difficult to ascertain or calculate accurately (where such calculation itself is burdensome and costly) if we terminate this Agreement before its Term expires (where such damages include lost market penetration and goodwill, higher opportunity costs, and higher costs for granting another Franchise in the Territory), and such damages are real and meaningful to us and the Franchise System. Accordingly, if we terminate this Agreement on account of your default under this Agreement, you will pay to us liquidated damages in a lump sum on the effective date of such termination. Those liquidated damages, which are not in any way intended to be a penalty and which are a fair and reasonable estimate of our foreseeable losses as a result of such termination, shall be determined as follows:

(1) The greater of (i) the average annual amount of the Royalty for the two (2) years immediately preceding the date of termination, or (ii) the Royalty paid to us for the 12-month period immediately preceding the date of termination; provided, however, if the RESTAURANT has not been opened for at least twelve (12) months, the average monthly amount of Royalty that you paid to us for the months in which the RESTAURANT has been open multiplied by 12; and

(2) Multiplied by either (i) three point five (3.5), or (ii) the number of years left under the Term, whichever is less.

You also agree that your obligation to pay us liquidated damages is in addition to, and not in place of, any other monetary obligations that you have to us under this Agreement as of the date of termination of this Agreement, and you also agree to comply with any other post-termination obligations set forth in this Agreement. If any competent court or other governmental entity determines that our right to receive liquidated damages as set above should be limited in any way, then, notwithstanding such limitation, you agree that you are liable for any damage that we may suffer due to your default under this Agreement.

#### **H. 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, RESTAURANT personnel, and others as the RESTAURANT's owner 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.

B. **NO LIABILITY 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 franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of the RESTAURANT's operation or the business you conduct under this Agreement.

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 the RESTAURANT, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

D. **INDEMNIFICATION.**

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective equity holders, 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 (as defined below), obligations, and damages directly or indirectly arising out of or relating to: (a) the RESTAURANT's operation; (b) the business you conduct under this Agreement; (c) your breach of this Agreement; (d) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the RESTAURANT's construction, design or operation, and including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees; or (e) claims alleging either intentional or negligent conduct, acts or omissions by you (or your contractors or any of your or their employees, agents or representatives), or by us or our affiliates (or our or their contractors or any of our or their employees, agents or representatives), unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, “claims” include all obligations, losses, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it including, but not limited to, 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, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

Each Indemnified Party may at your expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section 16.D (instead of having you defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you, and 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 16.D.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination.

17. **ENFORCEMENT.**

A. **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 arbitrator with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement 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, and/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 and/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.

## **B. 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. But, no interpretation, change or waiver of any of this Agreement's provisions shall be binding upon us unless in writing and signed by one of our officers, and which is specifically identified as an amendment to or waiver of this Agreement. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall affect the right of any party hereto to enforce any claim or right hereunder, whether or not liquidated, which occurred prior to the date of such modification, waiver, termination, rescission, discharge or cancellation. 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 to you of ten (10) days' prior written notice.

We and you will not be deemed to waive or impair any right, power, or option this Agreement reserves (including, but not limited to, 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 including, but not limited to, 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 Your Pie Restaurants; the existence of franchise agreements for other Your Pie 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, and they shall have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government which did not arise from a violation or alleged violation of any law, rule or ordinance; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payment of amounts owed at the time of the occurrence or payment of Royalties or Fund and Cooperative contributions or other amounts due afterward.

## **C. COSTS AND ATTORNEYS' FEES.**

If we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, whether or not we initiate a formal legal proceeding, to reimburse us

for all of the costs and expenses that we incur including, but not limited to, reasonable accounting, attorneys', arbitrators', and related fees.

**D. 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.

**E. ARBITRATION.**

We and you agree that all controversies, disputes, or claims between us and our affiliates, and our and their respective equity holders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, affiliates, and/or employees) arising out of or related to:

- (1) This Agreement or any other agreement between you and us;
- (2) Our relationship with you;
- (3) The scope and validity of this Agreement or any other agreement between you and us or any provision of such agreements (including, but not limited to, the validity and scope of the arbitration obligations under this Subsection, which the parties acknowledge is to be determined by an arbitrator and 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 Subsection 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 the Atlanta, Georgia metropolitan area. The arbitrator has no authority to move the arbitration to a location outside the Atlanta, Georgia metropolitan area. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered 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, but not limited to, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Subsection 17.H. below, award any punitive or exemplary damages against either party (we and you hereby waiving to the fullest extent permitted by law, except as expressly provided in Subsection 17.H. below, any right to or claim for any punitive or exemplary damages against the other). The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

We and you further agree that, in any arbitration proceeding, each 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 as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Subsection 17.C.

We and you agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between us and our affiliates, and our and their respective equity holders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between us and any other person. Notwithstanding the foregoing or anything to the contrary in this Subsection or Subsection 17.A., if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Subsection 17.E., then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 17 (excluding this Subsection 17.E.).

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 from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit our dispute for arbitration on the merits as provided in this Subsection.

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

F. **GOVERNING LAW.**

**ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER 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 GEORGIA, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES; PROVIDED, HOWEVER, (1) ANY GEORGIA 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 SUBSECTION AND (2) THE LAWS OF THE STATE IN WHICH THE RESTAURANT IS LOCATED SHALL APPLY TO THE CONSTRUCTION AND ENFORCEMENT OF THE OBLIGATIONS SET FORTH IN**



**SECTIONS 7 AND 15.D. HEREOF, WITHOUT REGARD TO ITS CONFLICTS OF LAWS.**

**G. CONSENT TO JURISDICTION.**

**SUBJECT TO SUBSECTION 17.E. 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 STATE OR FEDERAL COURT OF GENERAL JURISDICTION IN ATLANTA, GEORGIA AND YOU (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION YOU (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NONETHELESS, YOU AND YOUR OWNERS AGREE THAT WE MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH YOU ARE DOMICILED OR THE RESTAURANT IS LOCATED.**

**H. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.**

**EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SUBSECTION 16.D., AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, 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, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.**

**I. 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 Operating Procedures Manual and the System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

**J. 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 within eighteen (18) months from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

## K. CONSTRUCTION.

The preambles and exhibits are a part of this Agreement which, together with any addenda or riders signed at the same time as this Agreement, constitutes our and your entire agreement, and supersedes all prior and contemporaneous oral or written agreements and understandings between us and you relating to the subject matter of this Agreement. 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 the RESTAURANT (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation made by us in our most recent franchise disclosure document (including, but not limited to, exhibits and amendments) delivered to you or your representative.

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 Subsections 16.D. and 17.E., 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.

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 the 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 the RESTAURANT or an ownership interest in you) including, but not limited to, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or the 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 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. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a controlling ownership interest is involved must be made as of both immediately before and immediately after the proposed transfer to see if a controlling ownership 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.

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. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term “RESTAURANT” includes all of the assets of the Your Pie Restaurant you operate under this Agreement including, but not limited to, its revenue and the Lease.

This Agreement may be executed in multiple copies, each of which, when taken together, will be deemed an original.

L. **The Exercise of Our Judgment.** We have the right to operate, develop and change the Franchise System and System Standards in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in the best interests of us or our affiliates, the Your Pie restaurant network generally, or the Franchise System at the time our decision is made, without regard to whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision promotes our or our affiliates’ financial or other individual interest. 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.

## 18. **NOTICES AND PAYMENTS.**

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operating Procedures Manual will be deemed to be delivered:

- (1) At the time delivered by hand;
- (2) At the time delivered via computer transmission and, in the case of the Royalty, Fund Contributions, and other amounts due, at the time we actually receive payment via the EDTA;
- (3) One (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;
- (4) One (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or
- (5) Three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice to us must be sent to the address specified below, although we may change this address for notice by giving you notice of the new address:

Your Pie Franchising, LLC  
624 S. Milledge Avenue, Suite 102  
Athens, Georgia 30605  
Attn.: President

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

Richard G. Greenstein, Esq.  
DLA Piper LLP (US)  
1201 W. Peachtree Street, NW  
Suite 2800  
Atlanta, Georgia 30309

Any notice that we send to you may be sent only to the one (1) person identified on Exhibit A, even if you have multiple owners, at the email or postal address specified on Exhibit A. You may change the person and/or address for notice only by giving us ten (10) days' prior notice by any of the means specified above.

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 (2) days before then) will be deemed delinquent.

**19. COMPLIANCE WITH ANTI-TERRORISM LAWS.**

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Subsection 14.B.(18) above.

**20. 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 of this Agreement.

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 of this Agreement.

The consent given in this Section 20 shall not apply to the provision of notices by either party under this Agreement pursuant to Section 18 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

*[Signatures on following page]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement as of the Effective Date.

**WE:**

**YOUR PIE FRANCHISING, LLC**

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

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

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

**YOU:**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[signature of person signing on behalf of entity]

Title of Signatory: \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[signature of individual franchisee]

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

\_\_\_\_\_  
[signature of individual franchisee]

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

**EXHIBIT A**

**TO THE FRANCHISE AGREEMENT**

Effective Date: This Exhibit A is current and complete  
as of \_\_\_\_\_, 20

**You and Your Owners**

1. **Form of Owner.** (Choose (a) or (b))

(a) **Individual Proprietorship.** List individual(s):

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

(b) **Corporation, Limited Liability Company, or Partnership.** (CIRCLE ONE) 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 and \_\_\_\_\_. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

<b><u>Name of Each Director/Officer</u></b>	<b><u>Position(s) Held</u></b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Owners.** The following list includes 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).

	<u>Owner's Name</u>	<u>Percentage/Description of Interest</u>
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Name and Address of Person to Receive Notice for Franchise Owner.**

- (a) Name: \_\_\_\_\_
- (b) Postal Address: \_\_\_\_\_  
\_\_\_\_\_
- (c) E-mail Address: \_\_\_\_\_

4. **Identification of Managing Owner.** Your Managing Owner as of the Effective Date is \_\_\_\_\_ (must be one of the individuals listed in paragraph 2 above). You may not change the Managing Owner without prior written approval.

*[Signatures on following page]*



**IN WITNESS WHEREOF**, the parties have executed and delivered this Exhibit A as of the Effective Date.

**WE:**

**YOUR PIE FRANCHISING, LLC**

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

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

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

**YOU:**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[signature of person signing on behalf of entity]

Title of Signatory: \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[signature of individual franchisee]

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

\_\_\_\_\_  
[signature of individual franchisee]

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

**EXHIBIT B**  
**TO THE FRANCHISE AGREEMENT**  
**THE PREMISES AND TERRITORY**

1. The Premises of the RESTAURANT will be located at:

---

---

---

2. The Territory shall be:

---

---

---

(If the Premises and Territory have not been designated when this Agreement is signed, we will (i) insert the Premises and Territory upon providing our consent to the location; and (ii) deliver to you a copy of the replacement page for this Exhibit B at that time.)

*[Signatures on following page]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Exhibit B as of the Effective Date.

**WE:**

**YOUR PIE FRANCHISING, LLC**

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

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

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

**YOU:**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[signature of person signing on behalf of entity]

Title of Signatory: \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[signature of individual franchisee]

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

\_\_\_\_\_  
[signature of individual franchisee]

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

**EXHIBIT C**

**TO THE FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS** is given this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_

By (list each guarantor):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement"), dated as of the date written above, by **YOUR PIE FRANCHISING, LLC**, a Georgia limited liability company ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including, but not limited to, extensions) 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 (including, but not limited to, any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including, but not limited to, any amendments or modifications of 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, but not limited to, the non-competition, confidentiality, transfer, and arbitration requirements.

The undersigned acknowledges that he, she or it is either an owner (whether direct or indirect) of Franchisee or otherwise has a direct or indirect relationship with Franchisee or its affiliates; that he, she or it will benefit significantly from our entering into the Agreement with Franchisee; and that we would not enter into the Agreement unless the undersigned agreed to sign and comply with the terms of this Guaranty.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several (regardless of ownership interest), 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, but not limited to, the acceptance of any partial payment or performance or the compromise or release of any

claims (including, but not limited to, the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including, but not limited to, extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned shall be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to us; (ii) all rights to require us to proceed against Franchisee for any payment required under the Agreement, proceed against or exhaust any security from Franchisee, take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guaranty or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (iii) any benefit of, any right to participate in, any security now or hereafter held by us; and (iv) acceptance and notice of acceptance by us of his, her or its undertakings under this Guaranty, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he, she or it may be entitled. We shall have no present or future duty or obligation to the undersigned under this Guaranty, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to us. Without affecting the obligations of the undersigned under this Guaranty, we may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release, or compromise any claims against Franchisee or any other guarantor, make advances for the purpose of performing any obligations of Franchisee under the Agreement, and/or assign the Agreement or the right to receive any sum payable under the Agreement, and each of the undersigned hereby waives notice of same. Each of the undersigned expressly acknowledge that the obligations hereunder survive the expiration or termination of the Agreement and beyond such expiration or termination until all obligations of Franchisee under the Franchise Agreement have been terminated and indefeasibly paid in full and no obligations of the undersigned under this Guaranty remains outstanding.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal

counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Subject to the arbitration obligations in this Agreement, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in the state or federal court of general jurisdiction in Atlanta, Georgia, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of, or venue in, those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. EACH OF THE UNDERSIGNED IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, ARISING UNDER OR RELATING TO THIS GUARANTY OR ITS ENFORCEMENT.

**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature as of the date set forth above.

<b>Signatures Of Each Guarantor</b>	<b>Percentage Of Ownership In Franchisee</b>
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

**EXHIBIT C**

**DEVELOPMENT RIGHTS RIDER TO FRANCHISE AGREEMENT**

**DEVELOPMENT RIGHTS RIDER  
TO YOUR PIE FRANCHISING, LLC  
FRANCHISE AGREEMENT**

1. **Background.** This Development Rights Rider (the “**Rider**”) is made between **YOUR PIE FRANCHISING, LLC** (“**we,**” “**us,**” or “**our**”) and \_\_\_\_\_ (“**you**” or “**your**”). This Rider is attached to, and intended to be a part of, the Franchise Agreement that we and you signed on \_\_\_\_\_ for the operation of a Your Pie Restaurant in \_\_\_\_\_ (the “**Franchise Agreement**”). We and you are signing this Rider because you want the right to develop additional Your Pie Restaurants within a certain geographic area over a certain period of time, and we are willing to grant you those development rights if you comply with this Rider. Capitalized terms used and not otherwise defined herein shall have the same meanings as set forth in the Franchise Agreement.

2. **Grant of Development Rights.** Subject to your strict compliance with this Rider, we grant you the right to develop \_\_\_\_\_ (\_\_\_) new Your Pie Restaurants (including the Your Pie Restaurant covered by the Franchise Agreement), according to the mandatory development schedule described in Schedule A to this Rider (the “**Schedule**”), within \_\_\_\_\_ (the “**Area**”). If you (and, to the extent applicable and with our approval, your affiliated entities) are fully complying with all of your obligations under this Rider, and substantially complying with all of your obligations under the Franchise Agreement and all other franchise agreements then in effect between us and you (and, to the extent applicable and with our approval, your affiliated entities) for the operation of Your Pie Restaurants, then during this Rider’s term only, we (and our affiliates) may not establish, or grant to others the right to establish, a Your Pie Restaurant location the physical premises of which are located within the Area.

Except for the restaurant location restriction above, there are no restrictions that this Rider imposes on our (and our affiliates’) activities within the Area during this Rider’s term. You acknowledge and agree that we and our affiliates have the right to engage, and grant to others the right to engage, in any activities of any nature whatsoever within the Area, including, without limitation, those which we reserve in the Franchise Agreement. After this Rider expires or is terminated (regardless of the reason for termination), we and our affiliates have the right to establish, and grant to others the right to establish, Your Pie Restaurant locations the physical premises of which are located within the Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Area without any restrictions whatsoever.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER AND THAT YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE HAVE THE RIGHT TO ENFORCE THIS RIDER STRICTLY.

3. **Development Obligations.** To maintain your rights under this Rider, you (and/or affiliated entities we approve) must sign Your Pie franchise agreements for, and have open and operating in the Area by the dates specified in the Schedule, the agreed-upon number of Your Pie



Restaurants. You (and/or the approved affiliated entity) will operate your Pie Restaurant under a separate Your Pie franchise agreement with us. The franchise agreement (and related documents, including Guaranty and Assumption of Obligations) that you (and your owners) sign for each additional Your Pie Restaurant will be our then current form of franchise agreement (and related documents), any and all of the terms of which may differ materially from any and all of the terms contained in the Franchise Agreement (and related documents). However, despite any contrary provision contained in the newly-signed franchise agreements, your additional Your Pie Restaurant must be open and operating by the dates specified in the Schedule. To retain your rights under this Rider, each Your Pie Restaurant opened pursuant to this Rider must operate continuously throughout this Rider's term in substantial compliance with its Your Pie franchise agreement.

4. **Subfranchising Rights.** This Rider does not give you any right to license or subfranchise others to operate Your Pie Restaurant. Only you (and/or affiliated entities we approve) may develop, open, and operate Your Pie Restaurant pursuant to this Rider. This Rider also does not give you (or your affiliated entities) any independent right to use the Marks. The right to use our trademarks and commercial symbols is granted only under a franchise agreement signed directly with us. This Rider only grants you potential development rights if you comply with its terms.

5. **Rider Fees.** As consideration for the development rights we grant you in this Rider, you must pay us, at the same time you sign this Rider, a total of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (the "**Rider Fee**"), which equals the full amount of the initial franchise fee due under the franchise agreement (\_\_\_\_\_ Dollars (\$\_\_\_\_\_) for each additional Your Pie Restaurant that you agree to develop under the Schedule (including the Your Pie Restaurant covered by the Franchise Agreement). The Rider Fee is consideration for the rights we grant you in this Rider and for reserving the Area for you to the exclusion of others (except as provided in this Rider), is fully earned by us when we and you sign this Rider, and is not refundable under any circumstances, even if you do not comply or attempt to comply with the Schedule and we then terminate this Rider for that reason. Since you are paying the full amount of the initial franchise fees for all Your Pie Restaurants to be developed hereunder, when you (or your approved affiliated entity) sign the franchise agreement for each additional Your Pie Restaurant to be developed (after the first one covered by the Franchise Agreement), you will not have to pay the initial franchise fee due thereunder as we will credit the portion of the Rider Fee associated with the Your Pie Restaurant to be developed under the franchise agreement against the full amount of the initial franchise fee otherwise due for such additional Your Pie Restaurant. Our initial franchise fee for each additional Your Pie Restaurant you develop pursuant to this Rider is \_\_\_\_\_ Dollars (\$\_\_\_\_\_).

6. **Grant of Franchises.** You must submit to us a separate site application for each Your Pie Restaurant you wish to develop pursuant to this Rider. You agree to give us all information and materials we request in order to assess each proposed site. We will not conduct site selection activities for you. In granting you the development rights under this Rider, we are relying on your knowledge of the real estate market and your ability to locate and access sites. We will not unreasonably withhold acceptance of any proposed site if the site meets our then current site criteria. However, we have the absolute right not to accept any site not meeting these criteria. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within

fifteen (15) business days after we receive all requested information and materials. If we accept a proposed site, you agree, within the time period we specify, to sign a separate franchise agreement (and related documents) for the Your Pie Restaurant. If you do not do so, or cannot obtain lawful possession of the proposed site, we may withdraw our acceptance of the proposed site. After you (and your owners) sign the franchise agreement (and related documents, including Guaranty and Assumption of Obligations), its terms and conditions will control your development and operation of the Your Pie Restaurant (except that the required opening date is governed exclusively by this Rider).

7. **Term.** This Rider's term begins on the date we and you sign it and ends on the date when (a) the final Your Pie Restaurant to be developed under the Schedule has opened (or, if earlier, must have opened) for business, or (b) this Rider otherwise is terminated.

8. **Termination.** We may at any time terminate this Rider and your rights under this Rider to develop additional Your Pie Restaurants, such termination to be effective upon delivery to you of written notice of termination:

(a) if you fail to satisfy either your development obligations under the Schedule or any other obligation under this Rider, which defaults you have no right to cure; or

(b) if the Franchise Agreement is terminated by us in compliance with its terms or by you for any (or no) reason; or

(c) if any other franchise agreement between us and you (or your affiliated entity) for a Your Pie Restaurant is terminated by us in compliance with its terms or by you for any (or no) reason, even if that other franchise agreement was not signed pursuant to your rights under this Rider and was signed before this Rider's date.

A termination of this Rider is not deemed to be the termination of any franchise rights (even though this Rider is attached to the Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. A termination of this Rider does not affect any franchise rights granted under any then-effective individual franchise agreements. No portion of the Rider Fee is refundable upon a termination of this Rider or under any other circumstances.

9. **Assignment.** Your development rights under this Rider are not assignable at all. This means that we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the Franchise Agreement, a change in your controlling ownership interest or management control, a transfer of this Rider separate and apart from the Franchise Agreement, or any other event attempting to assign the development rights.

10. **Rider to Control.** Except as provided in this Rider, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement and this Rider, the terms of this Rider will control.

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

**YOUR PIE FRANCHISING, LLC**

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

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

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

**FRANCHISEE**

\_\_\_\_\_  
[Insert Franchisee's Name]

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

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

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

**SCHEDULE**  
**TO**  
**DEVELOPMENT RIGHTS RIDER**

You agree to develop and open \_\_\_\_ (\_\_) new Your Pie Restaurants, including the RESTAURANT covered by the Franchise Agreement, according to the following Schedule:

<b>Restaurant Number</b>	<b>Your Pie Restaurant To Be Opened By (Date)</b>	<b>Cumulative Number of Your Pie Restaurants to Be Open and Operating in Area No Later Than the Opening Dates (in previous column)</b>

**YOUR PIE FRANCHISING, LLC**

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

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

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

**FRANCHISEE**

\_\_\_\_\_  
[Insert Franchisee's Name]

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

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

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

**EXHIBIT D**  
**FINANCIAL STATEMENTS**

YOUR PIE FRANCHISING, LLC

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Your Pie Franchising, LLC

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Your Pie Franchising, LLC, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income and members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Your Pie Franchising, LLC as of December 31, 2019 and 2018, 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.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, as of January 1, 2019, the Company adopted accounting standard update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The requirements of ASU 2014-09 have been applied on the modified retrospective method, while the requirements of ASU 2016-18 have been retrospectively applied to all periods presented. Our opinion is not modified with respect to this matter.

*TJS Deemer Dana LLP*

April 7, 2020  
Dublin, Georgia



YOUR PIE FRANCHISING, LLC  
BALANCE SHEETS  
December 31,

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 39,354	\$ 206,255
Restricted cash	288,671	213,721
Total cash and cash equivalents	328,025	419,976
Initial franchise fee receivable	15,000	72,500
Accounts receivable	84,402	164,086
Due from affiliates, net of allowance	130,000	174,208
Inventory	39,521	37,718
Total current assets	596,948	868,488
<b>PROPERTY AND EQUIPMENT, NET OF DEPRECIATION</b>	<b>313,597</b>	<b>273,735</b>
<b>OTHER ASSETS</b>		
Deferred franchise costs	474,123	226,707
Other assets	2,400	2,400
Other intangible assets, net of amortization	4,923	6,698
Total other assets	481,446	235,805
	<b>\$ 1,391,991</b>	<b>\$ 1,378,028</b>
<b>LIABILITIES &amp; MEMBERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 29,180	\$ 17,027
Accounts payable and other accrued expenses	91,651	72,015
Total current liabilities	120,831	89,042
<b>OTHER LIABILITIES</b>		
Deferred franchise revenue	1,430,574	1,344,333
Long-term debt, less current portion	14,590	-
Other liabilities payable from restricted assets	147,961	213,721
Total liabilities	1,713,956	1,647,096
<b>MEMBERS' DEFICIT</b>		
Members' deficit	(321,965)	(269,068)
	<b>\$ 1,391,991</b>	<b>\$ 1,378,028</b>

The accompanying Notes to Financial Statements are an integral part of these statements

YOUR PIE FRANCHISING, LLC  
STATEMENTS OF INCOME AND MEMBERS' DEFICIT  
Years Ended December 31,

	2019	2018
REVENUES		
Royalty revenue	\$ 2,269,931	\$ 2,016,687
Sales of product and other, net of costs	583,972	351,751
Advertising fund revenue	821,422	-
Franchise fee revenue	686,024	611,666
Other income	144,951	244,506
Total revenues	4,506,300	3,224,610
OPERATING EXPENSES		
Salaries, benefits, and taxes	1,917,218	1,654,693
Advertising fund expense	747,679	-
Professional fees	419,693	256,500
Franchise and store support	276,940	367,162
IT and technology	172,684	105,379
Other operating expenses	139,713	148,926
Advertising	139,343	134,863
Conference and trade shows	127,799	85,910
Rent	106,327	96,000
Travel and entertainment	99,113	63,767
Insurance	33,746	22,044
Depreciation and amortization	33,101	34,239
Total operating expenses	4,213,356	2,969,483
OTHER INCOME (EXPENSE)		
Gain on sale of asset	7,069	-
Interest expense	(723)	(1,413)
Bad debt expense	(85,004)	(552)
Total other income (expense)	(78,658)	(1,965)
NET INCOME	\$ 214,286	\$ 254,575
MEMBERS' DEFICIT, BEGINNING	(269,068)	(483,643)
Cumulative effect of change in accounting principle	15,817	-
MEMBERS' DEFICIT, BEGINNING, AS RESTATED	(253,251)	(483,643)
Distributions to affiliates	(283,000)	(40,000)
MEMBERS' DEFICIT, ENDING	\$ (321,965)	\$ (269,068)

The accompanying Notes to Financial Statements are an integral part of these statements

YOUR PIE FRANCHISING, LLC  
STATEMENTS OF CASH FLOWS  
Years Ended December 31,

	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 214,286	\$ 254,575
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation	33,101	34,239
Gain on disposition of fixed assets	(7,069)	-
Changes in assets and liabilities attributable to operations:		
Inventory	(1,803)	(10,215)
Accounts receivable	79,684	(25,602)
Due from affiliates	44,208	(14,584)
Initial franchise fee receivable	57,500	90,000
Other assets	-	(400)
Accounts payable	19,636	60,679
Deferred franchise costs	(231,599)	5,094
Deferred franchise revenue	86,241	(154,083)
Other liabilities	<u>(65,760)</u>	<u>86,888</u>
Net cash provided by operating activities	<u>228,425</u>	<u>326,591</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of asset	12,000	-
Purchases of fixed assets	<u>(17,759)</u>	<u>(36,541)</u>
Net cash used in investing activities	<u>(5,759)</u>	<u>(36,541)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds (payments) related to debt	(31,617)	(19,228)
Distributions paid	<u>(283,000)</u>	<u>(40,000)</u>
Net cash used in financing activities	<u>(314,617)</u>	<u>(59,228)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(91,951)	230,822
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>419,976</u>	<u>189,154</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 328,025</u>	<u>\$ 419,976</u>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Interest paid	<u>\$ 723</u>	<u>\$ 1,413</u>
Equipment financed with debt	<u>\$ 58,360</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements are an integral part of these statements

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

Your Pie Franchising, LLC (the Company) was organized on July 19, 2013 as a Georgia limited liability company through the acquisition of intellectual properties and trademarks rights from Your Pie, Inc. The Company is in the business of franchising pizza restaurants under the name of "Your Pie". The Company also operates as a supply purveyor to fast casual pizza restaurants operating under Your Pie franchise agreements.

Fiscal Year

The Company uses a 52/53 week fiscal year ending on the prior Sunday closest to December 31. The fiscal year 2018 represents the 52 week fiscal year comprised of the period from January 1, 2018 through December 30, 2018. The fiscal year 2019 represents the 52 week fiscal year comprised of December 31, 2018 through December 29, 2019. For clarity of presentation, all periods are presented as if the year ended on December 31.

Basis of Accounting

The Company's financial statements are presented on the accrual basis of accounting.

Adoption of New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new guidance requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company elected to adopt Topic 606 to all contracts at the initial date of application, or January 1, 2019. As a result, the Company has changed its accounting policy for revenue recognition as detailed below.

The Company applied the new guidance using the modified retrospective method, whereby the cumulative effect of initially adopting the guidance was recognized as an adjustment to the opening balance of members' deficit at January 1, 2019. Therefore, the comparative periods have not been adjusted and continue to be reported under the previous revenue recognition guidance. The details of the significant changes and quantitative impact of the changes are discussed below:

- Franchise Fees – The Company sells individual franchises for an initial franchise fee in return for services the Company agrees to provide to the franchisee. Under Topic 606, because certain services the Company provides related to initial franchise fees do not contain separate and distinct performance obligations from the franchise right, these fees will be recognized on a straight-line basis over the term of the associated franchise agreement, which is generally 10 years. Under previous guidance, initial franchise fees were recognized when the related services had been provided, which was generally upon the opening of the franchise location.
- Pre-opening Services – The Company provides services related to pre-opening activities to its franchisees prior to the location opening for amounts included in the initial franchise fee. In accordance with Topic 606 revenue is recognized at the time these services are provided to the franchisee. Under previous guidance, pre-opening services were not identified as a separate deliverable and were recognized as the initial franchise fee upon opening of the franchise location.

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

- Royalties – Topic 606 requires sales-based royalties to continue to be recognized as franchise sales occur. Under the new standard, the Company recognizes royalties in the period(s) that the related services were transferred to the customer.
- Advertising Fund – Previously, the revenue, expenses and cash flows of the Advertising Funds were not included in the Company’s statements of income and cash flows because the contributions to the Advertising Funds were designated for specific purposes and the Company acted as an agent, in substance, with regard to these contributions as a result of industry-specific guidance. Under the new guidance, which superseded the previous industry-specific guidance, the revenue, expenses and cash flows of the Advertising Fund are fully consolidated into the Company’s statements of income and cash flows.

In addition, ASU 2014-09 added a new Subtopic to the Codification, ASC 340-40, *Other Assets and Deferred Costs: Contracts with Customers*, which introduced changes relating to capitalization of certain costs of obtaining the contract with the customer. Costs to obtain a contract that are incremental and would not have been incurred had the contract not been entered into are initially required to be recognized as an asset. Previously the expenses were capitalized and expensed when the location opened. Under the new guidance, the broker fees incurred by the Company to obtain a contract with a customer are recognized as a component of “general and administrative expenses” as the related franchise revenue is recognized over the term of the franchise agreement.

In accordance with Topic 606 and ASC 340-40, the disclosure of the impact of adoption to the Company’s statements of income (loss) and balance sheets was as follows:

	<b>January 1, 2019</b>		
	<b>As reported</b>	<b>Balances without adoption of Topic 606</b>	<b>Effect of change - higher/(lower)</b>
<b>Assets</b>			
Franchise fee receivable	\$ 15,000	\$ 15,000	\$ -
Deferred costs	\$ 474,123	\$ 201,312	\$ 272,811
Advertising fund assets	\$ 142,505	\$ 140,710	\$ 1,795
<b>Liabilities</b>			
Deferred revenue - franchise fees	\$ 1,430,574	\$ 1,071,833	\$ (358,741)
Advertising fund liabilities	\$ 23,444	\$ 140,710	\$ 117,266
<b>Members' deficit</b>			
Retained earnings	\$ (253,251)	\$ (269,068)	\$ 15,817
<b>For the year ended December 31, 2019</b>			
	<b>As reported</b>	<b>Balances without adoption of Topic 606</b>	<b>Effect of change - higher/(lower)</b>
<b>Revenues</b>			
Franchise fees	\$ 686,024	\$ 815,000	\$ (128,976)
Advertising fund revenue	\$ 821,422	\$ -	\$ 821,422
<b>Expenses</b>			
Professional Fees	\$ 419,693	\$ 468,372	\$ 48,679
Salaries, benefits, and taxes	\$ 1,917,218	\$ 1,941,150	\$ 23,932
Advertising fund expense	\$ 747,743	\$ -	\$ (747,743)
<b>Net income</b>	<b>\$ 214,286</b>	<b>\$ 196,972</b>	<b>\$ 17,314</b>

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The Company also adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* which requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. The requirements of ASU 2016-18 have been retrospectively applied to all periods presented.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include checking accounts, savings accounts, and restricted cash. Restricted cash represents cash collected for the Advertising Fund and gift cards, and is restricted for use related to advertising activities and gift card redemptions. The Company places its cash and cash equivalents on deposit with a financial institution in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts in the United States. As of December 31, 2019 and 2018, the Company had \$161,388 and \$-0- in excess of the insured limits.

Property and Depreciation

The cost of property, plant and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight line (SL) method for financial reporting purposes. Depreciation expense for the years ended December 31, 2019 and 2018 was \$31,326 and \$25,953.

Gift Cards

Cash collected for gift cards are held by the Company and recognized as a liability until redemption. Proceeds from sales of gift cards are reimbursed to franchisees upon redemption at franchised restaurants and do not ultimately result in the recognition of revenue in the Company's statement of income.

Estimates

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

Income Taxes

The Company was formed as a limited liability company and is treated as a partnership for federal income tax purposes. The earnings and losses of the Company will be included in the members' respective income tax returns. Consequently, the Company's income or loss is presented without a provision or credit for federal and state income taxes. The Company's income or loss will be allocated to members in accordance with the organizational agreement.

The Company accounts for uncertainties in income taxes by evaluating tax positions. Management has concluded that the Company has taken no uncertain tax positions as of December 31, 2019 that require adjustment to the financial statements to comply with authoritative guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2016.

Accounts Receivable

Credit is granted to franchise owners for various franchise royalties, fees, and sale of products. Accounts receivable are stated at the amount management expects to collect in future periods. Doubtful accounts are eliminated from accounts receivable by the direct write-off method. Subsequent collections of accounts which have been written off are reported as income in the period collected. The Company uses the direct write-off method due to the historically immaterial amounts of bad debt incurred. The direct write-off method is not in accordance with generally accepted accounting principles. Had generally accepted accounting principles been used, the financial statements as a whole would not change materially from the statements presented.

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Revenue Recognition

The Company disaggregates revenue by major source as its believed to best depict how the nature, timing, and uncertainty of revenue and cash flows are affected by economic conditions.

The following table disaggregates the Company's revenue by source of revenue:

Franchise royalties	\$ 2,269,931
Franchise fees - initial and transfer	369,502
Franchise fees - pre-opening services	316,522
Advertising fund revenue	821,422
Sales of product, net	583,972
Other	144,951
Total revenue	<u>\$ 4,506,300</u>

Franchise royalties include continuing fees received from the franchising of restaurants. Franchise agreements are executed for each franchise restaurant which establishes the terms of the arrangement between the Company with the franchisee. These agreements require the franchisee to pay ongoing royalties of 5% of gross sales from the franchisee. As the royalties meet the criteria to be subject to the sales and usage-based royalties' exception for licenses of intellectual property, the Company recognizes royalty fees at the time of billing and does not consider royalties part of the total "transaction price" under the franchise agreement. Royalties are billed on a monthly basis and debited from the franchisee's checking account through an ACH transaction initiated by the Company.

Advertising funds revenue includes contributions to the Advertising Fund by franchisees. Revenue related to these contributions is based on a percentage of sales of the franchises restaurants and is recognized as earned along with royalties.

Franchise fees are fees from the franchisees including initial fees, renewal fees, and transfer fees. The Company charges a nonrefundable up-front fee for each new franchise location in return for services the Company agrees to provide to the franchisee. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement for a period of 10 years. None of the franchise agreements have been subject to renewal as of December 31, 2019. Also subject to the Company's approval and payment of a transfer fee, the franchisee may transfer its franchise rights to another franchisee either under the existing contract's term or with a new franchise period of 10 years. As these franchise fees are considered highly dependent upon and interrelated with the franchise right granted in the franchise agreement, these initial fees, renewal fees and transfer fees are deferred and recognized over the term of the agreement. Breakage occurs when a franchisee does not meet its development schedule set forth in the franchise agreement and/or a restaurant closes before the term of the contract has concluded. The full, unamortized balance is recognized in the year of breakage and/or when the contract is repurchased/transferred to another entity if applicable.

The Company has identified additional performance obligations included in the franchise agreements related to pre-opening services. The Company allocated a transaction price from the initial franchise fee amount to each of the performance obligations using a best estimate of the standalone selling price of each distinct good or service in the contract. The standalone selling price was determined using various approaches: the adjusted market approach, cost plus margin approach, and residual value. The Company recognizes revenue for pre-opening services as the service is provided to the franchisee. Pre-opening service revenue of \$316,522 was recognized for the year ended December 31, 2019 which is reported in franchise fees on the income statement.

Sales from products represents revenue generated from buying and selling dough to franchisees and collected rebates. Revenue is recognized at the point of sale. Dough sales are billed at the point of sale and due on receipt. The income generated from these sales is shown net of associated costs.

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Other income includes revenue received from event sponsorships and marketing and is recognized at a point in time, as goods or services are transferred to the user.

Contract Balances

The following table provides information about contract assets (receivables) and contract liabilities (deferred franchise fees) from contracts with customers:

	December 31, 2019
Franchise fees receivable	\$ 15,000
Deferred revenue - franchise fees	1,430,574

Significant changes in deferred franchise fees are as follows:

	2019
Deferred franchise fees at beginning of period	\$ 1,344,333
Revenue recognized during the period	(686,024)
New deferrals due to cash received and other	772,265
Deferred franchise fees at end of period	<u>\$ 1,430,574</u>

Advertising Costs

It is the policy of the Company to expense advertising costs as they are incurred and are included in “general and administrative expenses” and “advertising fund expenses”.

Inventory

Inventory consists of dough sold to the franchised restaurants and is valued at cost.

Reclassifications

Certain amounts in 2018 have been reclassified to conform with the 2019 presentation.

Deferred Franchise Costs

In accordance with Generally Accepted Accounting Principles (GAAP), the Company defers certain incremental costs including brokerage and other sales related expense. Under ASU 2014-09 subtopic ASC 340-40, *Other Assets and Deferred Costs: Contracts with Customers*, the Company defers these costs and recognizes them over time using an output method (i.e. as the Company satisfies its performance obligation to the franchisees). Deferred costs at December 31, 2019 and 2018 was \$474,123 and \$226,707, respectively.

Recent Accounting Pronouncements

The FASB issued ASU 2016-02- Leases (Topic 842), which requires lessees to recognize assets and liabilities on the balance sheet for almost every lease and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. The effective date of the amendment for the Company is for annual reporting periods beginning after December 15, 2020.



YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**NOTE 2. INTANGIBLE ASSETS**

The Company has various intangible assets relating to organizational costs, purchased franchise agreements and research and development costs. The intangible assets are amortized against future periods over their useful life. Intangible assets, net of accumulated amortization for the years ended December 31, 2019 and 2018 were \$4,923 and \$6,698, respectively. Amortization expense included in depreciation and amortization expense for the years ended December 31, 2019 and 2018 was \$1,775 and \$8,286, respectively.

**NOTE 3. ADVERTISING FUND**

The Company maintains an advertising fund established to collect and administer funds contributed for use in advertising and promotional programs for Company-operated and franchised restaurants. Under the terms of the franchise agreement, all Your Pie franchisees are required to contribute 1% of monthly gross sales to the advertising fund. The Company does not charge the advertising fund any administrative fees. Under the new accounting guidance for revenue recognition in Topic 606 effective January 1, 2019, the revenue and expenses of the advertising fund is fully consolidated into the Company's statements of income and members' deficit.

**NOTE 4. LINE OF CREDIT**

The Company has a line of credit agreement with a bank in the amount of \$150,000. There were no borrowings against the line at December 31, 2019 and 2018. The line bears interest at the bank's prime lending rate plus 1.50%. The line is renewed annually and matures on May 15, 2020. The line of credit is secured by all of the Company's business assets.

**NOTE 5. LONG-TERM DEBT**

The following is a summary of notes payable as of December 31, 2019 and 2018:

	2019			2018
	Current	Long-term	Total	Total
The Brand Bank - secured by all business assets, with 5.5% interest, due in monthly installments of \$1,720.03; matures November 25, 2019	\$ -	\$ -	\$ -	\$ 17,027
Reiser - secured by financed equipment, with 0.00% interest, due in monthly installments of \$2,432, matures June 1, 2021	29,180	14,590	43,770	-
Total	\$ 29,180	\$ 14,590	\$ 43,770	\$ 17,027

Following are maturities of long-term debt:

	Amount
2020	\$ 29,180
2021	14,590
	\$ 43,770

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**NOTE 6. LEASES**

The Company leases its headquarters facility and shared office space in Clarke County, Georgia. The Company entered into a new lease agreement during the year ended December 31, 2017. The initial term of the headquarters facility lease was three years, commencing March 1, 2017. For the years ended December 31, 2019 and 2018, total rent expense for the leased headquarters facility was \$79,033 and \$72,000, respectively.

The Company also signed a lease for its dough facility in Clarke County, Georgia with lease payments beginning January 2017. The initial term of the lease was three years, commencing June 1, 2016 with two three year options for renewal. The lease was renewed in 2019. For the years ended December 31, 2019 and 2018, total rent expense for the leased dough facility was \$27,294 and \$24,000, respectively.

The future minimum lease payments required by the leases are as follows at December 31, 2019:

Year Ending December 31,	Total
2020	\$ 102,222
2021	110,574
2022	13,908
	<u>\$ 226,704</u>

**NOTE 7. RELATED PARTY TRANSACTIONS**

During the normal course of business, the Company engages in routine business transactions with franchisees under common ownership for the collection of royalties, sales of products, and other operating needs. A summary of amounts due from affiliates at December 31, 2019 and 2018 is as follows:

	2019	2018
Amounts due from affiliates	\$ 202,748	\$ 174,208
Less - Allowance for bad debt	(72,748)	-
Net due from affiliates	<u>\$ 130,000</u>	<u>\$ 174,208</u>

The Company has reserved a portion of the amounts due in the allowance for bad debts due to the anticipated future closure of the related franchised restaurants.

During the year ended December 31, 2017, Your Pie Franchising, LLC entered into an agreement with a related party franchisee to support the continuing operations of its location as it is often used for research and development purposes. Under the agreement, the Company abated royalties in the amount of \$16,234 and \$22,142 for the years ended December 31, 2019 and 2018, considered compensation to the related party franchisee for the Company's use of the location's facilities.

**NOTE 8. SALES OF PRODUCT INCOME AND COSTS**

The Company buys and sells dough to franchisees. The income generated from these sales is shown net of associated costs. The following is a summary of sales of product income and costs for the year ended December 31, 2019 and 2018:

	2019	2018
Sales of product and other	\$1,218,420	\$ 977,208
Less: Costs of goods sold	(634,448)	(625,457)
Sales of product, net	<u>\$ 583,972</u>	<u>\$ 351,751</u>

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**NOTE 9. SUBSEQUENT EVENTS**

The Company performed an evaluation of subsequent events through April 7, 2020, the date upon which the Company's financial statements were available for issue. The Company has not evaluated subsequent events after this date.

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred domestically in the United States and globally, including mandates from federal, state and local authorities, leading to an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the Company cannot be reasonably estimated at this time.

No other subsequent events were identified that would have required a change to the financial statements or disclosures in the notes to the financial statements.

YOUR PIE FRANCHISING, LLC

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Your Pie Franchising, LLC

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Your Pie Franchising, LLC, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income and members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

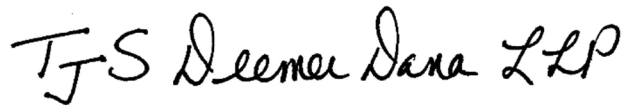
### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Your Pie Franchising, LLC as of December 31, 2020 and 2019, 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.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, as of January 1, 2019, the Company adopted accounting standard update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The requirements of ASU 2014-09 have been applied on the modified retrospective method, while the requirements of ASU 2016-18 have been retrospectively applied to all periods presented. Our opinion is not modified with respect to this matter. The Company also elected to early adopt the amendments of Topic 606 under ASU No. 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606)*. The Company has applied the amendments in this update retrospectively to the date Topic 606 was adopted (year ended December 31, 2019). Our opinion is not modified with respect to this matter.

As discussed in Note 10 to the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "TJS Deemer Dana LLP". The letters are cursive and fluidly connected.

April 9, 2021  
Dublin, Georgia

YOUR PIE FRANCHISING, LLC  
BALANCE SHEETS  
December 31,

	2020	2019 (Restated *)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 811,909	\$ 70,889
Restricted cash	336,546	257,136
Total cash and cash equivalents	1,148,455	328,025
Initial franchise fee receivable	-	115,000
Accounts receivable	173,878	84,402
Due from affiliates, net of allowance	-	130,000
Inventory	24,221	39,521
Total current assets	1,346,554	696,948
PROPERTY AND EQUIPMENT, NET OF DEPRECIATION	282,514	313,597
OTHER ASSETS		
Deferred franchise costs	429,382	474,123
Other assets	2,400	2,400
Other intangible assets, net of amortization	3,148	4,923
Total other assets	434,930	481,446
	\$ 2,063,998	\$ 1,491,991
LIABILITIES & MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 228,698	\$ 29,180
Line of credit	149,500	-
Accounts payable and other accrued expenses	103,216	91,651
Total current liabilities	481,414	120,831
OTHER LIABILITIES		
Long-term debt, less current portion	139,892	14,590
Deferred franchise revenue	1,363,790	1,430,574
Other liabilities payable from restricted assets	87,700	147,961
Total liabilities	2,072,796	1,713,956
MEMBERS' DEFICIT		
Members' deficit	(8,798)	(221,965)
Total liabilities and members' deficit	\$ 2,063,998	\$ 1,491,991

\* See Note 9

The accompanying Notes to Financial Statements are an integral part of these statements



YOUR PIE FRANCHISING, LLC  
STATEMENTS OF INCOME AND MEMBERS' DEFICIT  
Years Ended December 31,

	2020	2019 (Restated *)
REVENUES	\$ 3,519,564	\$ 4,506,300
OPERATING EXPENSES		
Salaries, benefits, and taxes	1,601,224	1,917,218
Advertising fund expense	582,692	747,679
Professional fees	286,996	419,693
Franchise and store support	189,361	276,940
Other operating expenses	129,865	139,713
IT and technology	85,040	172,684
Advertising	78,106	139,343
Rent	97,419	106,327
Travel and entertainment	43,017	99,113
Depreciation and amortization	32,858	33,101
Insurance	26,634	33,746
Conference and trade shows	2,979	127,799
Total operating expenses	<u>3,156,191</u>	<u>4,213,356</u>
OTHER INCOME (EXPENSE)		
Gain on sale of asset	-	7,069
Interest expense	(5,125)	(723)
Bad debt expense	(105,081)	(85,004)
Total other expense	<u>(110,206)</u>	<u>(78,658)</u>
NET INCOME	253,167	214,286
MEMBERS' DEFICIT, BEGINNING	(221,965)	(269,068)
Cumulative effect of change in accounting principle	-	15,817
Correction of an error *	-	100,000
MEMBERS' DEFICIT, BEGINNING, as restated	<u>(221,965)</u>	<u>(153,251)</u>
Distributions to affiliates	(40,000)	(283,000)
MEMBERS' DEFICIT, ENDING	<u>\$ (8,798)</u>	<u>\$ (221,965)</u>

\* See Note 9

The accompanying Notes to Financial Statements are an integral part of these statements

YOUR PIE FRANCHISING, LLC  
STATEMENTS OF CASH FLOWS  
Years Ended December 31,

	2020	2019 (Restated *)
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 253,167	\$ 214,286
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation	32,858	33,101
Bad debt	105,081	85,004
Gain on disposition of fixed assets	-	(7,069)
Changes in assets and liabilities attributable to operations:		
Inventory	15,300	(1,803)
Accounts receivable	(89,476)	(5,320)
Due from affiliates	24,919	44,208
Initial franchise fee receivable	115,000	(42,500)
Other assets	-	-
Accounts payable	11,565	19,636
Deferred franchise costs	44,741	(231,599)
Deferred franchise revenue	(66,784)	186,241
Other liabilities	(60,261)	(65,760)
Net cash provided by operating activities	386,110	228,425
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of asset	-	12,000
Purchases of fixed assets	-	(17,759)
Net cash used in investing activities	-	(5,759)
<b>FINANCING ACTIVITIES</b>		
Proceeds related to debt	503,500	58,360
Payments related to debt	(29,180)	(89,977)
Distributions paid	(40,000)	(283,000)
Net cash provided by (used in) financing activities	434,320	(314,617)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	820,430	(91,951)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	328,025	419,976
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,148,455</b>	<b>\$ 328,025</b>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Interest paid	\$ 5,125	\$ 723
Equipment financed with debt	\$ -	\$ 58,360

\* See Note 9

The accompanying Notes to Financial Statements are an integral part of these statements

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

Your Pie Franchising, LLC (the Company) was organized on July 19, 2013 as a Georgia limited liability company through the acquisition of intellectual properties and trademarks rights from Your Pie, Inc. The Company is in the business of franchising pizza restaurants under the name of "Your Pie". The Company also operates as a supply purveyor to fast casual pizza restaurants operating under Your Pie franchise agreements.

Fiscal Year

The Company uses a 52/53 week fiscal year ending on the prior Sunday closest to December 31. The fiscal year 2019 represents the 52 week fiscal year comprised of the period from December 31, 2018 through December 29, 2019. The fiscal year 2020 represents the 52 week fiscal year comprised of December 30, 2019 through December 27, 2020. For clarity of presentation, all periods are presented as if the year ended on December 31.

Basis of Accounting

The Company's financial statements are presented on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include checking accounts, savings accounts, and restricted cash. Restricted cash represents cash collected for the Advertising Fund and gift cards, and is restricted for use related to advertising activities and gift card redemptions. The Company places its cash and cash equivalents on deposit with a financial institution in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts in the United States. As of December 31, 2020 and 2019, the Company had \$921,472 and \$161,388 in excess of the insured limits.

Property and Depreciation

The cost of property, plant and equipment is depreciated over the estimated useful lives of the related assets, generally 3-10 years. Depreciation is computed on the straight line (SL) method for financial reporting purposes. Depreciation expense for the years ended December 31, 2020 and 2019 was \$31,083 and \$31,326.

Gift Cards

Other revenue includes the amortization of gift card breakage and fees associated with third-party gift card sales. The Company records a liability in the period in which a gift card is sold. As gift cards are redeemed at Company-owned restaurants, we recognize restaurant sales and related administrative costs and reduce the liability. When gift cards are redeemed at a franchisee-operated restaurant, the Company reimburses the franchisee for the gift card value net of any administrative costs and derecognizes the related liability. When a gift card is not subject to escheatment and it is probable that a portion of a gift card will not be redeemed, this amount is considered to be breakage. Breakage is recognized as revenue consistent with the historic redemption patterns of the associated gift cards. We use historic gift card redemption patterns to determine the probability of a gift card's redemption. In addition, we incur fees on all gift cards that are sold through third-party retailers. These fees also are deferred and recorded consistent with the historic redemption pattern of the associated gift cards.

Estimates

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

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

As of December 31, 2020 the impact of COVID-19 continues to unfold and the extent of the impact will depend on a number of factors, including the duration and severity of the pandemic; the uneven impact to certain industries; advances in testing, treatment and prevention; and the macroeconomic impact of government measures to contain the spread of the virus and related government stimulus measures. As a result, certain of our estimates and assumptions, including the allowance for credit losses for accounts receivable, the credit worthiness of customers entering into revenue arrangements, the valuation of our intangible assets, including our impairment assessment, and the fair values of our financial instruments require increased judgment and carry a higher degree of variability and volatility that could result in material changes to our estimates in future periods.

Income Taxes

The Company was formed as a limited liability company and is treated as a partnership for federal income tax purposes. The earnings and losses of the Company will be included in the members' respective income tax returns. Consequently, the Company's income or loss is presented without a provision or credit for federal and state income taxes. The Company's income or loss will be allocated to members in accordance with the organizational agreement.

The Company accounts for uncertainties in income taxes by evaluating tax positions. Management has concluded that the Company has taken no uncertain tax positions as of December 31, 2020 that require adjustment to the financial statements to comply with authoritative guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2017.

Accounts Receivable

Credit is granted to franchise owners for various franchise royalties, fees, and sale of products. Accounts receivable are stated at the amount management expects to collect in future periods. Doubtful accounts are eliminated from accounts receivable by the direct write-off method. Subsequent collections of accounts which have been written off are reported as income in the period collected. The Company uses the direct write-off method due to the historically immaterial amounts of bad debt incurred. The direct write-off method is not in accordance with generally accepted accounting principles. Had generally accepted accounting principles been used, the financial statements as a whole would not change materially from the statements presented.

Revenue Recognition

The Company disaggregates revenue by major source as its believed to best depict how the nature, timing, and uncertainty of revenue and cash flows are affected by economic conditions.

The following table disaggregates the Company's revenue by source of revenue:

	<u>2020</u>	<u>2019</u>
Franchise royalties	\$ 1,926,504	\$ 2,269,931
Franchise fees - initial and transfer	115,130	369,502
Franchise fees - pre-opening services	129,654	316,522
Advertising fund revenue	599,175	821,422
Sales of product, net	593,378	583,972
Other	155,723	144,951
Total revenue	<u>\$ 3,519,564</u>	<u>\$ 4,506,300</u>

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Franchise royalties include continuing fees received from the franchising of restaurants. Franchise agreements are executed for each franchise restaurant which establishes the terms of the arrangement between the Company with the franchisee. These agreements require the franchisee to pay ongoing royalties of 5% of gross sales from the franchisee. As the royalties meet the criteria to be subject to the sales and usage-based royalties' exception for licenses of intellectual property, the Company recognizes royalty fees at the time of billing and does not consider royalties part of the total "transaction price" under the franchise agreement. Royalties are billed on a monthly basis and debited from the franchisee's checking account through an ACH transaction initiated by the Company.

Advertising funds revenue includes contributions to the Advertising Fund by franchisees. Revenue related to these contributions is based on a percentage of sales of the franchises restaurants and is recognized as earned along with royalties.

Franchise fees are fees from the franchisees including initial fees, renewal fees, and transfer fees. The Company charges a nonrefundable up-front fee for each new franchise location in return for services the Company agrees to provide to the franchisee. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement for a period of 10 years. Also subject to the Company's approval and payment of a transfer fee, the franchisee may transfer its franchise rights to another franchisee either under the existing contract's term or with a new franchise period of 10 years. As these franchise fees are considered highly dependent upon and interrelated with the franchise right granted in the franchise agreement, these initial fees, renewal fees and transfer fees are deferred and recognized over the term of the agreement. Breakage occurs when a franchisee does not meet its development schedule set forth in the franchise agreement and/or a restaurant closes before the term of the contract has concluded. The full, unamortized balance is recognized in the year of breakage and/or when the contract is repurchased/transferred to another entity if applicable.

The Company has identified additional performance obligations included in the franchise agreements related to pre-opening services. The Company allocated a transaction price from the initial franchise fee amount to each of the performance obligations using a best estimate of the standalone selling price of each distinct good or service in the contract. The standalone selling price was determined using various approaches: the adjusted market approach, cost plus margin approach, and residual value. The Company recognizes revenue for pre-opening services as the service is provided to the franchisee. Pre-opening service revenue of \$129,654 and \$316,522 was recognized for the years ended December 31, 2020 and 2019 which is reported in revenues on the income statement.

Sales from products represents revenue generated from buying and selling dough to franchisees and collected rebates. Revenue is recognized at the point of sale. Dough sales are billed at the point of sale and due on receipt. The income generated from these sales is shown net of associated costs.

Other income includes revenue received from event sponsorships and marketing and is recognized at a point in time, as goods or services are transferred to the user.

Contract Balances

The following table provides information about contract assets (receivables) and contract liabilities (deferred franchise fees) from contracts with customers:

	As of December 31,	
	2020	2019 (Restated *)
Franchise fees receivable	\$ -	\$ 115,000
Deferred revenue - franchise fees	1,363,790	1,430,574

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Significant changes in deferred franchise fees are as follows:

	2020	2019
Deferred franchise fees at beginning of period	\$ 1,430,574	\$ 1,344,333
Revenue recognized during the period	(244,784)	(686,024)
New deferrals due to cash received and other	178,000	772,265
Deferred franchise fees at end of period	<u>\$ 1,363,790</u>	<u>\$ 1,430,574</u>

Advertising Costs

It is the policy of the Company to expense advertising costs as they are incurred and are included in “general and administrative expenses” and “advertising fund expenses”.

Inventory

Inventory consists of dough sold to the franchised restaurants and is valued at cost.

Reclassifications

Certain reclassifications have been made to prior periods to conform to current reporting.

Adoption of New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new guidance requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company elected to adopt Topic 606 to all contracts at the initial date of application, or January 1, 2019. As a result, the Company has changed its accounting policy for revenue recognition as detailed below.

The Company applied the new guidance using the modified retrospective method, whereby the cumulative effect of initially adopting the guidance was recognized as an adjustment to the opening balance of members' deficit at January 1, 2019. The details of the significant changes and quantitative impact of the changes are discussed below:

- **Franchise Fees** – The Company sells individual franchises for an initial franchise fee in return for services the Company agrees to provide to the franchisee. Under Topic 606, because certain services the Company provides related to initial franchise fees do not contain separate and distinct performance obligations from the franchise right, these fees will be recognized on a straight-line basis over the term of the associated franchise agreement, which is generally 10 years. Under previous guidance, initial franchise fees were recognized when the related services had been provided, which was generally upon the opening of the franchise location.
- **Pre-opening Services** – The Company provides services related to pre-opening activities to its franchisees prior to the location opening for amounts included in the initial franchise fee. In accordance with Topic 606 revenue is recognized at the time these services are provided to the franchisee. Under previous guidance, pre-opening services were not identified as a separate deliverable and were recognized as the initial franchise fee upon opening of the franchise location.
- **Royalties** – Topic 606 requires sales-based royalties to continue to be recognized as franchise sales occur. Under the new standard, the Company recognizes royalties in the period(s) that the related services were transferred to the customer.

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

- Advertising Fund – Previously, the revenue, expenses and cash flows of the Advertising Funds were not included in the Company’s statements of income and cash flows because the contributions to the Advertising Funds were designated for specific purposes and the Company acted as an agent, in substance, with regard to these contributions as a result of industry-specific guidance. Under the new guidance, which superseded the previous industry-specific guidance, the revenue, expenses and cash flows of the Advertising Fund are fully consolidated into the Company’s statements of income and cash flows.

In addition, ASU 2014-09 added a new Subtopic to the Codification, ASC 340-40, *Other Assets and Deferred Costs: Contracts with Customers*, which introduced changes relating to capitalization of certain costs of obtaining the contract with the customer. Costs to obtain a contract that are incremental and would not have been incurred had the contract not been entered into are initially required to be recognized as an asset. Previously the expenses were capitalized and expensed when the location opened. Under the new guidance, the broker fees incurred by the Company to obtain a contract with a customer are recognized as a component of “general and administrative expenses” as the related franchise revenue is recognized over the term of the franchise agreement.

In accordance with Topic 606 and ASC 340-40, the disclosure of the impact of adoption to the Company’s statements of income (loss) and balance sheets was as follows:

	<b>January 1, 2019 (Restated *)</b>		
		<b>Balances without adoption of Topic 606</b>	<b>Effect of change - higher/(lower)</b>
	<b>As reported</b>		
<b>Assets</b>			
Franchise fee receivable	\$ 115,000	\$ 115,000	\$ -
Deferred costs	\$ 474,123	\$ 201,312	\$ 272,811
Advertising fund assets	\$ 142,505	\$ 140,710	\$ 1,795
<b>Liabilities</b>			
Deferred revenue - franchise fees	\$ 1,430,574	\$ 1,171,833	\$ (258,741)
Advertising fund liabilities	\$ 23,444	\$ 140,710	\$ 117,266
<b>Members' deficit</b>			
Retained earnings	\$ (153,251)	\$ (269,068)	\$ 115,817
<b>For the year ended December 31, 2019</b>			
	<b>As reported</b>	<b>Balances without adoption of Topic 606</b>	<b>Effect of change - higher/(lower)</b>
<b>Revenues</b>			
Franchise fees	\$ 686,024	\$ 815,000	\$ (128,976)
Advertising fund revenue	\$ 821,422	\$ -	\$ 821,422
<b>Expenses</b>			
Professional Fees	\$ 419,693	\$ 468,372	\$ 48,679
Salaries, benefits, and taxes	\$ 1,917,218	\$ 1,941,150	\$ 23,932
Advertising fund expense	\$ 747,679	\$ -	\$ (747,679)
<b>Net income</b>	<b>\$ 214,286</b>	<b>\$ 196,972</b>	<b>\$ 17,378</b>

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The Company has elected to early adopt the amendments of Topic 606 under ASU No. 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606)*. The practical expedient permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company has identified the following additional performance obligations included in the franchise agreements related to pre-opening services for which it recognizes revenue at the time the service is performed: (1) site selection services, (2) general business training program, (3) grand opening training program, and (3) supplier discounts. The Company has applied the amendments in this update retrospectively to the date Topic 606 was adopted (January 1, 2019).

In October 2018, the FASB amended the Consolidation topic of the Accounting Standards Codification under ASU 2018-17 - *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*. Under the amended guidance, a nonpublic entity has the option to exempt itself from applying the variable interest entity consolidation model to qualifying common control arrangements. If elected a company must apply the accounting alternative to all current and future legal entities under common control that meet the criteria for applying this alternative. ASU 2018-17 is effective for the Company beginning on January 1, 2021, with early adoption permitted. The Company adopted the amended guidance and elected to exempt itself from applying the VIE consolidation model to qualifying common control arrangements in 2020. There was no effect on the financial statements for the year ended December 31, 2020 as a result of applying the amendments.

The Company also adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* which requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. The requirements of ASU 2016-18 have been retrospectively applied to all periods presented.

Deferred Franchise Costs

In accordance with Generally Accepted Accounting Principles (GAAP), the Company defers certain incremental costs including brokerage and other sales related expense. Under ASU 2014-09 subtopic ASC 340-40, *Other Assets and Deferred Costs: Contracts with Customers*, the Company defers these costs and recognizes them over time using an output method (i.e. as the Company satisfies its performance obligation to the franchisees). Deferred costs at December 31, 2020 and 2019 was \$429,382 and \$474,123, respectively.

Recent Accounting Pronouncements

The FASB issued ASU 2016-02- Leases (Topic 842), which requires lessees to recognize assets and liabilities on the balance sheet for almost every lease and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. The effective date of the amendment for the Company is for annual reporting periods beginning after December 15, 2021.

**NOTE 2. INTANGIBLE ASSETS**

The Company has various intangible assets relating to organizational costs, purchased franchise agreements and research and development costs. The intangible assets are amortized against future periods over their useful life. Intangible assets, net of accumulated amortization for the years ended December 31, 2020 and 2019 were \$3,148 and \$4,923, respectively. Amortization expense included in depreciation and amortization expense for the years ended December 31, 2020 and 2019 was \$1,775 and \$1,775, respectively.



YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

**NOTE 3. ADVERTISING FUND**

The Company maintains an advertising fund established to collect and administer funds contributed for use in advertising and promotional programs for Company-operated and franchised restaurants. Under the terms of the franchise agreement, all Your Pie franchisees are required to contribute 1% of monthly gross sales to the advertising fund. The Company charges a minimal administrative fee to the advertising fund. Under the new accounting guidance for revenue recognition in Topic 606 effective January 1, 2019, the revenue and expenses of the advertising fund is fully consolidated into the Company's statements of income and members' deficit.

**NOTE 4. LINE OF CREDIT**

The Company has a line of credit agreement with a bank in the amount of \$150,000. There were borrowings of \$149,500 and \$-0- against the line at December 31, 2020 and 2019, respectively. The line bears interest at the bank's prime lending rate plus 1.50%. The line is renewed annually and matures in May 2021. The line of credit is secured by all of the Company's business assets.

**NOTE 5. LONG-TERM DEBT**

The following is a summary of notes payable as of December 31, 2020 and 2019:

	2020			2019
	Current	Long-term	Total	Total
Renasant Bank - Paycheck Protection Program (PPP) note with a term of 24 months including interest at 1% See additional details below.	\$ 214,108	\$ 139,892	\$ 354,000	\$ -
Reiser - secured by financed equipment, with 0.00% interest, due in monthly installments of \$2,432, matures June 1, 2021	14,590	-	14,590	43,770
Total	<u>\$ 228,698</u>	<u>\$ 139,892</u>	<u>\$ 368,590</u>	<u>\$ 43,770</u>

Following are maturities of long-term debt:

	Amount
2021	\$ 228,698
2022	79,522
	<u>\$ 308,220</u>

In response to the COVID-19 pandemic, the Paycheck Protection Program (PPP) was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and administered by the U.S. Small Business Administration ("SBA"). Companies who met the eligibility requirements set forth by the PPP could qualify for PPP loans provided by local lenders, which supports payroll and other identified eligible expenses ("qualified expenses"). If the loan proceeds are fully utilized to pay qualified expenses over the covered period, as further defined by the PPP, the full principal amount of the PPP loan, along with any accrued interest, may qualify for loan forgiveness, subject to potential reduction based on the level of full-time employees maintained by the organization during the covered period.

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

**NOTE 5. LONG-TERM DEBT, continued**

In April 2020, the Company received a loan of \$354,000 under the PPP provided by Renasant Bank. The loan includes a 24 month term with interest at 1%, with principal and interest payments deferred until either a forgiveness decision is rendered on the loan or for the first ten months of the loan. After that, the loan and interest would be paid back over the remaining term of the loan agreement, if the loan is not forgiven under the terms of the PPP. The Company plans to submit the PPP loan forgiveness application in the near term. Although the Company believes it is probable that the PPP loan will be forgiven, the Company's actions and information must be evaluated by the lender and SBA before forgiveness is formally granted. The Company has classified the PPP loan balance outstanding between current liability and long term debt based on repayment requirements.

**NOTE 6. LEASES**

The Company leases its headquarters facility and shared office space in Clarke County, Georgia. The Company entered into a new lease agreement during the year ended December 31, 2017. The initial term of the headquarters facility lease was three years, commencing March 1, 2017. For the years ended December 31, 2020 and 2019, total rent expense for the leased headquarters facility was \$70,800 and \$79,033, respectively.

The Company also signed a lease for its dough facility in Clarke County, Georgia with lease payments beginning January 2017. The initial term of the lease was three years, commencing June 1, 2016 with two three year options for renewal. The lease was renewed in 2019. For the years ended December 31, 2020 and 2019, total rent expense for the leased dough facility was \$26,619 and \$27,294, respectively.

The future minimum lease payments required by the leases are as follows at December 31, 2020:

Year Ending December 31,	Total
<u>2021</u>	<u>\$ 110,574</u>
2022	13,908
	<u>\$ 124,482</u>

**NOTE 7. RELATED PARTY TRANSACTIONS**

During the normal course of business, the Company engages in routine business transactions with franchisees under common ownership for the collection of royalties, sales of products, and other operating needs. During the year ended December 31, 2020 and 2019, the Company received royalties in the amount of \$27,837 and \$76,047 from the affiliated stores. A summary of amounts due from affiliates at December 31, 2020 and 2019 is as follows:

	As of December 31,	
	<u>2020</u>	<u>2019</u>
Amounts due from affiliates	\$ 47,829	\$ 202,748
Less - Allowance for bad debt	(47,829)	(72,748)
Net due from affiliates	<u>\$ -</u>	<u>\$ 130,000</u>

The Company has reserved a portion of the amounts due in the allowance for bad debts due to the anticipated future closure of the related franchised restaurants.

During the year ended December 31, 2017, Your Pie Franchising, LLC entered into an agreement with a related party franchisee to support the continuing operations of its location as it is often used for research and development purposes. Under the agreement, the Company abated royalties in the amount of \$23,829 and \$16,234 for the years ended December 31, 2020 and 2019, considered compensation to the related party franchisee for the Company's use of the location's facilities.

YOUR PIE FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

The COVID-19 pandemic has caused significant economic dislocation in the United States and an unprecedented slowdown in economic activity, as many state and local governments have intermittently ordered non-essential businesses to close and residents to shelter in place at home. As a result of the pandemic, both businesses and consumers are experiencing interrupted income or unemployment. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the full impact of the COVID-19 outbreak on our business. The United States government has taken steps to attempt to mitigate some of the more severe anticipated economic effects of the coronavirus, including the passage of the CARES Act and subsequent legislation, but there can be no assurance that such steps will be effective or achieve their desired results in a timely fashion. The extent of such impact from the COVID-19 outbreak and related mitigation efforts will depend on future developments, which are highly uncertain, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. This could cause a material, adverse effect on the Company's business, financial condition, liquidity and results of operations, including a negative impact on revenues as a result of decline in store activity; possible store closures; and postponement of development schedules, and decreases in the value of the Company's intangible assets.

**NOTE 9. CORRECTION OF AN ERROR**

During the year ended December 31, 2020 it was determined that a franchise fee due to the Company in the amount of \$100,000 was improperly excluded from accounts receivable at December 31, 2019. However, the fee was properly included in deferred revenue during the transition to ASC 606 and, consequently, was included in the change in accounting principle adjustment made to members' equity. The 2019 financial statements have been restated to correct the error. The effect of the restatement on the financial statements is an increase in accounts receivable and members' equity of \$100,000. The effect on members' equity is included in the cumulative effect of change in accounting principles.

**NOTE 10. SUBSEQUENT EVENTS**

The Company performed an evaluation of subsequent events through April 9, 2021, the date upon which the Company's financial statements were available for issue. The Company has not evaluated subsequent events after this date.

The Company received loan proceeds in the amount of \$383,023 under the second round of the PPP in April 2021. All payments under this note are deferred for the first ten months. The loan and accrued interest are forgivable after eight weeks as long as the Company uses the proceeds for eligible purposes. Any unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%. However, the Company intends to use the proceeds for purposes consistent with the PPP and believes that it will meet the conditions for forgiveness. No other subsequent events were identified that would have required a change to the financial statements or disclosures in the notes to the financial statements.

**YOUR PIE FRANCHISING, LLC  
UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD FROM JANUARY 1, 2021 THROUGH MARCH 21, 2021**

**THESE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2021 THROUGH MARCH 21, 2021  
ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE  
ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER  
OPINION WITH REGARD TO THE CONTENT OR FORM.**

**Your Pie Franchising, LLC**  
**Balance Sheet**  
As of March 21, 2021

	Total
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
Total Bank Accounts	\$ 1,099,782.57
<b>Accounts Receivable</b>	
Total Accounts Receivable	\$ 162,977.18
<b>Other Current Assets</b>	
1110 Allowance for Bad Debts	-47,829.00
1120 Undeposited Funds	0.00
1150 Deferred Franchise Costs	429,382.00
1180 Inventory Asset	
Total 1180 Inventory Asset	\$ 34,940.25
1190 FSA - Admin America Reserve	400.00
1200 Prepaid Training	0.00
N/R - Your Pie ESA, LLC	0.00
N/R - YP5WP, LLC	9,000.43
Reimbursable Expenses	-2,553.68
Total Other Current Assets	\$ 423,340.00
Total Current Assets	\$ 1,686,099.75
<b>Fixed Assets</b>	
Total Fixed Assets	\$ 282,514.07
<b>Other Assets</b>	
Total Other Assets	\$ 14,729.45
<b>TOTAL ASSETS</b>	\$ 1,983,343.27
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
Total Accounts Payable	\$ 50,107.29
<b>Credit Cards</b>	
Total Credit Cards	\$ 50.00
<b>Other Current Liabilities</b>	
Total Other Current Liabilities	\$ 1,379,462.02
Total Current Liabilities	\$ 1,429,619.31
<b>Long-Term Liabilities</b>	
Total Long-Term Liabilities	\$ 592,727.98
Total Liabilities	\$ 2,022,347.29
<b>Equity</b>	
Total Equity	-\$ 39,004.02
<b>TOTAL LIABILITIES AND EQUITY</b>	\$ 1,983,343.27

**Your Pie Franchising, LLC**  
**Profit and Loss**  
December 28, 2020 - March 21, 2021

	<b>Total</b>
<b>Income</b>	
<b>Total Income</b>	<b>\$ 804,437.95</b>
<b>Cost of Goods Sold</b>	
<b>4000 Purchases</b>	
<b>Total 4000 Purchases</b>	<b>\$ 122,850.51</b>
<b>Total Cost of Goods Sold</b>	<b>\$ 122,850.51</b>
<b>Gross Profit</b>	<b>\$ 681,587.44</b>
<b>Expenses</b>	
<b>5000 Franchise Development</b>	
<b>Total 5000 Franchise Development</b>	<b>\$ 58,250.00</b>
<b>6000 Real Estate &amp; Buildout Support</b>	
<b>Total 6000 Real Estate &amp; Buildout Support</b>	<b>\$ 23,082.00</b>
<b>7000 Franchise Support</b>	
<b>Total 7000 Franchise Support</b>	<b>\$ 191,497.53</b>
<b>8000 G&amp;A</b>	
<b>Total 8000 G&amp;A</b>	<b>\$ 291,741.85</b>
<b>Total Expenses</b>	<b>\$ 564,571.38</b>
<b>Net Operating Income</b>	<b>\$ 117,016.06</b>
<b>Other Expenses</b>	
<b>Total Other Expenses</b>	<b>\$ 1,681.87</b>
<b>Net Other Income</b>	<b>-\$ 1,681.87</b>
<b>Net Income</b>	<b>\$ 115,334.19</b>

Friday, Apr 23, 2021 05:33:57 AM GMT-7 - Accrual Basis

**EXHIBIT E**

**OPERATING PROCEDURES MANUAL TABLE OF CONTENTS**

## OPERATING PROCEDURES MANUAL TABLE OF CONTENTS

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**TOTAL PAGES IN MANUAL**

**286**

**EXHIBIT F**

**CURRENT FRANCHISEES**

(as of December 27, 2020)

<b>Franchise Owner(s)</b>	<b>Address</b>	<b>Telephone Number</b>
1. Mark Hill	2311 Richard Arrington, Jr. Boulevard North #300 Birmingham, AL	(205) 783-5152
2. Mark Hill	3753 Corporate Woods Drive 113, Vestavia Hills, AL 35242	(205) 202-5598
3. Lisa & Pete Muscarella	2619 S Woodlands Village Blvd Suite #650, Flagstaff, AZ 86001	(928) 440-5500
4. Scott Burr	42250 Jackson Street Suite B105 Indio, CA 92203	(760) 347-1111
5. Kevin Hansen	14342 Lincoln Street Thornton, CO 80023	(303) 452-9687
6. Theresa & Karen Sharkey	125 E Bloomingdale Ave, Brandon, FL 33511	(813) 502-6354
7. Dea Sims	1545 County Road, Suite #125 Fleming Island, Florida 32003	(904)-375-9771
8. Bimal and Bijal Patel	225 Palm Bay Rd NE #193, Melbourne, FL 32904	(321) 372-1270
9. PJ Patel	389 Paseo Reyes Dr #205, St. Augustine, FL 32095	(904) 547-2437
10. PJ Patel	90 Durbin Pavilion Dr Suite 101 Building C, St Johns, FL 32259	(904) 295-3749
11. Terrence Griffin	3499 Chamblee Tucker Rd, Atlanta, GA 30341	(470) 273-5984
12. Kristi Wang	380 Exchange Blvd #102, Bethlehem, GA 30620	(678) 900-1766
13. Prashant Patel	4860C Golden Pkwy, Buford, GA 30518	(678) 765-0560
14. Arnie Seyden*	2247 Cumming Hwy #120, Canton, GA 30115	(678) 880-6650
15. Michael Ellis and Tyler Gibson	2764 Watson Blvd, Centerville, GA 31028	(478) 333-8733
16. Todd Strickland	1406 Washington St, Clarkesville, GA 30523	(706) 754-5377
17. Barrett Feighner	5592-L Whitesville Road Columbus, GA 31904	(706) 507-1743
18. Barrett Feighner	1019 Broadway, Suite 1 Columbus, GA 31901	(706)-221-6899
19. Noah and Andrea Wells	1115 Washington St SW Covington GA, 30014	(706) 816-1588
20. Justin and Jacob Patterson	655 Atlanta Rd #607, Cumming, GA 30040	(678) 341-9023
21. Todd Strickland	340 Walmart Way, Dahlonega, GA 30533	(706) 867-0144

<b>Franchise Owner(s)</b>	<b>Address</b>	<b>Telephone Number</b>
22. Dan Hester	116 N Jefferson St, Dublin, GA 31021	(478) 278-3542
23. Pat Landon	7025 Evans Town Center Blvd Suite 101, Evans, GA 30809	(762) 685-5169
24. Jeff Poindexter	140 Pavilion Pkwy, Fayetteville, GA 30214	(770) 719-0069
25. Chris Carter, Chris Parrott	1501 Highway 16 W, Suite C, Griffin, GA 30223	(678) 603-1761
26. Pat Landon	9592 Bentley Drive, Grovetown, GA 30813	(706) 426-0116
27. Bob Rosato	124 Bull St, LaGrange, GA 30240	(706) 971-6600
28. Noah and Andrea Wells	1250 Scenic Hwy #1400, Lawrenceville, GA 30045	(706) 816-1588
29. Chris Hefner*	536 Poplar St, Macon, GA 31201	(478) 200-1179
30. Chris Foster*	732 Cherokee St NE, Marietta, GA 30060	(404) 502-8548
31. Jacob and Justin Patterson	2955 Bethany Bend #300, Milton, GA 30004	(470) 210-5151
32. Andrew Williams, Ross Bradley	110 S Broad St, Monroe, GA 30655	(678) 635-8715
33. Bob Rosato	2015 West Highways 54, Suite 117/115, Peachtree City, GA 30269	770-515-9900
34. Paul and Michael Childers	960 A Morgan's Corner Road Pooler, Georgia 31322	(912) 988-3485
35. Mark and Becky Brown	3809 Battlefield Pkwy, Ringgold, GA 30736	(706) 956-3225
36. Jacob and Justin Patterson	625 W. Crossville Road Roswell, GA 30075	(770) 993-7944
37. Paul and Michael Childers	110 W. Bryan Street Savannah, GA 31401	(912) 234-2433
38. Paul and Michael Childers	7630 Skidaway Road Unit A-1 Savannah, GA 31406	(912) 692-1123
39. Dipesh Patel	2440 Atlanta Rd SE #100, Smyrna, GA 30080	(678) 384-2968
40. Joe Hunt	701 Piedmont Loop Suite 200 Statesboro, GA 30458	(706) 224-3773
41. Rakesh Mistry	3370 Lawrenceville-Suwanee Road Suites 100/102 Suwanee, GA 30024	(615) 944-7861
42. Tilak Patel	2609 Peachtree Pkwy, Suwanee, GA 30024	(470) 533-2121
43. Todd Strickland	1430 Capital Avenue Suite 113 Watkinsville, GA 30677	(706) 705-1510
44. Dan Sacco & Doug Ormsby	4520 E 53rd St #400, Davenport, IA 52807	(563) 332-7811
45. Dan Sacco & Doug Ormsby	800 Wacker Dr Suite 100, Dubuque, IA 52002	(563) 239-1167
46. James Kehl	126 E Ridgeway Ave Suite C, Waterloo, IA 50701	(319) 252-4471
47. Ricky Reeves	1378 W Tunnel Blvd, Houma, LA 70360	(985) 293-7182

<b>Franchise Owner(s)</b>	<b>Address</b>	<b>Telephone Number</b>
48. Usha & Kirtan Patel	2328 N Salisbury Blvd. Suite Salisbury, MD 21801	(410)-572-2709
49. Dee Broadwater	340 Calhoun Pkwy A, Canton, MS 39046	(601) 407-6400
50. Pat Quinn	1413 Grindstone Plaza Drive #115 Columbia, MO 65201	(573) 875-8750
51. Parker Swenson*	824 Shiloh Crossing Blvd #1, Billings, MT 59102	(406) 534-8738
52. Efrem Yates*	685 Cary Towne Blvd, Cary, NC 27511	(919) 378-9578
53. Pramit Patel	5130 Fayetteville Rd, Lumberton, NC 28360	(910) 816-0280
54. Jack Fladeland	4233 Corners Parkway #250, Raleigh, NC 27617	(919) 957-0077
55. Jada O'Malley	4403 Oleander Dr Suite H, Wilmington, NC 28403	(910) 769-5767
56. Doug Zirbel	111 Earle Street, Suite E, Clemson, SC 29631	(864) 643-4180
57. Emma Yu	1461 Woodruff Rd Suite E, Greenville, SC 29607	(864) 288-8988
58. Pat Landon*	434 Georgia Ave, North Augusta, SC 29841	(803) 373-2995
59. Smit Patel	1919 Gunbarrel Rd #103, Chattanooga, TN 37421	(423) 498-4948
60. Cindy Thomsen and Laurie Null	1625 Main Street Houston, TX 77002	832-767-2544
61. Gary Dang	13126 FM 1960 West Road, Suite 125, Houston, TX 77065	(281) 653-2288
62. Renee Goodling, Dawn Holesa	608 University City Blvd #604, Blacksburg, VA 24060	(540) 315-9140
63. Jeff Rhoades	6748 Fox Centre Pkwy, Gloucester, VA 23061	(804) 824-9041
64. Jeff Rhoades	7550 Granby St, Suite 90, Norfolk VA, 23505	757-502-7679
65. Jeff Rhoades	754 Hilltop N. Shopping Center, Virginia Beach, VA 23451	(757) 222-7616

\*These franchisees are multi-unit developers that have signed a Development Rights Rider.



**FRANCHISE AGREEMENTS SIGNED BUT RESTAURANTS NOT OPEN**

(as of December 27, 2020)

<b>Franchise Owners</b>	<b>City</b>	<b>State</b>	<b>Telephone Number</b>
1. Chris Carter and Chris Parrott	Madison	Georgia	(229) 563-2044
2. Chris Carter and Chris Parrott	McDonough	Georgia	(229) 563-2044
3. Chris Foster	Acworth	Georgia	(407) 409-0555
4. Jignesh Patel	Greensboro	North Carolina	(803) 517-0183
5. Nirav Shah	Gainesville	Georgia	(678) 386-2964
6. Andrea Wells	Loganville	Georgia	(706) 816-1588
7. Preston Dabbs	Baltimore	Maryland	(240) 925-7136
8. Marc Schnobrich	Bluffton	South Carolina	(843) 384-0128

**FRANCHISEES WHO HAVE LEFT THE SYSTEM**

(as of December 27, 2020)

**Terminated, Not Renewed or Left The System Otherwise (Restaurant Previously Opened):**

<b>Former Franchisee</b>	<b>City and State</b>	<b>Telephone Number</b>
1. Dan Rakestraw	Nashville, TN and Mt. Juliet, TN	(770) 841-5260
2. Drew French	Atlanta, GA	(770) 883-9262
3. Fritz Ayers	Stuart, FL	(772) 216-3769
4. Rachel Sackllah	Jacksonville Beach, FL	(810) 814-4404
5. Shawn Reinhart	Glenview, IL	(312) 834-5780
6. Dea Sims	Jacksonville, FL	(904) 537-7829

\*Dea Sims continues to operate 1 restaurant in Fleming Island, FL

**FRANCHISEES WHO TRANSFERRED THEIR RESTAURANTS IN 2020**

<b>Former Franchisee</b>	<b>City and State</b>	<b>Telephone Number</b>
1. Morgan Maclellan	Atlanta, GA	(423) 504-46-11
2. Andrew Williams and Ross Bradley	Covington, GA and Snellville, GA	(904) 955-3813
3. Michael Ellis and Tyler Gibson	Dublin, GA	(478) 200-1179
4. Melanie and Todd Walter	Suwanee, GA	(678) 773-7348
5. Britt Hendrix	Statesboro, GA	(706) 202-0990

**FRANCHISEES WHO HAVE NOT COMMUNICATED WITH US WITHIN 10 WEEKS OF THE DATE OF THIS  
DISCLOSURE DOCUMENT**

None.

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



**EXHIBIT G**

**STATE ADDENDA AND RIDERS TO FRANCHISE AGREEMENT AND  
DEVELOPMENT RIGHTS RIDER**

**ADDITIONAL DISCLOSURES FOR THE  
FRANCHISE DISCLOSURE DOCUMENT OF  
YOUR PIE FRANCHISING, LLC**

The following are additional disclosures for the Franchise Disclosure Document of Your Pie Franchising, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

**CALIFORNIA**

1. The following paragraph is added at the end of Item 3 of the Disclosure Document:

Except as disclosed above, neither we nor any person identified in Item 2 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, 15 U.S.C.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. The following is added at the end of the section entitled “Interest” in Item 6 of the Disclosure Document:

The highest interest rate allowed by law in California is ten percent (10%) annually.

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

4. OUR WEBSITE, [www.yourpie.com](http://www.yourpie.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dFPI.ca.gov](http://www.dFPI.ca.gov).

5. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

Covenant not to Compete. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur at a suitable location chosen by the arbitrator in the Atlanta, Georgia metropolitan area with the costs being borne as the arbitrator determines. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of the Franchise Agreement restricting venue to a forum outside the State of California.

Material Modification. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

Releases. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

6. The following paragraph is added at the end of Item 19 of the Disclosure Document:

These financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information.

## **ILLINOIS**

1. Items 5 and 7 of the Disclosure Document are amended by adding the following:

The initial franchise fee is deferred until we have completed our initial pre-opening obligations to you under the Franchise Agreement and your Restaurant opens for business. The Franchise Agreement provides for deferral of the initial franchise fee until your Restaurant opens for business. If you sign a Development Rights Rider, all initial fees due to us under the Development Rights Rider are deferred until your first Restaurant opens for

business under the Franchise Agreement. The Illinois Attorney General's Office has imposed the deferral requirement on us because of our financial condition.

2. Delete and replace the "Summary" section of Item 17(v) of the Franchise Agreement chart in the Disclosure Document with the following:

Subject to arbitration requirements, litigation must be in Illinois.

3. Delete and replace the "Summary" section of Item 17(w) of the Franchise Agreement chart in the Disclosure Document with the following:

Except for Federal Arbitration Act and other federal law, Illinois law governs.

## **MARYLAND**

1. Item 5 of the Disclosure Document is amended by adding the following:

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. The Franchise Agreement provides for deferral of initial fees and payments until the franchisor completes its pre-opening obligations under the Franchise Agreement. If you sign a Development Rights Rider, all initial fees and payments due to us under the Development Rights Rider shall be deferred until your first Restaurant opens for business under the Franchise Agreement.

2. Item 12 of the Disclosure Document is amended by adding the following:

The general release required as a condition of sale will not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law.

3. The "Summary" sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Disclosure Document are amended by adding the following:

Any general releases you sign as a condition of renewal and/or assignment/transfer will not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law.

4. The "Summary" section of Item 17(h), entitled **"Cause" defined – non-curable defaults**, of the Disclosure Document is amended by adding the following:

The 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 and you agree to enforce it to the extent the law allows.

5. The “Summary” section of Item 17(v), entitled **Choice of Forum**, of the Disclosure Document is amended by adding the following:

Although you may, subject to your arbitration obligation, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The “Summary” section of Item 17(w), entitled **Choice of law**, of the Disclosure Document is amended by adding the following:

Except for Federal Arbitration Act and other federal law, and as otherwise required by applicable law for claims arising under the Maryland Franchise Registration and Disclosure Law, the law of the State in which the majority of the Designated Territory or the Restaurant is located governs.

7. The following language is added to the end of Item 17 of the Disclosure Document:

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

## **MINNESOTA**

The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we 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 for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

Minn. Rule Part 2860.4400J might prohibit a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement to the extent the law allows.



## **NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and

Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

## **NORTH DAKOTA**

1. Item 5 is amended by adding the following:

The initial franchise fee is deferred until we have completed our initial pre-opening obligations to you under the Franchise Agreement and your Restaurant opens for business under the Franchise Agreement. The Franchise Agreement provides for deferral of the initial franchise fee until your Restaurant opens for business. If you sign a Development Rights Rider, all initial fees due to us under the Development Rights Rider are deferred until your first Restaurant opens for business under the Franchise Agreement.

2. The “Summary” sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Disclosure Document are amended by adding the following:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. The “Summary” sections of Item 17(i), entitled **Franchisee's obligations on termination/non-renewal**, of the Disclosure Document is amended by adding the following:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.

4. The “Summary” sections of Item 17(r), entitled **Non-competition covenants during the term of the franchise**, of the Disclosure Document is amended by adding the following:

Covenants not to compete such as those mentioned above generally are considered unenforceable in North Dakota. However, we will seek to enforce them to the extent enforceable.

5. The “Summary” sections of Item 17(u), entitled **Dispute resolution by arbitration or mediation**, of the Disclosure Document is amended by adding the following:

However, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

6. The “Summary” sections of Item 17(v), entitled **Choice of Forum**, of the Disclosure Document is amended by adding the following:

Subject to arbitration requirements and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

7. The “Summary” sections of Item 17(w), entitled **Choice of law**, of the Disclosure Document is amended by adding the following:

Except for Federal Arbitration Act and other federal law, North Dakota law governs.

### **RHODE ISLAND**

1. The “Summary” sections of Item 17(v), entitled **Choice of Forum**, of the Disclosure Document is deleted and replaced with the following:

Subject to arbitration requirements, litigation generally must be in California, except that, to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. The “Summary” sections of Item 17(w), entitled **Choice of law**, of the Disclosure Document is deleted and replaced with the following:

Except for Federal Arbitration Act and other federal law, and except as otherwise required by the Rhode Island Franchise Investment Act, California law applies.

### **SOUTH DAKOTA**

1. Item 5 is amended by adding the following:

The initial franchise fees are deferred until your Restaurant opens for business. The Franchise Agreement provides for deferral of initial franchise fees until your Restaurant opens for business. If you sign a Development Rights Rider, all initial fees due to us under the Development Rights Rider are deferred until your first Restaurant opens for business under the Franchise Agreement. The South Dakota Division of Securities has imposed this deferral requirement on us because of our financial condition.

### **VIRGINIA**

1. Item 5 is amended by adding the following:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to us until we have completed our pre-opening obligations under the Franchise Agreement. The Franchise Agreement provides for deferral of initial fees and payments until the franchisor completes its pre-opening obligations under the Franchise Agreement. If you sign a Development Rights Rider, all initial fees and payments due to us under the Development Rights Rider shall be deferred until your first Restaurant opens for business under the Franchise Agreement.

2. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the “Summary” section of Item 17(h), entitled **“Cause” defined – non-curable defaults**, is amended by adding the following:

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 YOUR PIE FRANCHISING, LLC  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“**we,**” “**us**” or “**our**”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement effective as of \_\_\_\_\_, 201\_\_ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Restaurant that you will operate under the Franchise Agreement was made in the State of Illinois and the Restaurant will be located in Illinois, and/or (b) you are a resident of Illinois.

2. **Initial Fees.**

The following language is added to the end of Section 3.A. of the Franchise Agreement:

Payment of the Initial Franchise Fee (as well as any Rider Fees, if any, payable pursuant to a Development Rights Rider) will be deferred until we have met our initial obligations to you under the Franchise Agreement and you have commenced doing business under the Agreement. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to our financial condition.

3. **Governing Law.** The following language is added to the end of Section 17.F of the Franchise Agreement:

However, Illinois law will apply to claims arising under the Illinois Franchise Disclosure Act.

4. **Consent to Jurisdiction.** The following language is added to the end of Section 17.G of the Franchise Agreement:

However, jurisdiction and venue for all litigation claims will be in the State of Illinois for claims arising under the Illinois Franchise Disclosure Act.

5. **Waiver of Jury Trial.** The following language is added to the end of the second paragraph of Section 17.H of the Franchise Agreement:

However, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

6. **Limitation of Claims.** The following language is added to the end of Section 17.J of the Franchise Agreement:

However, nothing in this Section shall shorten any period within which you may bring a claim under Section 705/27 of the Illinois Franchise Disclosure Act or constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

7. **Waivers Void.** The following language is added as a new Section 17.L of the Franchise Agreement:

Nothing in this Agreement shall constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_



**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

**RIDER TO THE YOUR PIE FRANCHISING, LLC  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“we,” “us” or “our”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“you” or “your”).

1. **Background.** We and you are parties to that certain Franchise Agreement effective as of \_\_\_\_\_, 201\_\_ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland, and/or (b) the Restaurant that you will operate under the Franchise Agreement will be located in Maryland.

2. **Initial Fees.**

All initial fees and payments owed by you under the Franchise Agreement shall be deferred until we complete our initial obligations to you under the Franchise Agreement.

3. **Releases.** The following language is added to the end of Sections 1.D., “Exclusive Territorial Rights,” 12.C.(8), “Conditions For Approval of Transfer” and 13.C. of the Franchise Agreement, “Agreements/Releases:”

However, such general release will not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law.

4. **Insolvency.** The following language is added to the end of Section 14.B.(17) of the Franchise Agreement:

; termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce this provision to the maximum extent the law allows.

5. **Governing Law.** The following language is added to the end of Section 17.F of the Franchise Agreement:

However, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **Consent to Jurisdiction.** The following language is added to the end of Section 17.G of the Franchise Agreement:

However, subject to the parties' arbitration obligations, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **Limitation of Claims.** The following language is added to the end of Section 17.J of the Franchise Agreement:

However, the limitation of such claims shall not act to reduce the three (3)-year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

8. **Acknowledgements.** The following language is added as a new Section 17.L of the Franchise Agreement:

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.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

**FRANCHISE OWNER**  
  
**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

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

\_\_\_\_\_  
[Print Name of Franchisee Entity]

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

**RIDER TO THE YOUR PIE FRANCHISING, LLC  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“**we,**” “**us**” or “**our**”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement effective as of \_\_\_\_\_, 201\_\_ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Restaurant that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **Releases.** The following is added to the end of Sections 12.C.(8) and 13.C. 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 the Minnesota Franchises Law.

3. **Renewal and Termination.** The following is added to the end of Sections 13 and 14.B of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

4. **Governing Law.** The following is added to the end of Section 17.F of the Franchise Agreement:

However, nothing in this Section 22.08 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.

5. **Consent to Jurisdiction.** The following is added to the end of Section 17.G of the Franchise Agreement:

However, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this Section 22.09 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.

6. **Waiver of Punitive Damages and Jury Trial.** If required by the Minnesota Franchises Law, Section 17.H of the Franchise Agreement is deleted.

7. **Limitations of Claims.** The following is added to the end of Section 17.J of the Franchise Agreement:

However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

**RIDER TO THE YOUR PIE FRANCHISING, LLC  
FRANCHISE AGREEMENT  
FOR USE IN NEW YORK**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement effective as of \_\_\_\_\_, 201\_\_ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Restaurant that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Business in New York.

2. **Releases.** The following language is added to the end of Sections 12.C.(8) and 13.C. of the Franchise Agreement:

, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **Transfer by Us.** The following language 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 able to assume our obligations under this Agreement.

4. **Termination by You.** The following language is added to the end of Section 14.A of the Franchise Agreement:

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Sections 17.F and 17.G of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall 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 and the regulations issued thereunder.



6. **Limitation of Claims.** The following language is added to the end of Section 17.J of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied

7. **Application of Rider.** There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if you are domiciled in and the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

**RIDER TO THE YOUR PIE FRANCHISING, LLC  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“**we,**” “**us**” or “**our**”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement effective as of \_\_\_\_\_, 201\_\_ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Restaurant that you will operate under the Franchise Agreement will be located in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **Initial Fees.**

All initial fees due under the Franchise Agreement, including the initial franchise fee described in Section 3.A. of the Agreement, are deferred until we complete our initial obligations to you under the Franchise Agreement and your RESTAURANT opens for business under the Franchise Agreement.

3. **Releases.** The following is added to the end of Sections 12.C.(8) and 13.C. of the Franchise Agreement:

; provided, however, that such general release shall not apply to the extent prohibited by law with respect to claims arising under the North Dakota Franchise Investment Law.

4. **Covenant Not to Compete.** The following is added to the end of Section 15.D of the Franchise Agreement:

Covenants not to compete such as those mentioned above generally are considered unenforceable in North Dakota. However, we will seek to enforce them to the extent enforceable.

5. **Arbitration.** The first paragraph of Section 17.E of the Franchise Agreement is deleted and replaced with the following:

We and you agree that all controversies, disputes, or claims between us and our affiliates, and our and their respective shareholders, officers, directors, agents, and/or employees, and you (and/or your owners, guarantors, affiliates, and/or employees) arising out of or related to:

- (1) This Agreement or any other agreement between you and us;
- (2) Our relationship with you;
- (3) The scope and validity of this Agreement or any other agreement between you and us or any provision of such agreements (including the validity and scope of the arbitration obligations under this Subsection, which the parties acknowledge is to be determined by an arbitrator and 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 Subsection 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 Orange County, California, however, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which we and you agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

6. **Governing Law.** The following language is added to the end of Section 17.F of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to this Agreement.

7. **Consent To Jurisdiction.** The following language is added to the end of Section 17.G of the Franchise Agreement:

However, that to the extent required by applicable law, subject to your arbitration obligation, you may bring an action in North Dakota.

8. **Waiver of Punitive Damages and Jury Trial.** To the extent required by the North Dakota Franchise Investment Law, Section 17.H of the Franchise Agreement is deleted.

9. **Limitations of Claims.** The following is added to the end of Section 17.J of the Franchise Agreement:

The time limitations set forth in this Section might be modified by the North Dakota Franchise Investment Law.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:** \_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:** \_\_\_\_\_

**RIDER TO THE YOUR PIE FRANCHISING, LLC  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“**we,**” “**us**” or “**our**”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement effective as of \_\_\_\_\_, 201\_\_ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Rhode Island and the Restaurant that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **Governing Law.** The following language is added to the end of Section 17.F of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

3. **Consent to Jurisdiction.** The following language is added to the end of Section 17.G of the Franchise Agreement:

However, subject to your arbitration obligation, to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

**[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]**

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:** \_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:** \_\_\_\_\_

**RIDER TO THE YOUR PIE FRANCHISING, LLC  
FRANCHISE AGREEMENT  
FOR USE IN SOUTH DAKOTA**

**This Rider** (the "**Rider**") is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 ("**we,**" "**us**" or "**our**"), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ ("**you**" or "**your**").

1. **Background.** We and you are parties to that certain Franchise Agreement effective as of \_\_\_\_\_, 201\_\_ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Restaurant that you will operate under the Franchise Agreement was made in the State of South Dakota and the Restaurant will be located in South Dakota, and/or (b) you are a resident of South Dakota.

2. **Initial Fees.**

All initial fees due under the Franchise Agreement, including the Initial Franchise Fee described in Section 3.A. of the Agreement, are deferred until your RESTAURANT opens for business under the Franchise Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_



**RIDER TO THE YOUR PIE FRANCHISING, LLC  
FRANCHISE AGREEMENT  
FOR USE IN VIRGINIA**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“**we,**” “**us**” or “**our**”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Franchise Agreement effective as of \_\_\_\_\_, 201\_\_ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Virginia, and/or (b) the Restaurant that you will operate under the Franchise Agreement will be located in Virginia.

2. **Initial Fees.**

The Initial Franchise Fee and other initial payments owed by you to us under the Franchise Agreement are deferred until we complete our pre-opening obligations to you under the Franchise Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
DEVELOPMENT RIGHTS RIDER**

**RIDER TO THE YOUR PIE FRANCHISING, LLC  
DEVELOPMENT RIGHTS RIDER  
FOR USE IN ILLINOIS**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Development Rights Rider (defined below) to the Your Pie Franchising, LLC Franchise Agreement (the “**Agreement**”), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“**we**,” “**us**” or “**our**”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Development Rights Rider effective as of \_\_\_\_\_, 201\_\_ (the "Development Rights Rider") that has been signed concurrently with the signing of this Rider. This Rider is part of the Development Rights Rider. This Rider is being signed because (a) the offer or sale of the franchise for the Restaurant(s) that you will operate under the Agreement and Development Rights Rider was made in the State of Illinois and the Restaurant(s) will be located in Illinois, and/or (b) you are a resident of Illinois.

2. **Rider Fees.** Section 5 of the Development Rights Rider is amended as follows:

All Rider fees due under the Development Rights Rider are deferred until your first Your Pie Restaurant opens for business under the Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:** \_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:** \_\_\_\_\_

**RIDER TO THE YOUR PIE FRANCHISING, LLC  
DEVELOPMENT RIGHTS RIDER  
FOR USE IN MARYLAND**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Development Rights Rider (defined below) to the Your Pie Franchising, LLC Franchise Agreement (the “**Agreement**”), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“**we,**” “**us**” or “**our**”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

2. **Background.** We and you are parties to that certain Development Rights Rider effective as of \_\_\_\_\_, 201\_\_ (the "Development Rights Rider") that has been signed concurrently with the signing of this Rider. This Rider is part of the Development Rights Rider. This Rider is being signed because (a) the offer or sale of the franchise for the Restaurant(s) that you will operate under the Agreement and Development Rights Rider was made in the State of Maryland and the Restaurant(s) will be located in Maryland, and/or (b) you are a resident of Maryland.

2. **Rider Fees.** Section 5 of the Development Rights Rider is amended as follows:

All Rider fees due under the Development Rights Rider are deferred until your first Your Pie Restaurant opens for business under the Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

**RIDER TO THE YOUR PIE FRANCHISING, LLC  
DEVELOPMENT RIGHTS RIDER  
FOR USE IN NORTH DAKOTA**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Development Rights Rider (defined below) to the Your Pie Franchising, LLC Franchise Agreement (the “**Agreement**”), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“**we,**” “**us**” or “**our**”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

3. **Background.** We and you are parties to that certain Development Rights Rider effective as of \_\_\_\_\_, 201\_\_ (the "Development Rights Rider") that has been signed concurrently with the signing of this Rider. This Rider is part of the Development Rights Rider. This Rider is being signed because (a) the offer or sale of the franchise for the Restaurant(s) that you will operate under the Agreement and Development Rights Rider was made in the State of North Dakota and the Restaurant(s) will be located in North Dakota, and/or (b) you are a resident of North Dakota.

2. **Rider Fees.** Section 5 of the Development Rights Rider is amended as follows:

All Rider fees due under the Development Rights Rider are deferred until your first Your Pie Restaurant opens for business under the Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_



**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

**RIDER TO THE YOUR PIE FRANCHISING, LLC  
DEVELOPMENT RIGHTS RIDER  
FOR USE IN SOUTH DAKOTA**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Development Rights Rider (defined below) to the Your Pie Franchising, LLC Franchise Agreement (the “**Agreement**”), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“**we,**” “**us**” or “**our**”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

1. **Background.** We and you are parties to that certain Development Rights Rider effective as of \_\_\_\_\_, 201\_\_ (the "Development Rights Rider") that has been signed concurrently with the signing of this Rider. This Rider is part of the Development Rights Rider. This Rider is being signed because (a) the offer or sale of the franchise for the Restaurant(s) that you will operate under the Agreement and Development Rights Rider was made in the State of South Dakota and the Restaurant(s) will be located in South Dakota, and/or (b) you are a resident of South Dakota.

2. **Rider Fees.** Section 5 of the Development Rights Rider is amended as follows:

All Rider fees due under the Development Rights Rider are deferred until your first Your Pie Restaurant opens for business under the Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC**, a  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:**\_\_\_\_\_

**RIDER TO THE YOUR PIE FRANCHISING, LLC  
DEVELOPMENT RIGHTS RIDER  
FOR USE IN VIRGINIA**

**This Rider** (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Development Rights Rider (defined below) to the Your Pie Franchising, LLC Franchise Agreement (the “**Agreement**”), by and between **Your Pie Franchising, LLC**, a Georgia limited liability company with its principal business address at 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (“**we,**” “**us**” or “**our**”), and \_\_\_\_\_ a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

2. **Background.** We and you are parties to that certain Development Rights Rider effective as of \_\_\_\_\_, 201\_\_ (the "Development Rights Rider") that has been signed concurrently with the signing of this Rider. This Rider is part of the Development Rights Rider. This Rider is being signed because (a) the offer or sale of the franchise for the Restaurant(s) that you will operate under the Agreement and Development Rights Rider was made in the State of Virginia and the Restaurant(s) will be located in Virginia, and/or (b) you are a resident of Virginia.

2. **Rider Fees.** The following language is added to Section 5 of the Development Rights Rider:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Rider Fees, initial franchise fee, and other initial payments owed by you to us until we have completed our pre-opening obligations under the Franchise Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Agreement Date.

**YOUR PIE FRANCHISING, LLC, a**  
Georgia limited liability company

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

**DATED\*:** \_\_\_\_\_  
(\*Effective Date of this Agreement)

**FRANCHISE OWNER**

**(IF YOU ARE TAKING THE  
FRANCHISE AS A CORPORATION,  
LIMITED LIABILITY COMPANY, OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Print Name of Franchisee Entity]

By: \_\_\_\_\_  
[Signature of person signing on behalf of entity]

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

**DATED:** \_\_\_\_\_

**(IF YOU ARE TAKING THE  
FRANCHISE INDIVIDUALLY AND  
NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:** \_\_\_\_\_

\_\_\_\_\_  
[Signature of individual franchisee]

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

**DATED:** \_\_\_\_\_

**EXHIBIT H**  
**GENERAL RELEASE**

**GENERAL RELEASE**

This General Release is made effective this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_. In consideration for the grant by Your Pie Franchising, LLC, a Georgia limited liability company (“Your Pie”), to the undersigned of certain rights in connection with the operation of a Your Pie franchise and/or the transfer or renewal thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally release, discharge, and acquit Your Pie, its past and present subsidiaries and affiliates, and its and their shareholders, owners, directors, officers, managers, members, partners, employees, agents, representatives, successors and assigns, from any and all liabilities, damages, claims, demands, costs, expenses, debts, indemnities, suits, disputes, controversies, actions and causes of action of any kind whatsoever, whether known or unknown, fixed or contingent, regarding or arising out of any prior or existing franchise relationship, franchise agreement or any other agreement executed by any of the undersigned and Your Pie (or any subsidiary or affiliate of Your Pie), any Your Pie franchise (whether currently or previously owned or operated by the undersigned or any of them), or any other prior or existing business relationship between any of the undersigned and Your Pie (or any subsidiary or affiliate of Your Pie ), which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against Your Pie (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims arising from contract, written or oral communications, alleged misrepresentations, and acts of negligence, whether active or passive. This General Release shall survive the assignment or termination of any of the franchise agreements or other documents entered into by and between Your Pie and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve Your Pie or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law. This General Release shall be governed by and construed in accordance with the laws of the State of Georgia without regard to its conflicts of law provisions.

WITNESS:

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

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

\_\_\_\_\_, Individually

\_\_\_\_\_, Individually

**EXHIBIT I**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**



**Your Pie Franchising, LLC**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

As you know YOUR PIE FRANCHISING, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a Your Pie restaurant. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes\_\_ No\_\_ 1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?
- Yes\_\_ No\_\_ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes\_\_ No\_\_ 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
- Yes\_\_ No\_\_ 4. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
- Yes\_\_ No\_\_ 5. Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?
- Yes\_\_ No\_\_ 6. Have you discussed the benefits and risks of developing and operating a Your Pie restaurant with an existing Your Pie franchisee?
- Yes\_\_ No\_\_ 7. Do you understand the risks of developing and operating a Your Pie restaurant?
- Yes\_\_ No\_\_ 8. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control like weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes\_\_ No\_\_ 9. Do you understand we have only granted you limited territorial protection against us locating another Your Pie restaurant near your Your Pie restaurant as set forth in your Franchise Agreement and that another Your

Pie restaurant or company Your Pie restaurant may open anywhere outside your territory.

- Yes\_\_ No\_\_ 10. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the production, distribution and sale of food products and other products under the Your Pie name or other mark, at any location, other than a Your Pie within your protected territory, or by any method of distribution, and these other restaurants or methods of distribution may compete with your Your Pie restaurant and adversely affect its sales?
- Yes\_\_ No\_\_ 11. Do you understand that the only radius restriction concerning where another franchised or company Your Pie restaurant may open is the territory specified in your Franchise Agreement?
- Yes\_\_ No\_\_ 12. Do you understand that most disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Georgia?
- Yes\_\_ No\_\_ 13. Do you understand that your required trainees must satisfactorily complete the two-week initial training course before we will allow your Your Pie restaurant to open or consent to a transfer?
- Yes\_\_ No\_\_ 14. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Your Pie restaurant that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_\_ No\_\_ 15. Has any employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_\_ No\_\_ 16. Has any employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Your Pie restaurant will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes\_\_ No\_\_ 17. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for the Your Pie

restaurant, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

\_\_\_\_\_  
  
*No representation or acknowledgment by you is intended to nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.*

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>STATE</b>	<b>EFFECTIVE DATE</b>
California	8/9/21
Maryland	PENDING
Michigan	10/7/21
Virginia	8/20/21

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.

## RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Your Pie 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, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that Your Pie Franchising, LLC provides you with this disclosure document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, Your Pie Franchising, LLC or one of its affiliates in connection with the proposed sale. Michigan requires that Your Pie Franchising, LLC provides you with this disclosure document ten business days before you sign a binding agreement with, or make payment to, Your Pie Franchising, LLC or one of its affiliates in connection with the proposed sale.

If Your Pie 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 in Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: Ken Caldwell, 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (770) 883-9262 and: \_\_\_\_\_

The issuance date of this Disclosure Document is April 9, 2021.

We authorize the respective state agents identified on Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document from Your Pie Franchising, LLC dated as of April 9, 2021, that included the following Exhibits:

- A. List of State Administrators/Agents for Service of Process
- B. Franchise Agreement (including Exhibit A – Listing of Ownership Interest; Exhibit B – Premises and Territory; and Exhibit C – Guaranty and Assumption of Obligations)
- C. Development Rights Rider to Franchise Agreement
- D. Financial Statements
- E. Operations Manual Table of Contents
- F. List of Franchisees
- G. State Addenda and Riders to Franchise Agreement and Development Rights Rider
- H. General Release
- I. Franchisee Disclosure Questionnaire

\_\_\_\_\_  
Date

\_\_\_\_\_  
Prospective Franchisee

(Sign, Date and Keep This Copy for Your  
Records)

\_\_\_\_\_  
Authorized Signature

## RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Your Pie 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, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that Your Pie Franchising, LLC provide you with this disclosure document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, Your Pie Franchising, LLC or one of its affiliates in connection with the proposed sale. Michigan requires that Your Pie Franchising, LLC provide you with this disclosure document ten business days before you sign a binding agreement with, or make payment to, Your Pie Franchising, LLC or one of its affiliates in connection with the proposed sale.

If Your Pie 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 in Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: Ken Caldwell, 13010 Morris Road, Suite 100, Alpharetta, Georgia 30004 (770) 883-9262; and: \_\_\_\_\_

The issuance date of this Disclosure Document is April 9, 2021.

We authorize the respective state agents identified on Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document from Your Pie Franchising, LLC dated as of April 9, 2021 that included the following Exhibits:

- A. List of State Administrators/Agents for Service of Process
- B. Franchise Agreement (including Exhibit A – Listing of Ownership Interest; Exhibit B – Premises and Territory; and Exhibit C – Guaranty and Assumption of Obligations)
- C. Development Rights Rider to Franchise Agreement
- D. Financial Statements
- E. Operations Manual Table of Contents
- F. List of Franchisees
- G. State Addenda and Riders to Franchise Agreement and Development Rights Rider
- H. General Release
- I. Franchisee Disclosure Questionnaire

\_\_\_\_\_  
Date

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Prospective Franchisee

(Sign, Date and Return this Copy to Us)

\_\_\_\_\_  
Authorized Signature