FRANCHISE DISCLOSURE DOCUMENT

American Kolache, Inc.
A corporation
14786 Manchester Road
Ballwin, MO 63011
(314) 229-1959
Attn: Russell Clark
www.AmericanKolache.com

The franchise offered is for a business operating a quick-service restaurant specializing in an Americanized version of the traditional Czech *kolache*, including in-house dining, carry-out, delivery, and catering in a casual atmosphere under the "American Kolache" mark.

The total investment necessary to begin operation of one "American Kolache" franchise under a Franchise Agreement is $229,968 to $344,969. This includes $39,000 that must be paid to the franchisor or affiliate. If you sign our Multi-Unit Development Agreement, your total initial investment is estimated to be $279,968 to $394,969, including $89,000 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in a format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Russell Clark at American Kolache, Inc., 14786 Manchester Road, Ballwin, MO 63011, Phone: 314-229-1959 email: russ@stlouiskolache.com

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

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

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

Issuance Date: June 29, 2026

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

2. **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 franchised business or may harm your franchised business

3. **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.

4. **Operating restrictions**. The franchise agreement may prohibit you from operating a similar business both 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.

5. **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.

6. **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.

7. **When your franchise ends**. Your franchise agreement may not permit you to renew. Even if it does, most franchise agreements do not allow you to renew on the same terms and conditions. You may have to sign a new agreement with different terms and conditions in order to continue to operate your franchised business.

Some States Require Registration

Your state may have a franchise 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 B.

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.

What You Need To Know About *This* Franchise

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

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

2. **Financial Condition**. The Franchisor's financial condition as reflected in its initial financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

   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.

(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 license agreement, from settling any and all claims.

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied 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 franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants 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 provisions have been made for providing the required contractual services.

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

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

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 1St FLOOR, LANSING, MICHIGAN 48933, (517) 373-7117.

Table of Contents

EXHIBITS

Exhibit A	Franchise Agreement, including Owner's Guaranty
Exhibit B	Multi-Unit Development Agreement, including Owner's Guaranty
Exhibit C	Confidentiality Agreement
Exhibit D	Table of Contents of Confidential Operations Manual
Exhibit E	State Law Addenda
Exhibit F	List of Franchisees
Exhibit G	Financial Statements for American Kolache, Inc. f/k/a American Kolache, LLC
Exhibit H	List of State Agencies/Agents For Service of Process
Exhibit I	General Release
Exhibit J	Franchisee Disclosure Questionnaire
Exhibit K	Receipt (Your Copy)
Exhibit L	Receipt (Our Copy)

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE-SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE-SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT, IF ANY, APPEAR IN THE STATE LAW ADDENDA IN EXHIBIT E.

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is American Kolache, Inc., and will be referred to in this document as Franchisor, "**we**", "**us**" or "**our**". A person who buys a franchise from us will be referred to as "you." If you are a corporation, partnership or other entity, "you" also includes your owners, your partners, shareholders and any other person or entity directly or indirectly owning an interest in you, and their spouses, where applicable, who must sign a personal guaranty.

We are a Missouri corporation. We were originally organized on August 24, 2017. Prior to April 1, 2025, our name was American Kolache, LLC. Our principal place of business address is 14786 Manchester Road, Ballwin, MO 63011. We do not currently conduct business under any name other than American Kolache, Inc., though prior to April 1, 2025, we conducted business under our prior name, American Kolache, LLC. Our agents for the service of process are disclosed in **Exhibit H**.

Parents, Predecessors and Affiliates

We do not have a parent company or any predecessors.

Our Affiliates include St. Louis Kolache, LLC, St. Louis Kolache Ballwin, LLC, STLK4, LLC, American Kolache Retail, LLC, all Missouri limited liability companies, whose principal places of business are 14786 Manchester Road, Ballwin, MO 63011 (collectively, "**Affiliates**"). St. Louis Kolache, LLC operates a St. Louis Kolache restaurant in Creve Coeur, Missouri, a suburb of St. Louis. St. Louis Kolache Ballwin, LLC, operates a St. Louis Kolache restaurant in Ballwin, Missouri, a suburb of St. Louis. STLK4, LLC operates a St. Louis Kolache restaurant in St. Louis, MO. These Affiliates may re-brand their operations as American Kolache at some point in the future. American Kolache Retail, LLC sells the same products you will sell to grocery stores for sale at retail. No affiliates offer franchises in any line of business or currently provide products or services to franchisees.

The Franchises We Offer

A *kolache* is a traditional Czech pastry consisting of a filling (sweet or savory) inside a fluffy cushion of supple dough.

We grant franchises for a business operating a quick-service restaurant specializing in an Americanized version of the traditional Czech *kolache*, including in-house dining in a casual atmosphere, carry-out, delivery, and catering under the "American Kolache" tradename. Customers enjoy the convenience of ordering in-store or online. Our affiliates identified above operate businesses of the type being franchised to you, but we do not. We do not engage in other business activities and have never offered franchises in any other line of business.

The business you will conduct (we will call it the "**Restaurant**" in this disclosure document) refers to a business using our "American Kolache" trademarks and service marks and associated logos and symbols listed on Schedule A to our Franchise Agreement (we will call these marks, logos and symbols the "**Marks**") to provide an Americanized version of the traditional

Czech *kolache* in a casual restaurant atmosphere, for carry out, as well as via catering and delivery using third-party services. The Restaurant will use the methods and procedures we have developed (our "**System**"). The System includes standards and methods of operation, accounting, marketing, advertising and public relations, and the standards for conducting a Restaurant. Our standards and procedures for conducting an American Kolache restaurant will be set forth in our Confidential Operations Manual (the "Confidential Manual").

If you wish to operate more than one American Kolache restaurant within a defined Development Territory, we may agree to permit you to open additional American Kolache restaurants under a Multi-Unit Development Agreement ("**Multi-Unit Development Agreement**"), in the form attached as **Exhibit B**. Under a Multi-Unit Development Agreement, you must make a commitment to sign separate Franchise Agreements for, and open, the number of Restaurants that we and you agree upon, according to a Development Schedule. The Franchise Agreement you would sign for each location under the Multi-Unit Development Agreement will be the form of Franchise Agreement we use at the time you sign that Franchise Agreement, which agreement may differ from the current form of Franchise Agreement included in this FDD.

General Market For Your Products or Services

The goods and services you will offer are used primarily by the general public for personal consumption and are not limited to any specific submarket. If we permit you to offer catering, the general market may also include businesses, corporate or private groups. Please note that the timing and geographic scope of services may be limited by the Franchise Agreement.

Competition

You will be competing with other businesses that offer food service, including all restaurants, fast-casual and quick-service restaurants, grocery stores and other food-service businesses. The restaurant business is generally not seasonal. The market for restaurants and food services is highly developed in most areas, and competition is intense. Although you will be competing with other food-service establishments that offer food products that may differ from those offered at your Restaurant, in some parts of the country, traditional kolaches, and variations based on them, are sold by established competitors. They may have their own plans for expansion. Your Restaurant will face competition from a large number of other food-service businesses. Intense competition for the food dollar, as well as general economic conditions, can affect your business and all competing businesses and could affect the profitability of your Restaurant.

Laws and Regulations

A variety of regulations, laws and ordinances govern the operation of a restaurant business. Examples include laws relating to the sale of alcoholic beverages (including, but not limited to, licensing requirements, rules regarding the age of the person serving and being served alcohol, rules regarding the person opening, pouring or mixing alcohol, rules regarding age of purchasers, limitations on days and times for sales, dram-shop laws, and other operational requirements); health and sanitation codes; driver regulations; and local codes and ordinances covering the discharge of waste and emissions; laws, rules and regulations concerning "Truth in Menu" (concerning menu item names and product labeling); laws, rules and regulations concerning

"Menu Labeling" (requiring nutritional labeling on menus, menu boards and products); laws, rules and regulations concerning nutritional claims; the Americans with Disabilities Act of 1990 ("ADA") governing public accommodations; and laws and regulations related to privacy and data protection. There may be other laws applicable to your Restaurant and we urge you to make further inquiries about these laws. In addition, the laws, rules and regulations which apply to businesses in general will affect you. You must comply with all local, state and federal laws and regulations in the operation of your Restaurant. Consult your lawyer about all the laws, rules and regulations that apply to your Restaurant.

Our Prior Experience

We were formed as a limited liability company on August 24, 2017, and have begun offering American Kolache restaurant franchises since late 2018. We have not offered any other franchises in any other line of business.

We do not operate Restaurants, but three of our Affiliates do. However, they use the name "St. Louis Kolache" rather than "American Kolache". St. Louis Kolache, LLC, opened its restaurant in Creve Coeur, Missouri, in October, 2015. St. Louis Kolache Ballwin, LLC, opened its restaurant in Ballwin, Missouri in July, 2016. STLK4, LLC opened its restaurant in St. Louis in January, 2021.

Your Owner's Obligations

If you are an entity, all of your owners must sign a Guaranty and Assumption of Obligations in the form attached to the Franchise Agreement or Multi-Unit Development Agreement, respectively. In addition, all owners must sign the Owner's Acknowledgement in the Franchise Agreement or Multi-Unit Development Agreement agreeing to accept and be bound by their separate rights and obligations in the Franchise Agreement and (if applicable) the Multi-Unit Development Agreement.

ITEM 2

BUSINESS EXPERIENCE

President/Treasurer: Bart Mantia

Mr. Mantia has been a co-owner of ours since August 2017, and of our Affiliates, St. Louis Kolache, LLC (since October 2015), St. Louis Kolache Ballwin, LLC (since May 2016), STLK4, LLC (since June 2020) and American Kolache Retail, LLC (since January 2024) to the present time. He has been our President and Treasurer since April 1, 2025. Prior to April 1, 2025, he was one of our Managing Members. He is located in St. Louis, Missouri.

Vice President/Secretary: Russell Clark

Mr. Clark has been a co-owner of ours since August 2017, and of our Affiliates, St. Louis Kolache, LLC (since October 2015), St. Louis Kolache Ballwin, LLC (since May 2016), STLK4, LLC (since June 2020) and American Kolache Retail, LLC (since January 2024) to the present time.

He has been our Vice President and Secretary since April 1, 2025. Prior to April 1, 2025, he was one of our Managing Members. He is located in St. Louis, Missouri.

Operations Manager, Head of Kitchen, and Corporate Trainer: Scott Walker

Mr. Walker joined us as Operations Manager, Head of Kitchen, and Corporate Trainer in October 2015. He works out of St. Louis, Missouri.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Single-restaurant franchisees pay a $39,000 lump sum initial franchise fee to us when they sign our Franchise Agreement, substantially in the form of **Exhibit A**. This Franchise Agreement will grant you the right to operate one American Kolache within an assigned territory that will be determined at the time the location is agreed to by both parties ("Assigned Territory"). The initial franchise fee is fully earned by us when paid and is not refundable under any circumstances. American Kolache, Inc. may offer a discount of 10% on the initial franchise fee to qualified military veterans and first responders (i.e., police officers, firefighters, EMT's, etc.), as well as a 20% discount on subsequent franchises granted to a single-unit franchisee. Last year we charged franchisees Initial Franchise Fees of between $17,500 and $39,000.

If you enter into a Multi-Unit Development Agreement, you must sign our Multi-Unit Development Agreement, substantially in the form of **Exhibit B.** At the time of signing, you must also pay a fee (the "Multi-Unit Development Fee") equal to $39,000 for the first Restaurant and $25,000 for each additional Restaurant you agree to develop. The Multi-Unit Development Fee is fully earned when paid and it is not refundable under any circumstances. However, when a franchise agreement is executed for each Restaurant after the first, you must pay an additional $10,000. At this time, the total franchise fee for each Restaurant after the first Restaurant will be $35,000.

The cost of initial training for you (or your principal owner ("Principal Owner"), your operating manager, and manager is included in the initial franchise fee and Multi-Unit Development Fee. Although initial training for three people should be sufficient, if you want us to train any other owner(s) or managerial-level employees, we have the right to charge a fee for such additional training. This additional training fee is currently $200 per additional person per day.

This training fee is not refundable under any circumstances. Since you will be responsible for hiring, training, and supervising your non-managerial-level employees, we do not provide training for those employees.

ITEM 6

OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee (Note 1)	6% of Gross Sales	Weekly following the end of each week	Payments to be made either via electronic funds transfer ("EFT") or other methods we determine.
Mandatory Local Marketing Spend (Note 2)	Franchisee must spend at least $2,500 on grand-opening marketing and promotions. Thereafter, each month, Franchisee must spend an amount equal to 2 to 4% of franchisee's prior month's Gross Sales on local marketing and promotions in its territory	Each quarter, Franchisee must submit to Franchisor an accounting of Franchisee's expenditures on marketing and promotions	Franchisee's local marketing and promotions must be conducted in the format, and using procedures, suppliers, materials, and designs, approved by Franchisor.
Brand Development Fund Assessment (Note 3)	Franchisee must contribute each week an amount equal to 2% of the previous week's Gross Sales to a Brand Development Fund managed by Franchisor, when Franchisor chooses to begin collecting the Assessment.	Same time and manner as Royalty Fee payments	Franchisor has not yet started to collect the Brand Development Fund Assessment. When it does collect the Assessment, Franchisor will apply Fund assets to, among other things as are described in Item 11, develop brochures, handouts, ad slicks and other approved advertising materials that will be used locally in the market. Franchisor may also use Fund assets to offset Franchisor's internal and external costs of developing and disseminating

			materials and media content promoting the franchise brand regionally or nationally – including, among other things, system-wide advertising (e.g., national or regional print, television and radio).
Point Of Sale (POS) Fees	Currently $75/month	Monthly. The portion of the fees that are paid to us are paid at the same time and in the same manner as Royalty Fee payments. The portion of the fees paid to the POS system we designate are paid pursuant to the terms of your agreement with that vendor	You are required to use the POS system we designate for your POS system. If the POS system we designate charges us a fee for the franchise suite of services that is part of the POS system, you must pay this fee to reimburse us for the costs we pay to the POS system provider for you to have access to this suite of services. Currently the portion of the POS fees you pay to us is $75 per month. The remainder of the fee you pay to the provider of the POS system pursuant to the terms of your agreement with that vendor. (The portion of the POS fees paid to the provider of the POS system are estimated to be $275 - $375 per month.) Currently this fee is equal to the amount we pay the provider of the POS system to provide you with access to the provider's franchise suite of services. However, we reserve the right to change the fee if the costs we pay to the provider change. The fee will never be more than the amount we pay for you to have access to POS system's services plus 10%.
Digital Signage Fee	Currently $180/year	Annually upon being invoiced	We have designated a supplier to broadcast

		by us	graphics, including menu graphics, and video reels, to the digital monitors in your Restaurant. The supplier charges us for this service, and the fee covers the amount that we pay for the service to be provided at your Restaurant. This fee is subject to annual increases. We reserve the right to charge an administrative fee of up to 10% on this amount to cover the costs we incur in facilitating this service. Currently we are not charging any administrative fee.
Local and Regional Marketing Fund Contribution	Amount determined by us if and when each Local or Regional Marketing Fund is established	See Item 11	
Transfer Fee, Franchise Agreement	● If the transfer is to (a) an existing member of a franchisee-ownership group already approved by Franchisor: $1,500; or (b) or an in-coming member of the franchisee-ownership group that does not change the majority control of the ownership group: $1,500 ● If to franchisee's spouse, parent, or child	Prior to consummation of transfer	Payable when you transfer your franchise or an interest in you or your franchises assets.

	following the death or disability of franchisee: no charge ● If to an individual which Franchisor has approved that is new to the American Kolache franchise system: an amount equal to 75% of the then-current franchise fee (per franchise transferred) ● If to an existing franchise owner within the American Kolache franchise system that is approved to purchase the Restaurant(s): an amount equal to 50% of the then-current franchise fee (per franchise transferred)		
Transfer Fee, Multi-Unit Development Agreement	For each developed unit: the transfer fee under the relevant Franchise Agreement applicable to each such unit transferred For each	Prior to consummation of transfer	Payable when you transfer 20% or more of the ownership in you or transfer the Multi-Unit Development Agreement.

	undeveloped unit: $7,500		
Renewal Fee	10% of the then-current initial franchise fee	At the time of renewal	Payable when you renew the Franchise Agreement.
Additional Training and Assistance (Note 4)	Our then current training fee (currently $200 per additional owner/managerial employee per day), plus expenses we incur	Upon request or as we require	This is for initial training of additional people beyond the initial three. This fee does not include further training from time to time or additional on-site assistance that you need or request.
Testing for Supplier Approval	$750	Upon demand	Only if you request that a supplier be approved.
Interest on late payments (Note 5)	Lesser of 1½% per month or maximum legal rate	Upon demand	Payable on all overdue amounts owed to us or our Affiliates.
Taxes (Note 6)	Actual cost	Upon demand	Payable if certain taxes are levied or assessed on the fees you pay to us or our Affiliates.
Mystery Shoppers	$1,000 (4 x $250/per shop) for Mystery Shoppers	Upon demand	We may send a mystery shopper to your Restaurant up to 4 times per 12-month period.
Quality Assurance Audit	If conducted by us, no charge. If conducted by a third party, the actual amount charged by the vendor.	Upon demand	As determined in Franchisor's discretion.
Audit	Lesser of 1½% per month or maximum legal rate on underreported sales, plus actual cost of the audit	Upon demand	Interest is payable if you are found to have under-reported Gross Sales. You must pay our actual cost of the audit if you are found to have under-reported Gross Sales by 2% or more.
Late Reporting	To the extent permitted by law, $100 plus $100 for each month a report is late	Upon demand	Payable if you fail to send us a report when due.

Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your Restaurant operation.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the Franchise Agreement and we have to seek assistance to enforce the Franchise Agreement.
Relocation	An amount equal to 25% of then-current franchise fee	At the time of relocation	You must reimburse us for our projected costs and expenses in reviewing the proposed relocation site and any new lease or purchase contract.
Insurance	Actual cost of insurance, plus an administrative fee equal to 10% of the premiums due over the life of the policy	Upon demand	Payable if you fail to maintain the required insurance and we procure it on your behalf.
Damages	$250 per day	Upon demand	Payable for each day you offer or sell unauthorized products or services.
Temporary Management Personnel and Operational Fees	Salaries (including the cost of fringe benefits, which equal 20% of salaries), meals, lodging, other living expenses and transportation of our personnel plus 5% of Gross Sales	As incurred	Payable if we temporarily assume management of your Restaurant.

All fees, assessments and other transfers are imposed by and are payable to the order of and collected by us or our Affiliates. All fees, assessments and other transfers are non-refundable. All fees, assessments and other transfers are imposed on a uniform basis on all franchisees. We have no cooperatives, but if we establish them later any franchisor-owned Restaurant's voting power on any fees imposed by the cooperative would be determined by the by-laws or other document regulating the cooperative.

In remitting fees, assessments, or other transfers, you must comply with the mandatory procedures specified in the Confidential Manual, or as otherwise communicated for such EFT program, and must perform the acts and sign the documents, including authorization forms that we, our bank, and your bank may require to accomplish payment by EFT, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing an EFT payment program. You must have adequate funds in your account in order to pay the Royalty Fees and Brand Development Fund Assessments.

Note 1: **Royalty Fee**. You are required to pay us a weekly Royalty Fee in the amount of 6% of Gross Sales of the prior week. "Gross Sales" means the total amount of all sales of products, services and merchandise sold from, through, or in connection with the Restaurant including without limitation, catering, gift card and loyalty programs, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.

Note 2: **Mandatory Local Marketing Spend**. You will be required to spend a minimum of $2,500 on approved grand-opening marketing and promotions in your territory. Approval may include payment to a promotions firm designated by us. Furthermore, after the initial promotion period ends, you will be required to spend an amount at least equal to 2% of Gross Sales monthly on local marketing and promotions in your territory. We may increase the required spend from this 2% level to as much as 4% of monthly Gross Sales. You will be required to submit an accounting of your marketing expenditures on a quarterly basis.

Note 3: **Brand Development Fund Assessment**. The Brand Development Fund, when established, will pay for advertising, marketing, public relations and promotional activities we deem beneficial to the System. For more information see Item 11.

Note 4: **Additional Training and Assistance Fees**. We will provide the initial training described in Item 11 at no additional charge for up to three persons, typically you (or your Principal Owner), your general manager, and manager. We reserve the right to charge you a reasonable amount for initial training for any additional owner(s)/ managerial-level employees. The current fee is $200 per person per day. We reserve the right to charge you a reasonable amount for any training we provide to you, or your managers in addition to the initial training described in Item 11. You will also be responsible for any salaries, travel, meal, incidental, and lodging expenses incurred by persons attending the training program. We will make available continuing advisory assistance in a manner as we deem appropriate, and we can charge a reasonable fee for it. If you request that we send a representative to your location to assist, train or advise you, we will charge you a reasonable fee and will seek reimbursement of our travel expenses. While there is no maximum amount that we can charge for the additional training and advisory assistance these fees are primarily intended to reimburse us our expenses. Currently, we charge $200 per day for the additional training/advisory assistance we provide, plus reimbursement for travel and lodging expenses for our trainers/advisors.

Note 5: **Interest**. You must pay us interest on any amounts past due to us or our Affiliates, such as Royalty Fees and Brand Development Fund Assessments. The rate of interest will be the lesser of 1½% per month or the maximum legal rate in the jurisdiction where your Assigned Territory is located.

Note 6: **Taxes.** You agree to indemnify and/or reimburse us and our Affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the Restaurant or the license of any of our or our Affiliates' intangible property to you (whether required to be paid by us or our Affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our Affiliates for taxes does not extend to income-type taxes which a state or local government imposes on us or our Affiliates' income.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

SINGLE FRANCHISE AGREEMENT

TYPE OF EXPENDITURE	Amount (Low Range)	Amount (High Range)	Method of Payment	When Due	To Whom Payment Made
Initial Franchise Fee (Note 1)	$39,000	$39,000	Lump Sum	When franchise agreement signed	Us
Lease Deposit (Note 2)	$1,950	$4,000	Lump Sum	When lease signed	Landlord
Utility Deposit (Note 3)	$ -	$800	As arranged	As arranged	Utility Companies
Rent (3 months)	$5,850	$12,000	As arranged	Monthly	Landlord
Utilities (3 months) (Note 4)	$2,100	$2,400	As arranged	Monthly	Utility Companies
Architect & Engineer Fees	$6,000	$8,000	As arranged	As arranged	Suppliers
Leasehold Improvements (Note 5)	$75,000	$125,000	As arranged	As arranged	Contractor(s), suppliers
Signage (Note 6)	$4,500	$12,000	As arranged	As arranged	Suppliers
Furniture and Fixtures (Note 7)	$3,850	$6,050	As arranged	As arranged	Suppliers
Third Party Delivery Fees (3 months) (Note 8)	$5,000	$10,000	As arranged	As arranged	Designated Supplier
Computer Equipment (Note 9)	$12,000	$14,000	As arranged	As arranged	Designated Suppliers, us and suppliers of your choice
Miscellaneous Equipment & Supplies (Note 10)	$3,000	$5,000	As arranged	As arranged	Suppliers
Equipment (Note 11)	$44,000	$60,500	As arranged	As arranged	Suppliers
Initial Inventory (Note 12)	$4,000	$6,000	As arranged	As arranged	Suppliers
Uniforms (Note 13)	$750	$750	As arranged	As arranged	Suppliers

TYPE OF EXPENDITURE	Amount (Low Range)	Amount (High Range)	Method of Payment	When Due	To Whom Payment Made
Business License & Permits	$2,000	$3,000	As arranged	As arranged	Government Agencies
Professional Fees	$1,000	$2,000	As arranged	As arranged	Suppliers
Technology Fee (3 months) (Note 14)	$ -	$ -	As arranged	As arranged	Us (when imposed)
Internet Service (3 months) (Note 15)	$450	$600	As arranged	As arranged	Suppliers
Insurance (Note 16)	$3,150	$3,600	As arranged	As arranged	Insurance Companies
Training Expense	$3,542	$12,443	As arranged	As arranged	Suppliers, airlines, hotels, restaurants, etc.
Third Party Training Expense (Note 17)	$326	$326	As arranged	As arranged	Third Party Trainer
Initial Launch Marketing & Promotions (Note 18)	$2,500	$2,500	As arranged	As arranged	Suppliers
Additional Funds/Working Capital (Note 19)	$10,000	$15,000	As arranged	As arranged	Various
TOTAL ESTIMATED INITIAL INVESTMENT COST	**$229,968.00**	**$344,969.00**			

NOTES:

1. **Initial Franchise Fee**. The Initial Franchise Fee is $39,000 and is described in greater detail in Item 5. If you sign a Multi-Unit Development Agreement, you will pay us a nonrefundable Multi-Unit Development Fee when you sign the Multi-Unit Development Agreement. The Multi-Unit Development Fee will equal (i) 100% of the initial franchise fee ($39,000) for the first Restaurant you agree to develop and; (ii) $25,000 for each subsequent Restaurant you agree to develop. The Multi-Unit Development Fee is fully earned when paid and it is not refundable under any circumstances. However, when you sign a Franchise Agreement, we will credit you (i) $39,000 of the Development Fee, which will be applied to the Initial Franchise Fee for your first unit; and (ii) $25,000 towards the Initial Franchise Fee for each subsequent Franchise Agreement, and you will pay the balance of the Initial Franchise Fee for each subsequent unit when you sign the related franchise agreements for those units.
2. **Lease Deposit.** Equal to one month of rent. Low estimate assumes a 1,300 square foot premises @ $18 per square foot; high assumes a 1,600 square foot premises @ $30 per square foot. The size of your Restaurant will likely range from 1,300-to-1,600 square feet, with seating for 8-to-14 people. Your Restaurant will typically be located in a strip mall, business storefront, or enclosed mall, but may be in another type of building. If you do not own or purchase real estate for your Restaurant location, you will need to lease space from a landlord. In most cases, the landlord will require a security and/or rental deposit. Usually, the landlord will require you to pay the equivalent of at least 1 month's rent. Rental rates or deposits on an

unknown location cannot be predicted in advance and may vary significantly from market to market depending on the city and specific location in the market. However, the rental rates will mostly depend on the size and location of your Restaurant. These costs will vary greatly depending on the metropolitan area where your Restaurant will be located. These estimates are based on one month's rent for a security deposit and the first month's rent. These estimates are based on rents for our Affiliate-owned locations in St. Louis County, Missouri.

3. **Utility Deposit.** Low assumes franchisee already has a credit history with the utility companies, so no deposit will be required. High is a deposit equal to one month of estimated utility expenses.
4. **Utilities.** Low assumes estimated cost of $700 per month; high assumes $800 per month.
5. **Leasehold Improvements.** This is an estimate of all costs to remodel a site to conform to System standards and includes such items as hood ventilation, lighting, counters, designer fees, etc. This estimate does not include any tenant improvement allowance negotiated in the lease. Please note that cost of construction, improvements or building varies widely by the size of the space, the existing improvements and local construction rates. Until a specific site is located and evaluated, an estimate of costs cannot be precisely projected. Sometimes you may receive a construction allowance from the landlord or you may lease a location which was already built out as a restaurant and if so, the costs may be lower.
6. **Signage.** This estimate includes interior and exterior signage. The cost of signage can vary significantly depending on, for example, the number and size of your signs. Both the size and number of signs will depend on various factors, such as what your lease says about your sign and local ordinances and sign regulations.
7. **Furniture and Fixtures.** These costs include all of the furniture and fixtures for your Restaurant as well as the smallwares and wall décor. All items are new. The cost estimate is based on the furniture and fixtures being turn-key, and include installation.
8. **Third Party Delivery Fees.** You are responsible for paying any fees charged by the third-party delivery services. However, our recommended pricing structure is designed to offset these costs with revenue generated by the orders placed using these services.
9. **Computer Equipment.** Includes point-of-sale ("POS") system, back-office hardware and peripherals. This estimate includes costs associated with purchasing the required POS system. Some of the recurring fees associated with the POS system are paid to us, but most are paid to our designated vendor. The cost estimate is based on the purchase of a 3-station system and includes $10,000 in initial costs, travel expenses incurred by the install team, and ongoing costs of $430 per month. You may wish to purchase a system with more than 3 stations if you believe it is necessary for the operation of your Restaurant. The estimate also includes the cost of a Cloud Cover account that will be used to provide music to your Restaurant and the Digital Signage Fee which is paid to cover the fee we pay to the designated digital content provider who provides menu graphics and other graphics and videos to the digital monitors in your Restaurant. Finally, the estimates include the costs of a tablet and smart phone, which you will need to operate your Restaurant.
10. **Miscellaneous Equipment & Supplies.** This category includes items such as a phone system, security system, smallwares, etc.
11. **Equipment.** Equipment includes items such as 3 double-door refrigerators, 1 single-door freezer, a double stack, double-door convection oven, mixer, dough rounder, sinks, food storage or preparation tables/shelves, etc.

12. **Initial Inventory.** This includes a franchisee's first order of food, beverages, paper goods and cleaning items.
13. **Uniforms.** Initial order of staff uniforms.
14. **Technology Fee.** We reserve the right to charge a technology fee of up to $150 for future services to be provided, but at this time, this fee is not being assessed.
15. **Internet Service.** Estimate ranges from $150 to $200 per month.
16. **Insurance.** Estimated semi-annual premium for minimum required coverages and includes estimate for initial workman's compensation coverage.
17. **Third Party Training Expense.** ServSafe online training and certification for a manager ($125 + $36) and a handler ($15). Plus the purchase of a 10-pack of ServSafe Food Handler guides ($150).
18. **Initial Launch Marketing & Promotions.** Estimated expenditure for approved initial launch marketing we direct. Includes guerilla marketing (including free product giveaways at food cost, plus labor and printed materials), banners for your Restaurant approved by local jurisdiction
19. **Additional Funds/Working Capital.** This estimate covers the first three months of operations but does not include owner compensation. We have based the estimate on the experience of our Affiliates that operate Restaurants in the St. Louis, Missouri metropolitan area.

Neither we, nor our Affiliates, offer you any financing for your initial investment. Except as specified above in these Notes, fees payable to us are not refundable. Whether fees payable to other parties are refundable will depend on your agreement with those parties.

YOUR ESTIMATED INITIAL INVESTMENT
COSTS OF OPENING ONE RESTAURANT TO THE
MULTI-UNIT DEVELOPMENT AGREEMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Fee	Equal to $39,000 for the First Restaurant and $25,000 for each additional Restaurant you agree to develop	Lump sum	When Development Agreement is Signed	Us
Estimated Initial Investment to Open One Shop	$229,968.00 - $344,969.00	Estimated Initial Investment is based on the estimate contained in the above table for a Single Franchise Agreement.		
Total Estimate (Note 1)	**$279,968 – $394,969**			

1. **Initial Franchise Fee**. The Initial Franchise Fee is $39,000 and is described in greater detail in Item 5. If you sign a Multi-Unit Development Agreement, you will pay us a nonrefundable Multi-Unit Development Fee when you sign the Multi-Unit Development Agreement. The Multi-Unit Development Fee will equal (i) 100% of the initial franchise fee ($39,000) for the

first Restaurant you agree to develop and; (ii) $25,000 for each subsequent Restaurant you agree to develop. The Multi-Unit Development Fee is fully earned when paid and it is not refundable under any circumstances. However, when you sign a Franchise Agreement, we will credit you (i) $39,000 of the Development Fee, which will be applied to the Initial Franchise Fee for your first unit; and (ii) $25,000 towards the Initial Franchise Fee for each subsequent Franchise Agreement, and you will pay the balance of the Initial Franchise Fee for each subsequent unit when you sign the related franchise agreements for those units.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your American Kolache according to our System. You are required to purchase and lease all products, services, supplies, fixtures, equipment and materials, inventory, computer software and hardware (as described in Item 11), real estate and comparable items required for the establishment and the operation of the Restaurant for which we have issued specifications: from manufacturers, suppliers and distributors designated by us or from suppliers we approve who meet our specifications, or from suppliers of your choice, pursuant to our specifications, if we have not designated ourselves or other parties as designated suppliers. Specification of a supplier may be conditioned on requirements relating to, among other things, quality and consistency of product, frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contributions or other consideration given to us, our Affiliates, and/or any brand development fund we maintain, whether now or in the future, and/or otherwise, and our approval may be temporary, in each case in our reasonable discretion. We have imposed these requirements in order to assure quality and uniformity of American Kolache restaurants and products and services provided to our customers. We may, from time-to-time withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion.

We or our Affiliates may receive rebates, commissions and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under the Franchise Agreement.

At this time, we are the only designated supplier for the spice mix you will use in the preparation of some of your products. Otherwise, we and our Affiliates are not approved suppliers of any good or services (other than System training services). In the future, some of the approved suppliers may be affiliated with us and if we or our Affiliates were approved suppliers we may be the only approved supplier.

Approved suppliers will be designated in the Confidential Manual or otherwise communicated to you in writing. Currently, we require franchisees to use a designated food vendor, POS vendor, music service, and digital signage content provider. We reserve the right to modify and/or substitute products or suppliers. If we do so, we will inform you of any changes by making updates or supplements to the Confidential Manual, or otherwise communicating these changes to you in writing. Currently, there are no approved suppliers in which any of our officers own an interest. Our officers reserve the right to have an interest in approved suppliers in the future, but currently do not have any interest.

You may propose alternative manufacturers, suppliers or distributors of products used in the operation of the Restaurant. However, we may require that samples of or from these proposed alternatives be delivered to us for testing prior to approval and use and you must pay us a reasonable fee based on the costs of the testing, currently set at $750 per alternative item. We will issue specifications upon request to the alternative supplier you suggest, though we may require that the alternative supplier sign a confidentiality agreement before we provide them with the specifications. Further, all proposed manufacturers, suppliers or distributors must agree to permit our agents or representatives to inspect their facilities regularly, both initially and from time to time as may reasonably be required by us to assure us of the proper production, processing, packaging, storing and transportation of the products, services, supplies or equipment and materials to be purchased by you. We will advise you within 45 days of our approval or disapproval of any proposed alternate sources of products, services, supplies, suppliers, materials and equipment. The foregoing will not be construed as an attempt to unreasonably limit the sources from which you may procure its products, services, supplies and materials. Rather, it is our intention that such items conform to our strict standards and strict specifications as to consistent quality, uniformity and reliability. Further, we will not be required to approve an inordinate number of suppliers or materials.

We reserve the right to negotiate with various vendors for quantity discount contracts that may include rebates to us or our Affiliates in the future. We have the right to affiliate ourselves with suppliers, and/or receive revenues from purchases made by franchisees.

There are currently no purchasing or distribution cooperatives, but we reserve the right to establish these in the future. We may negotiate purchase arrangements with suppliers (including price terms) for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

You are required to provide delivery through our approved vendors; however, you are prohibited from shipping products to other franchisees, to wholesale purchasers, or to any other persons who may intend to resell products.

Some products or services you will be required to buy from us or from designated suppliers will be proprietary to us. We are not obligated to reveal the recipes, specifications, formulas and/or know-how connected with these proprietary products, or the terms and conditions of any supplier or other contracts, to you, non-designated suppliers or any other third parties.

You must obtain and at all times maintain at your sole expense comprehensive public and product liability insurance and motor-vehicle liability insurance for your delivery drivers against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Restaurant as follows:

- Comprehensive commercial general liability (a/k/a business liability): $1,000,000 limit per occurrence and $2,000,000 general aggregate;

- Full replacement cost on tenant improvements and betterments as well as all personal property
- Business income (actual loss sustained) 12 months including extra expense
- Employee dishonesty
- Crime
- Glass
- Outdoor Sign
- Food Spoilage
- All Risk Property Insurance covering fire, vandalism, theft, and burglary, minimum
- Business interruption insurance providing royalty and Brand Development Fund payments to Franchisor
- Hired and non-owned auto coverage, $1,000,000 per accident

You must also maintain in force at your sole expense worker's compensation insurance in amounts required by the jurisdictions in which you operate. Regardless of the amounts set forth above, it shall be your responsibility to maintain adequate insurance coverage at all times during the Term of and after the expiration of the term of the Franchise Agreement. we also recommend that you carry Employment Practices Liability insurance.

These are minimum requirements only, and we have the right to modify them at any time. You should consult with your own insurance advisor to determine whether they are appropriate and sufficient for your business and to protect your assets. Your landlord may require more coverage or different types of coverage. Upon 30 days' prior notice to you, we may increase the minimum insurance requirements and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

All insurance policies must be issued by one or more insurance carriers with an A.M. Best rating of A- VII or higher. All general liability and non-owned auto-liability insurance policies must name us, and our designated Affiliates, as additional insureds and shall provide that we shall receive ten (10) days' prior written notice of termination, expiration or cancellation.

You must submit to us a copy of the certificate of or other evidence of each insurance policy and continue to do so annually upon obtaining any insurance policy or each extension or renewal of any insurance policy. If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of insurance, we, at our option without any obligation to do so and in addition to our other rights and remedies under the Franchise Agreement, may obtain insurance coverage on your behalf, and you must promptly execute any applications or other forms or instruments required by us to obtain any insurance and pay to us, on demand, any costs and premiums incurred by us.

Our total revenue in 2025 was $464,641 of which $16,300 was from required purchases and leases of products and services from us by franchisees. We received $22,500 in revenue from rebates on purchases and leases of products or services made by our franchised stores and our corporate owned stores from our designated supplier, U.S. Foods. The full amount of the U.S. Food rebates was contributed to the Brand Development Fund. Those total amount of revenue we received based on purchases and leases of products and services represented approximately 8.35% of our overall revenue..

We estimate that the proportion of your required purchases and leases to all purchases and leases by you of products and services in establishing your Restaurant is approximately 30% and that that the proportion of your required purchases and leases to all purchases and leases by you of products and services in operating your Restaurant is approximately 85%.

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 AGREEMENT*	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition/lease	Section III of the Franchise Agreement	Items 6 and 11
(b) Pre-opening purchases/leases	Section IX.A, D, K and R of the Franchise Agreement	Items 7, 8 and 11
which Site development and other pre-opening requirements	Section III of the Franchise Agreement *and Sections I.A, II and VI.D of the Multi-Unit Development Agreement*	Item 12
(d) Initial and ongoing training	Sections VIII.A, B, C and D of the Franchise Agreement	Items 6, 7 and 11
(e) Opening	Section IX. A., B. and K. of the Franchise Agreement	Item 11
(f) Fees	Section VI of the Franchise Agreement *and Section IV of the Multi-Unit Development Agreement*	Items 5 and 6
(g) Compliance with standards and policies/ Confidential Manual	Sections IX.B, C, D,F, G., I. J., L., M., O., R. S., U. and W. and XV of the Franchise Agreement	Items 8 and 11
(h) Trademarks and proprietary information	Sections IX.C, X and XI of the Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections XIV of the Franchise Agreement	Items 8, 12 and 16
(j) Warranty and customer service requirements	Section of IX.D, E, F. I., U. and W. of the Franchise Agreement	Item 16
(k) Territorial development and sales quotas	Section of II.B the Franchise Agreement and *Section II.A of the Multi-Unit Development*	Item 12

	Agreement	
(l) Ongoing product/service purchases	Section XIV of the Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections IX.A, D, E, F, H, I, L, O and R of the Franchise Agreement	Items 8, 11 and 17
(n) Insurance	Section IX.K of the Franchise Agreement	Items 6, 7 and 8
(o) Advertising	Sections VI.B, VII and IX.C of the Franchise Agreement	Items 6, 7 and 11
(p) Indemnification	Section XVII.B of the Franchise Agreement *and Section X.B of the Multi-Unit Development Agreement*	Item 6
(q) Owner's participation/management/ staffing	Sections IX.B, I and J of the Franchise Agreement	Items 11 and 15
(r) Records and Reports	Sections IX.D, F, L, M, P and W of the Franchise Agreement	Item 6
(s) Inspections and audits	Sections VI. F and IX.F, K, L and O of the Franchise Agreement	Items 6 and 11
(t) Transfer	Section XVI of the Franchise Agreement *and Sections VI.A and VI.C of the Multi-Unit Development Agreement*	Item 17
(u) Renewal	Section V.C of the Franchise Agreement	Item 17
(v) Post-termination obligations	Sections XII.B, XIII.C, and D of the Franchise Agreement *and Section VIII.B of the Multi-Unit Development Agreement*	Item 17
(w) Non-competition covenants	Section XII of the Franchise Agreement *and Section VII of the Multi-Unit Development Agreement*	Items 15 and 17
(x) Dispute Resolution	Section XVIII.A and G of the Franchise Agreement *and Section XIV of the Multi-Unit Development Agreement*	Item 17

* The obligations under the Multi-Unit Development Agreement are in italics.

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 your American Kolache, we will:

(1) Designate your Assigned Territory. (Franchise Agreement – Section II.A and B and Exhibit I). If you sign a Multi-Unit Development Agreement, you will sign separate Franchise Agreements for each unit you develop. Your territory for each unit will be designated pursuant to our then current standards for sites and territories;

(2) Designate your Development Territory, the number of American Kolache Restaurants you will open, the Development Schedule setting the timetable you must follow for opening the franchised businesses, based on our mutual agreement. If you and we do not agree on the Development Schedule, then you and we will not sign a Multi-Unit Development Agreement. (Multi-Unit Development Agreement – Section I.A and Attachment B);

(3) Typically you will lease space for your Restaurant; however, you may choose to purchase the real estate in which the Restaurant is located. You are solely responsible for locating, securing, and evaluating the suitability of your site and, if applicable, for the review and negotiations of your lease or purchase agreement. We do not own any real estate that we would then lease to any franchisee. You may locate or relocate your Restaurant anywhere within the Assigned Territory, but only with our prior written consent. (Franchise Agreement – Sections III. A, B and C). We have 30 days to let you know if your selected site is acceptable. The factors we may consider in approving your site include general location and neighborhood, traffic patterns, demographics, access, visibility, population density and household income, and other factors that we may determine. Our approval of your site is not a guarantee that your Restaurant is going to be successful or of any particular result. It is only an acknowledgement that your site meets our site-approval criteria. The results of a Restaurant depend on many factors, the location only being one factor. If we do not approve, you must propose a new site. There is no limit on the number of sites that you can propose. Once we have approved your site you have 30 days to submit a copy of the proposed lease for our approval. You must give us a copy of the signed lease within 10 days after you have signed it;

(4) Review your construction drawings and plans to assess compliance with our design and layout specifications and standard for American Kolache restaurants, including, for example, trade dress and presentation of trademarks. It is your responsibility to make sure that your premises conform to local ordinances and building codes and that you obtain any required permits.

(Franchise Agreement – Sections IX.A and E). It is also your responsibility to construct, remodel, and decorate the premises;

(5) Provide approved suppliers or minimum standards and specification for the products and services which you need to equip and operate your American Kolache. (Franchise Agreement – Section XIV);

(6) Provide an initial training program for the operation of the Restaurant to you (or your Principal Owner), your general manager or manager (a total of three owners/managerial employees). This training is described in greater detail later in this Item 11. (Franchise Agreement – Section VIII.A). While we provide training to some of your managerial employees it is your responsibility to make all employment-related decisions for your employees, such as whom to hire;

(7) Provide one representative to provide on-site assistance at the Restaurant for a period of four days around the time you open your Restaurant for business. (Franchise Agreement – Section VIII.C);

(8) License you a single copy of the Confidential Manual described below. (Franchise Agreement – Section XV); and

(9) Provide you with information about the necessary equipment for American Kolache Restaurants, required signage, fixtures, opening inventory and supplies. But, it will be your responsibility to procure all such items. In some cases, we will provide you with the names of approved vendors from whom you can purchase these items; in other instances, we will only provide you brand names or required specifications. You will have to make all the purchases yourself, and if installation is required, you will have to take care of that installation yourself. (Franchise Agreement – Section XIV)

Time for Opening your American Kolache

Franchisees typically open their Restaurants within nine months after they sign a Franchise Agreement. Factors affecting the length of time usually include locating a suitable site, completing the leasehold improvements, satisfactorily completing the training, obtaining all necessary equipment and supplies, and obtaining all necessary licenses or permits. The opening of the Restaurant may be delayed only if such delay is caused by contingencies not within your control, such as acts of God, governmental restrictions, strikes or labor disputes. You will use your best efforts to cure any such delay and any such delay in opening shall be for a period of days equal to number of days during which such event actually prevents completion. You must notify us of any such delays promptly. You must open within 12 months after you sign the Franchise Agreement, or we have the right to terminate the Franchise Agreement.

During the Operation of your Restaurant, we will:

(1) Provide to you training for any new general managers who are not initially trained under the Franchise Agreement and also offer mandatory training for new products or procedures. We reserve the right to charge a reasonable fee for this additional training. (Franchise Agreement – VIII.B). You are responsible for employment-related matters for your employees, such as whom you hire and fire;

(2) Provide to you, at your request, with continuing advisory assistance, including help to resolve operating problems you may encounter. We reserve the right to charge a reasonable fee for this additional guidance and assistance. (Franchise Agreement – VIII.D);

(3) Continue to license to you a single copy of the Confidential Manual (Franchise Agreement – Section XV); and

(4) Continue to develop and improve the System as we see fit. We may suggest prices and help establish required or suggested operating procedures, including administrative procedures, bookkeeping and inventory control procedures. (Franchise Agreement – Sections VII and IX)

You will at all times insure that your copy of the Confidential Manual is kept current and up-to-date. In the event of any dispute as to the contents of the Confidential Manual , the terms of the master copy of the Confidential Manual maintained by us will be controlling. The table of contents of the Confidential Manual, including allocation of pages to each subject, is included as Exhibit D to this disclosure document. The current version of the Confidential Manual is 146 pages.

ADVERTISING

We may prepare marketing and advertising materials in-house or through outside agencies, national and/or regional. Since, to date, all of our Restaurants are in the St. Louis area, our marketing coverage has largely been local to St. Louis. We are not required to spend any amount on advertising in the area in which your Restaurant will be located. (Franchise Agreement – VII.)

Your Own Advertising

Currently, you must spend each month on local marketing and promotion approved by Franchisor, an amount equal to at least of 2% of Gross Sales of the prior month. (Franchise Agreement – VII.B.) We reserve the right to reasonably modify this mandatory advertising spend requirement, but will not increase it to more than 4% of Gross Sales.

We do not have any advertising cooperatives or a franchisee advisory council that advises us on advertising policies, but we reserve the right to establish advertising cooperatives or a franchisee advisory council in the future. In such case, we may require you to transfer to a cooperative some or all of mandatory advertising spend.

Beyond the amount equal to 2-4% of the prior month's Gross Sales discussed in the preceding, there is no minimum amount of local advertising dollars we require you to spend. Nevertheless, we must approve your use of any advertising and sale promotion materials before you use them. You must submit all of your advertising and sale promotion materials to us or our designee at least 20 days prior to use. If we do not reject these materials within 20 days, we will be deemed to have approved your use of them.

You will not advertise, or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct. You will not advertise your products or services or use the Marks on the Internet except with our prior consent. All advertising and promotion materials used by you, whether or not created or consented to by us, must comply with applicable law.

You will not distribute individual advertising items (i.e., coupons, circular advertising, etc.) outside of your Assigned Territory, unless you use a form of advertising which restricts delivery to the Assigned Territory, such as direct-mail advertising by outside contractors based on zip code.

We and our Affiliates have established an Internet website at www.AmericanKolache.com, which we control. Subject to our right to consent, you may be permitted to create a social-media account from which to advertise your Restaurant on the Internet (such as on LinkedIn, Facebook, Twitter, or Instagram). Any such permission shall only be for such time as we permit and shall be on the terms and conditions we specify from time to time in the Confidential Manual, which may restrict the content that you are permitted to post to such social-media outlet. We have the right to cease granting you permission to operate any such social-media outlet at any time. Except as otherwise provided, you may not maintain a presence on the Internet for your Restaurant. Any advertising on the Internet, delivered by telefax, electronic mail or other electronic means must be pre-approved by us and on terms specified by us.

Brand Development Fund

We may require you and other franchisees, on a weekly basis, to contribute as much as 2% of your respective prior week's months Gross Sales to a Franchisor-managed Brand Development Fund. The Brand Development Fund which is also referred to as the American Kolache Advertising Fund, pays for advertising, marketing, public relations and promotional activities we deem beneficial to the System. We will use the money in the Brand-Development Fund, including the contributions you pay into the Brand Development Fund, for the payment of costs associated with advertising, marketing, public relations and promotional activities, including the researching, creation, production, distribution, media placement, website creation, maintenance and enhancement, social media, point of sale materials, local direct advertising, marketing strategy materials, market surveys, and administration of local, state, regional or national advertising programs we may develop or have developed, and for any taxes incurred with regard to these funds. The Brand Development Fund will be intended to maximize recognition of the Marks and the patronage of American Kolache restaurants generally. We will not ensure that the Brand Development Fund expenditures in or affecting any geographic area will be proportionate or equivalent to the Brand Development Fund contributions by American Kolache restaurants operating in that geographic area or that any particular American Kolache will benefit directly or in proportion to its Brand Development Fund contributions. We will have the right to determine the type of advertising and the media in which it will appear, as we think appropriate. We will have the sole right to formulate and make policy decisions concerning every aspect of the advertising, consistent with applicable law. We need not spend the Brand Development Funds during any specific time period. Advertising may be handled by the outside advertising agency which we select. We will not use any of the Brand Development Funds to solicit new franchise sales. (Franchise Agreement – VII.A.)

Unaudited financial statements of the Brand Development Fund will be made available to you on your reasonable request. If we do not use all of the funds deposited in the Brand Development Fund in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. We will be entitled to reimbursement from the Brand Development Fund to cover our administrative and overhead expenses associated with operating the Brand Development Fund, such as reasonable salaries, administrative costs, travel expenses overhead and similar expenses and costs we incur when administering the Brand Development Fund and the advertising and promotional programs we may develop or have developed. Brand Development Fund monies will not constitute our assets. The Brand Development Fund will not be a trust. We will have a contractual obligation to hold all Brand Development Fund contributions for the benefit of the contributors and to use the contributions only for the purposes described above. We will administer the Brand Development Fund. We will have no fiduciary obligation to you for administering the Brand Development Fund.

The American Kolache restaurants owned by our Affiliates will be required to contribute a Brand Development Fund Assessment on the same basis as our franchisees.

Last year, 100% of the money collected for the Brand Development Fund came from rebates we received from vendors on purchases made by our affiliate-owned restaurants and franchised restaurants. All of that money was spent on ad placement to promote the brand.

COMPUTER SYSTEMS

You must obtain and use the point-of-sale (POS) system that we require. We have the right to change the POS system you are required to use. You must also purchase a smart phone. Finally, you must purchase a tablet to stream music from music provider, CloudCover, into the dining area of your Restaurant. You must create and maintain a CloudCover account and pay fees associated with that account. We may, at a later date, develop or utilize additional computer software which franchisees may be required to use in their business. In the event that such software is developed or obtained, franchisees may be required to pay reasonable license fees for the software and ongoing updates. The current estimated ceiling for such fees is $2,500 per seat/user per year, with an initial one-time licensing fee not to exceed $3,000. Such fees may also be paid to a third-party provider of such technology that we designate. (Franchise Agreement – IX.R)

We will have independent access to all of the data on your computer including but not limited to sales reports by category, department, menu item, inventory, cashier, breakfast, lunch and hour on a daily, weekly and monthly basis.

In the future, we may require you to change, upgrade or modify the type of computer hardware and software at your expense. The current estimated annual cost of a plan covering the maintenance, updating and support of your POS and computer system is $4,000 - $5,000. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We and our Affiliates may condition any license of proprietary software to you or your use of technology that we or our Affiliates may require, develop or maintain, on your signing an agreement or similar document that we, our Affiliates or the vendor may require to regulate the use of the software.

Credit Card and Gift Card Processing

You are required to accept debit cards, credit cards, stored-value gift cards or other non-cash payment systems, including participation in loyalty programs, specified by us to enable customers to purchase authorized products and to obtain all necessary hardware and/or software used in connection with these non-cash payment systems. (Franchise Agreement – IX.G.) You will be required to sign any documents necessary to implement the payment methods described above. You also are required to comply with our standards for processing electronic payments and all other standards, laws, rules and regulations applicable to electronic payments that may be published from time to time by payment-card companies and applicable to electronic payments including the Payment Card Industry ("PCI") Data Security Standards, Fair and Accurate Credit Transactions Act. (Franchise Agreement – IX.W) All costs of complying with such electronic payment requirements are at your expense. Currently, credit cards and gift cards are required services, and you must use the credit card and gift card processor(s) we designate. We may negotiate different arrangements with different providers of these services. We will notify you of any change in approved suppliers for these products.

TRAINING PROGRAM (EXCLUDING SERVSAFE SELF-STUDY)

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Kolache Making & Store Opening	0	72	Affiliate-owned restaurant
Dough Making & Recipe Preparation	0	45	Affiliate-owned restaurant
Counter Sales, including Customer Service, Marketing, and Social Media	0	77	Affiliate-owned restaurant
Point of Sale Training	0	4	Affiliate-owned restaurant
Total	0	199	

Note that some subjects will be intermingled and time periods and subject matter may be subject to change. The above itemized time allocations are merely estimates which we reserve the right to change.

We or our representatives or agents will provide the initial training described above to you (or, if you are a legal entity, to your Principal Owner) and your general manager, or manager, all of whom are required to attend training. (Franchise Agreement – VIII.A) You (or your Principal Owner), and your general manager and manager must all complete the training program to our satisfaction before you open your Restaurant. We organize the training as often as may be needed to ensure that new franchisees can timely complete training. Training will be six days a week for 3 weeks beginning at 3:00 am until 2:00 pm.

Instructional materials include a written prep sheet, manuals and recipe books. Although we reserve the right to change instructors, our initial training program will be under the direction of the following persons: Scott Walker, who has 16 years of experience managing Chili's restaurants; Russell Clark, who has at least 25 years of restaurant experience, approximately 15 years as an owner of Cecil Whittaker's pizza restaurants and approximately ten years of experience operating St. Louis Kolache and American Kolache restaurants; and Jessica Smith, who has been the manager of the St. Louis Kolache restaurant in Ballwin, MO since March 2017. We expect that: Scott Walker will be the main trainer; Russell Clark will train on catering, marketing, and social media; and Jessica Smith will train on the POS system and customer service.

Currently the initial training program will take place at franchised or Affiliate-owned American Kolache location in or around the St. Louis metropolitan area; however, we reserve the right to change the location(s). We do not charge for offering the initial training program to up to three individuals. If you are granted more than one single-unit franchise, you will be required to send each Restaurant's manager to the initial training program. Each Restaurant must be under the supervision of an operating manager, single-unit franchisee or manager (in the case of multiple single-unit ownership) who has successfully completed the initial training program. We expect that training will be conducted after the Franchise Agreement has been signed and while your Restaurant is being developed and should be completed at least three weeks before the restaurant is scheduled to open.

All trainees must have appropriate health certifications required for their locality prior to attending training. There currently are no fixed (i.e. monthly or bi-monthly) training schedules but the training programs are given on an as-needed basis. The training program may be modified, at our option.

We may, from time to time, mandate that attendance at certain ongoing training programs. For example, we may mandate that attendance at certain ongoing training programs is mandatory. You and your designated staff may be required to participate in up to five days of ongoing training or meetings per year, at locations designated by us. This training may include attendance at a franchisee business meeting or an annual convention, trade shows, webinars, phone conferences and/or regional franchisee meetings.

We reserve the right to designate third parties to provide some of our training. You will be responsible for the direct costs of such training, such as salaries of your employees and the trainers, registration fees, travel expenses, and meals and lodging.

Over the term of your Franchise Agreement we may develop new training programs, revise some training programs and we may discontinue others. As our training programs change your and your employees may be required to participate in additional or different ongoing training than what is offered and required today.

In the event that you are not meeting our standards, we reserve the right to require additional training either onsite at your Restaurant or at franchised or Affiliate-owned American or St. Louis Kolache Restaurants in the St. Louis metropolitan area at our discretion. We reserve the right to charge a reasonable fee for this training.

ITEM 12

TERRITORY

Single Unit

You will be granted an Assigned Territory based in large part upon general location and neighborhood information, traffic patterns, demographics, access, visibility, day-time-population density and household income of the area surrounding your proposed Restaurant site and other factors that we may determine. The Assigned Territory will be determined at the time the site for the Restaurant is agreed to by both parties, and will be specified in **Exhibit I** of your Franchise Agreement. (Franchise Agreement – II.B)

Unless otherwise agreed to by the parties your Assigned Territory will generally comprise a minimum daytime population of 20,000 and will be further defined by political boundaries, Zip Codes, natural boundaries, competition and other factors deemed pertinent by us. During the Term of this Agreement, so long as you are not in default, we and our Affiliates will not locate, operate, or grant a license or franchise for another American Kolache restaurant within your Assigned Territory other than in a "**Non-Traditional Location**". A Non-Traditional Location is a special type of franchise location other than a traditional restaurant, in a captive market type location, including, but not limited to, a transportation facility, a sporting facility including race tracks, an educational facility or similar buildings on college or university campuses, a shopping mall, an outlet mall, a service station, a museum, convention center, a gas station or convenience stores, military bases, hospital, rest stops, theme parks, venues in which foodservice is or may be provided by a master concessionaire or contract food service provider, casinos, or food service facilities primarily identified by a third party's trademark. These types of locations typically don't draw customers because of a restaurant, but a restaurant in those locations instead derives business incidentally because of its customers visiting the location for other reasons. If your Restaurant is in a Non-Traditional Location, your Assigned Territory will consist solely of that Non-Traditional Location. Except when your Restaurant is in a Non-Traditional Location as described in the preceding sentence, a Non-Traditional Location is not considered part of the Assigned Territory, even if it is located within the geographic boundaries of the Assigned Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own or from other channels of distribution or competitive brands we control. You will not be owed any compensation from us or other franchisees for soliciting customers within your Assigned Territory.

You may not make deliveries or provide catering services within the assigned territory of any other American Kolache. You do not have any protected delivery or catering area outside of your Assigned Territory, and we are free to establish other franchise and/or company or Affiliate owned American Kolache restaurants in areas which are not currently assigned. In the event that another American Kolache is established in an area which is not currently assigned, you will be required to immediately stop delivering or catering in that territory. We and our Affiliate and other American Kolache restaurants may deliver or cater in unassigned territories. We may also enter into agreements with third-party delivery providers, such as Uber Eats, GrubHub, or DoorDash, and may require you to participate in those delivery programs. You may not enter into any agreements with third-party delivery providers without our express, written consent.

You cannot relocate your Restaurant without notifying us in advance, paying the relocation fee, and obtaining our prior written consent. We will evaluate your new proposed site pursuant to the standards and criteria we apply for new Restaurant sites at the time of your request. We do not grant any right of first refusal or similar rights to acquire additional franchises. If you want to buy an additional franchise you will have to go through the same process as other new prospective franchisees.

You must operate your American Kolache and provide products and services only to customers located within the Assigned Territory. Even though we expect each franchisee to focus its marketing efforts within its Assigned Territory, you may solicit customers outside of your Assigned Territory, just as we and other franchisees may solicit customers inside of your Assigned Territory. You may also provide products and services to customers located outside of your Assigned Territory so long as you obtain our prior written consent and the customers are not located in the Assigned Territory of another American Kolache restaurant. You have no territorial protection in any area outside of your Assigned Territory, and upon the establishment of an American Kolache restaurant in an area outside of your Assigned Territory in which there was a catering or delivery-service customer to whom you previously serviced, you must immediately cease servicing that customer and refer the customer and send the related information to the new American Kolache restaurant. You are not entitled to receive any compensation for this referral.

Multi-Unit Development

If we sign a Multi-Unit Development Agreement with you, we will grant you a geographic area (the "Development Territory") and you will be obligated to develop, own and operate American Kolache restaurants within the Development Territory. Your Development Territory will be set forth on **Attachment B** to the Multi-Unit Development Agreement. If you sign a Multi-Unit Development Agreement, you will sign separate Franchise Agreements for each unit you develop. Your territory for each unit will be designated pursuant to the then current standards for sites and territories. Your right to develop and operate each American Kolache will be limited to the Assigned Territory we determine for each such Restaurant. You will have the right and obligation to open and operate in your Development Territory the number of American Kolache restaurants on the development schedule in your Multi-Unit Development Agreement (the "Development Schedule"). You must comply with the timetable on the Development Schedule. Under the Development Schedule, you and we will sign a Franchise Agreement for each American Kolache that you develop. You may not operate more than the number of American Kolache restaurants on the Development Schedule without first obtaining our written consent.

We and our Affiliates reserve all rights not specifically granted to under the Franchise Agreement, all without compensation to you, including the following:

1. We and our Affiliates may own or operate, or license or franchise others to own or operate, American Kolache restaurants anywhere outside of the Assigned Territory and within the Non-Traditional Locations within and outside of the Assigned Territory.

2. We and our Affiliates are allowed to own, open, franchise, operate, and/or manage any businesses or any type of restaurant within the Assigned Territory or outside of the Assigned Territory under trademarks or service marks different than the Marks.

3. We and our Affiliates are allowed to own, open, franchise, operate, and/or manage any business or any restaurant within the Assigned Territory or outside of the Assigned Territory under systems that are different than the System.

4. We and our Affiliates may develop, merchandise, sell and license others to sell products bearing the Marks or other trademarks through other channels of distribution such as grocery stores, the Internet, print catalogues, direct marketing media and any other outlets within the Assigned Territory or outside of the Assigned Territory, and we may promote products bearing the Marks or other trademarks at special events, athletic contests, etc., through temporary locations and mobile units. You are not allowed to distribute through such other channels of distribution.

5. We and our Affiliates have the right, now or in the future, to purchase, merge, acquire or Affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as American Kolache Franchises operating under the Marks or any other trademarks or service marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within your Assigned Territory or close to your Assigned Territory or your site).

We and our Affiliates may sell ourselves, our assets, our proprietary marks (including the Marks) and/or our system (including the System) to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you will, in the Franchise Agreement, expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Marks, other proprietary marks (or any derivation of those marks), the System, other systems and/or the loss of association with or identification as a franchisee under this Agreement. If we assign our rights in the Franchise Agreement, nothing in this disclosure document or in the Franchise Agreement will be deemed to require us to remain in this business.

You have no options, rights of first refusal or similar rights to acquire additional franchises. The continuation of your franchise or territorial rights does not depend on your achieving a certain sales volume, market penetration or other contingency.

Catering

After we are satisfied that your operations have reached a level where adding large groups of new customers during a short time period should not negatively affect the experience for customers making individual purchases at your Restaurant, we will permit you to provide catering services and special events. At such time you have the exclusive right to directly solicit catering customers and provide catering services from the Restaurant only within your Assigned Territory. You may not directly solicit catering customers or provide catering services outside of the

Assigned Territory, unless you obtain our prior written permission. "Direct solicitation" includes, but is not limited to, solicitation in person, by telephone, by mail, by email, and by distribution of brochures, business cards or other materials. If any of your advertising for catering services within the Assigned Territory is in media that will or may reach a significant number of persons outside of the Assigned Territory, you must notify us in advance and obtain our prior written consent. We may establish rules and policies from time to time regarding catering advertising. We may, in our sole discretion, grant written permission to you to directly solicit catering customers and provide catering services in a geographic area adjacent to your Assigned Territory that we have not assigned as an Assigned Territory of another Restaurant ("Extended Catering Area"). Upon receipt of written notice from us, you must stop directly soliciting catering customers and providing catering services in the Extended Catering Area and you must provide us with all customer information that you have acquired relating to that area. You will not have any rights of first refusal to any open area.

If you are a party to a Development Agreement with us, and if you are in compliance with the terms of that Agreement, during the term of that Agreement, you also will have the exclusive right to directly solicit catering customers and provide catering services within any portion of your Development Area that we have not assigned as an Assigned Territory of another Restaurant. Upon the expiration or earlier termination of the Development Agreement, you will no longer have the right to directly solicit catering customers or provide catering services within your Development Area and your catering rights will be restricted to the Assigned Territory.

ITEM 13

TRADEMARKS

We will grant you the right to operate your Restaurant under the Marks. The principal Mark is AMERICAN KOLACHE and the design shown below:

Principal Trademarks	Registration No.	Registration Date	Principal/Supplemental Register
	6.349,155	May 11, 2021	Principal
	6,456,044	August 17, 2021	Principal

We intend to file all affidavits and to renew their registration for the Proprietary Marks when they become due.

We will grant you a nontransferable, non-sublicensable, non-exclusive license to use the Marks in connection with your franchise. You must follow our rules when you use the Marks, including giving proper notices of trademark or service mark ownership and/or registration and obtaining assumed and fictitious name registration for your franchise as required by law. You cannot use any name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service, in a manner not authorized in writing by us, or as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

There are currently no effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, and no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving the Marks. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the trademark. 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.

If our right to use any of the Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. We have the sole right to take such action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of any infringement, challenge or claim, though we are not required to do so. You must execute any and all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and maintain our and our Affiliates' interest in any litigation or other proceeding or otherwise to protect and maintain our or our Affiliates' interest in the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

We have the right to change the Marks to be used by you at any time and for any reason we deem appropriate. If we decide to modify or discontinue the use of the Marks and/or to use one or more additional or substitute names or marks, you must make the changes we require of you at your own expense and without claim against us. You will need to comply within a reasonable time of the request.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents are material to the franchise.

We claim copyrights in the Confidential Manual, advertising material and related items used in operating the franchise. Although we have not filed an application for a copyright registration for those items, we claim a copyright and the information is proprietary.

There currently are no effective determinations of the United States Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect, which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or to defend you against claims arising from your use of the copyrighted materials. If there would be any copyright litigation regarding our copyrighted materials, we will control the litigation. This is independent of whether you modify or discontinue using the subject matter of the copyright. We may at any time require you to stop using any copyrighted materials and you will be required to do so. We are not required by the Franchise Agreement to participate in your defense or indemnify you for expenses or damages in a proceeding involving a copyright licensed to you. If copyrighted materials are discontinued or modified during the term of the Franchise Agreement you must stop using the discontinued or modified copyrighted materials.

The Confidential Manual and other materials we provide to you contain our confidential and proprietary information. References in this FDD to the “Confidential Manual” includes all updates, supplements, bulletins, etc., in any form including without limitation, written or electronic form, all of which may be modified from time to time. Certain information about the operation of the Restaurant including the standards, methods, procedures and specifications of the System, including the contents of the Confidential Manual, is derived from information we disclose to you and all that information is of a proprietary and confidential nature and our trade secret (“Confidential Information”). You (if you are an individual) and each of your owners (if you are an entity), officers, directors, members, partners, manager, employees and agents must maintain the absolute confidentiality of all Confidential Information both during the term of your Franchise Agreement and after its termination or expiration and may use that Confidential Information only to the extent necessary to operate the Restaurant. You cannot disclose that Confidential Information for any reason, except to your owners, officers, directors, members, partners, managers, employees and agents only to the extent necessary for the operation of the Restaurant. You must sign, and shall cause all persons receiving the Confidential Information to sign, the Confidentiality Agreement attached as **Exhibit C**. You cannot use any Confidential Information in any other business or in any other manner or obtain any benefit from it not specifically approved in writing by us during the term of your Franchise Agreement or afterwards. You may not use our Confidential Information in an unauthorized manner and must take all reasonable steps to prevent its disclosure to others. You must promptly tell us when you learn about unauthorized use of our confidential and proprietary information.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

While we do not require your personal participation in the direct operation of your Restaurant, we strongly recommend it. The Principal Owner's and/or general manager's participation in the management of the Restaurant and that the Principal Owner's and/or general manager's agreement to participate in the management of the Restaurant is a material inducement for us to enter into a Franchise Agreement with you. Either the Principal Owner and one general manager, or two or more general managers, each having satisfactorily completed our initial training program, are required to use his or her best efforts and are personally responsible for the management of the Restaurant on a day-to-day basis. Other than the requirement that the person responsible has completed the training we do not limit who you can hire as an on-site premises supervisor. The Principal Owner is required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of the Restaurant. Supervisory personnel, including your general manager(s), and managers are required to sign an agreement regarding confidentiality and covenants not to compete which will be set forth in the Confidential Manual; however, such general manager, and manager or supervisory personnel are not obligated to have any designated amount of equity interest in you.

If you are a legal entity, your owners (and their spouses) 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. The guarantee is included in the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those menu items, products and services that we have approved. We have the right to change the types of required and/or authorized menu items, products or services and you will be notified in writing (e.g., by a bulletin or a supplement to the Confidential Manual). You are prohibited from offering or selling any menu items, products or services not authorized or approved by us and in compliance with the Franchise Agreement. We, in our discretion, may approve or deny your request to eliminate some or add other services or products. In accordance with applicable law, we have the right to set the prices at which you will sell products and services. You also agree to add such equipment and make such alterations, at your expense, as may be necessary to equip the American Kolache for sale of the menu items, products or any additional services we require, from time to time. You recognize that you may need to make an additional investment to do so.

The System currently requires Restaurants to carry approximately 35 "core" kolaches (70 to 80% savory and 20 to 30% sweet) and approximately five seasonal or local specialty kolaches. (Franchisor may in its discretion adjust these System requirements from time to time.) A local specialty kolache is a kolache that is filled with an ingredient or product produced by another popular local restaurant or manufacturer. For example, St. Louis Kolache has partnered with three famous restaurants in the St. Louis area uses their products in specialty kolaches. You must obtain our approval before placing a previously unapproved kolache on your menu. You are required to submit the recipe and a sample of the ingredients used in the filling to us before you can offer the new kolache on their menu.

You are not permitted to solicit business outside of your Assigned Territory and you are only permitted to service customers located outside of your Assigned Territory as described in Item 12. Other than that, we do not impose any other restrictions or conditions that limit your access to customers.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. 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 V.A of the Franchise Agreement	Five years from signing the Franchise Agreement
b. Renewal or extension	Section V.C of the Franchise Agreement	Three successive additional terms of five years each (maximum total of 15 additional years). There are no renewal rights in a multi-unit development agreement.
c. Requirement for Franchisee to renew or extend	Section V.C of the Franchise Agreement	Give notice, pay renewal fee, sign a release, remodel the Restaurant and sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by Franchisee	Section XIII.B of the Franchise Agreement	If we commit a material breach of the Franchise Agreement, and if you provide notice to us within 30 days of the breach, and we fail to cure the breach or take reasonable steps to begin curing the breach within 60

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		days after receiving notice from you, you may terminate the Franchise Agreement.
e. Termination by Franchisor without cause	Not Applicable	Not Applicable
f. Termination by Franchisor with cause	Section XIII.A of the Franchise Agreement	Generally if you breach the Franchise Agreement, lose possession of the premises, default under your lease, misrepresent Gross Sales, lose any necessary permit or license, misuse Marks or Confidential Information, are adjudged bankrupt, fail to keep Restaurant open for three days in a row, fail to pay debts or taxes, make an unauthorized Transfer, don't pay us or our suppliers, don't open within 12 months after you sign the Franchise Agreement, or fail to correct a threat to public health or safety, fail to pay us money when due, fail to correct a threat to public health or safety, you are convicted of a felony or other criminal misconduct, you commit fraud, you abandon the operation of the Restaurant, you commit two defaults in any 12-month period, you make a material misrepresentation in the application for the Restaurant, commit an act or omission that permits termination under state law.
g. "Good Cause" defined – curable defaults	Section XIII.A of the Franchise Agreement	You have 10 days to cure: monetary defaults, failure to open within twelve months after you sign the Franchise Agreement, or fail to correct a threat to public health or safety; you have 30 days to cure: all others, except those listed in Section XIII.A.3. of the Franchise Agreement.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
h. "Cause" defined – non- curable defaults	Section XIII.A.3 of the Franchise Agreement	(a) conviction of a felony or any other criminal misconduct that materially and adversely affects the operation, maintenance, reputation or goodwill of the Restaurant or the System; (b) fraudulent activity that materially and adversely affects the operation, maintenance, reputation or goodwill of the Restaurant or the System; (c) abandonment of the Restaurant; (d) your bankruptcy or insolvency or that of your guarantors; (e) your or your guarantors' failure or refusal to comply with the lawful provisions of this Agreement (i.e., two or more times in any 12-month period) whether or not such failures or refusals are corrected after notice; (f) your making or having made any material misrepresentation or omission in the application for this franchise; or (g) any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law. Plus, termination by us of any agreement with an entity or partnership in which you hold at least a 25% interest.
i. Franchisee's obligation on termination/non-renewal	Section XIII.C of the Franchise Agreement	Cease operations, immediately discontinue use of the Marks, pay of amounts due, return materials and Confidential Manual, cease to operate Restaurant, stop using Marks, cancel any assumed names using the Marks, transfer telephone number and social-media accounts, assign lease upon our request, and comply with all post- termination provisions.
j. Assignment of contract by Franchisor	Section XVI.A of the Franchise Agreement	No restrictions on right to assign

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
k. "Transfer" by Franchisee – defined	Section I.K of the Franchise Agreement	Transfer of contract or assets or ownership change
l. Franchisor approval of transfer by Franchisee	Section XVI.B of the Franchise Agreement	Right to approve all transfers
m. Conditions for Franchisor approval of transfer	Section XVI.B of the Franchise Agreement	Transferee qualifies, completes training and assumes all obligations, transfer fee paid, new franchise agreement signed, training of transferee, release signed, payment of amounts due, all defaults cured and Restaurant is remodeled.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section XVI.D of the Franchise Agreement	We can match any offer for your business or an ownership interest in you.
o. Franchisor's option to purchase Franchisee's business	Section XIII.D of the Franchise Agreement	If the agreement terminates or when it expires we have the right to buy all of your equipment, inventory, supplies and other personal property used in connection with the operation of the Restaurant. The purchase price shall be at fair market value.
p. Death or disability of the Franchisee	Section XVI.C of the Franchise Agreement	Heir must be approved but no right of first refusal.
q. Noncompetition covenants during the term of the franchise	Section XII.A of the Franchise Agreement	No involvement in a Competitive Business (as defined in the Franchise Agreement) within your Assigned Territory, any Assigned Territory of any other American Kolache or St. Louis Kolache restaurant.
r. Noncompetition covenant after the franchise is terminated or expires	Sections XII.B of the Franchise Agreement	No involvement in a Competitive Business except as duly licensed by us for two years within five miles of your previously Assigned Territory or any Assigned Territory of any other American Kolache, or territory reserved under a multi-unit development agreement. You will also be bound by a two-year non-solicitation clause.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
s. Modification of the Franchise Agreement	Section XVIII.D of the Franchise Agreement	No modification generally but the Confidential Manual and System subject to change.
t. Integration/merger clause	Section XVIII.D of the 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. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u. Dispute resolution by mediation and/or litigation	Section XVIII.A of the Franchise Agreement	Except for certain claims related to our trademarks and injunctive relief, all disputes must be mediated in the metropolitan area in which Franchisor has an office nearest our principal place of business. If mediation is not required or fails to resolve the disputes, they may be litigated. Any mediation, or litigation will take place in St. Louis County, MO, or a state or federal court having jurisdiction over St. Louis, County, MO.
v. Choice of forum	Section XVIII.G of the Franchise Agreement	Litigation must be any state or federal court of general jurisdiction located nearest to our principal offices (subject to applicable state law)*.
w. Choice of law	Section XVIII.G of the Franchise Agreement	Missouri law applies (subject to applicable state law)*.

*If a state regulator requires us to make additional disclosures related to the information contained in this franchise disclosure document, these additional disclosures are contained in a State Law Addenda included in this disclosure documents as Exhibit E.

The following lists certain important provisions of the Multi-Unit Development Agreement. 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 III of the Multi-Unit Development Agreement	Multi-Unit Development Agreement expires on the earlier of the opening of the last Unit listed in the Development Schedule or the expiration date on Attachment B
b. Renewal or extension	N/A	There is no right to renew the term of the Multi-Unit Development Agreement
c. Requirement for Franchisee to renew or extend	Section III of the Multi-Unit Development Agreement	There is no right to renew the term of the Multi-Unit Development Agreement
d. Termination by Franchisee	Not Applicable	Not Applicable
e. Termination by Franchisor without cause	Not Applicable	Not Applicable
f. Termination by Franchisor with cause	Section VIII.A of the Multi- Unit Development Agreement	Attempt to assign the Multi- Unit Development Agreement in violation of the Agreement, fail to comply with the Development Schedule, become bankrupt, breach another agreement between you and us, be convicted of a felony or any crime of moral turpitude or generally if you breach the Multi-Unit Development Agreement
g. "Cause" defined – curable defaults	Not Applicable	Not Applicable
h. "Cause" defined – non- curable defaults	Section VIII.A of the Multi- Unit Development Agreement	If you attempt to transfer in violation of the agreement, fail to comply with the Development Schedule, file bankruptcy, commit or are convicted of felony or any crime of moral turpitude or generally if you breach the Multi-Unit Development Agreement

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
i. Franchisee's rights and obligations on termination/non-renewal	Section VIII.B of Multi-Unit Development Agreement	All rights to open subsequent units under the Multi-Unit Development Agreement cease
j. Assignment of contract by Franchisor	Section VI.B of Multi-Unit Development Agreement	No restrictions on right to assign
k. "Transfer" by Franchisee – defined	Section VI.A of Multi-Unit Development Agreement	Under Multi-Unit Development Agreement, ownership change of 20% or more, or transfer of contract
l. Franchisor approval of transfer by Franchisee	Section VI.A of Multi-Unit Development Agreement	Right to approve all transfers
m. Conditions for Franchisor approval of transfer	Section VI.A of Multi-Unit Development Agreement	Multi-Unit Developer is compliant with obligations, all amounts due are paid, transfer fee paid, release signed, transferee qualifies, training of transferee, transferee assumes all obligations, economically feasible terms of sale.
n. Franchisor's right of first refusal to acquire Franchisee's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase Franchisee's business	Not Applicable	Not Applicable
p. Death or disability of the Franchisee	Not Applicable	Not Applicable
q. Noncompetition covenants during the term of the franchise	Section VII.B of Multi-Unit Development Agreement	No involvement in a Competitive Business (as defined in the Multi-Unit Development Agreement)

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
r. Noncompetition covenant after the franchise is terminated or expires	Section VII.C of Multi-Unit Development Agreement	No involvement in a Competitive Business for 24-months in the Development Territory, the development territory of any other developer, the metropolitan service area in which we or an Affiliate operate. You will also be bound by a two-year non-solicitation clause
s. Modification of the Multi-Unit Development Agreement	Section XIII of the Multi- Unit Development Agreement	No modification under Multi-Unit Development Agreement
t. Integration/ merger clause	Section XIII of the Multi- Unit Development 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. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u. Dispute resolution by mediation	Section XIV of the Multi- Unit Development Agreement	Except for certain claims related to our trademarks and injunctive relief, all disputes must be mediated in the metropolitan area in which Franchisor has an office nearest our principal place of business
v. Choice of forum	Section XI.G of the Multi- Unit Development Agreement	Litigation must be any state or federal court of general jurisdiction located nearest to our principal offices (subject to applicable state law)*;
w. Choice of law	Section XI.G of the Multi- Unit Development Agreement	Missouri law applies (subject to applicable state law)*

*If a state regulator requires us to make additional disclosures related to the information contained in this franchise disclosure document, these additional disclosures are contained in a State Law Addenda included in this disclosure documents as Exhibit E.

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.

Basis

During the calendar year 2025, there were ten American Kolache Restaurants operating, eight of which were open for at least twelve months as of December 31, 2025. There were three Affiliate-owned St. Louis Kolache Restaurants, and four franchised American Kolache Restaurants that had been in operation in 2025 and were open for at least twelve months as of December 31, 2025. One additional franchised American Kolache Restaurant referenced in the charts below operated in 2025 but closed before the end of 2025.

Three franchised American Kolache Restaurants opened in 2025, but had not been open for at least twelve months as of December 31, 2025, Because they had not been open for at least twelve months as of December 31, 2025, the revenue information from those three Restaurants is not included in the charts below.

All but one of the Restaurants referenced in the charts below are or were operating in the St. Louis, Missouri area, with the one operating in Vestavia Hills, AL. Although they do not operate under the name "American Kolache", in all other significant respects the Restaurants operating as "St. Louis Kolache" Restaurants are similar to the franchise that is offered pursuant to this disclosure document.

Our financial performance representation presents the actual gross revenue of the eight St. Louis Kolache Restaurants and American Kolache Restaurants that operated in 2025 and were open for at least twelve months as of December 31, 2025. This financial performance representation is based on the unaudited reports of the Affiliate-owned and franchised Restaurants referenced in the charts below. This information has not been audited and may not be based on generally accepted accounting principles consistently applied.

Unaudited Statement
Actual Sales for Affiliate-Owned Restaurants

These statements only include historical information from those Restaurants that were in operation in 2025 and for at least 12 months as of December 31, 2025. These results relate to specific Restaurants and should not be considered as the actual or probable results that you or any franchisee will realize. Your individual financial results will likely differ from these results.

Selected Characteristics of Restaurants that are Part of this FPR

LOCATION	OWNERSHIP	MONTH/YEAR OPENED	SQ. FT.	# SEATS	TYPE
Location 1	Affiliate-owned	July 2016	1720	20	Suburban strip center
Location 2	Affiliate-owned	October 2015	1214	14	Suburban free standing
Location 3	Franchised	November, 2020	1500	8	Suburban strip center
Location 4	Affiliate-owned	January, 2021	700	0	Freestanding building
Location 5	Franchised	July, 2022	1200	10	Suburban strip center
Location 6	Franchised	November, 2022	1200	8	Suburban strip center
Location 7	Franchised	February, 2023	1400	12	Suburban strip center
Location 8	Franchised	May, 2023	1200	12	Suburban strip center

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For the following chart, “Gross Sales” means the total amount of all sales of products, services and merchandise sold from, through, or in connection with the Restaurant including without limitation, catering and gift and loyalty programs, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes. These figures do not include any expenses. The figures are for each full calendar year that the Restaurants have operated going back to 2022.

Location 1	2022	2023	2024	2025
	$830,679	$836,638	$737,581	$718,787
Location 2	2022	2023	2024	2025
	$827,999	$868,368	$758,581	$701,817
Location 3	2022	2023	2024	2025
	$540,248	$544,876	$451,395	$505,119
Location 4	2022	2023	2024	2025
	$901,137	$1,005,071	$934,206	$894,049
Location 5		2023	2024	2025
		$207,471	$99,736	$29,592
Location 6		2023	2024	2025
		$439,840	$448,323	$742,230
Location 7			2024	2025
			$550,647	$457,536
Location 8			2024	2025
			$394,789	$466,816

Some Restaurants have achieved sales of this amount. Your individual results may differ. There is no assurance that you’ll earn as much.

Assumptions

Other than the fact that your franchise will operate under the American Kolache Mark, rather than St. Louis Kolache, and the fact that your menu items may include several local specialty kolaches filled with an ingredient or product produced by another popular restaurant or manufacturer in your locale, there should be no material differences between the business conducted by our Affiliate-owned St. Louis Kolache Restaurants and a franchised Restaurant. Affiliate-owned, franchised Restaurants and your Restaurant will otherwise operate under the same System and with substantially similar operating requirements.

Restaurants located outside of the St. Louis area may not receive the same benefit from marketing and advertising as the St. Louis-area restaurants receive. Affiliate-owned Restaurants might have achieved certain economies of scale in operating which are not experienced by a franchise. Affiliate-owned Restaurants are overseen by highly experienced and talented personnel who may, among other things, be more skilled and experienced at controlling costs and increasing revenues than franchisees.

Six of the Restaurants described in this Item 19 are located in the metropolitan area of St. Louis, Missouri. In addition to benefiting from the goodwill that has been established in that area, they might collectively benefit from each other's presence through, among other reasons, community advertising and a greater market presence. The Affiliate-owned Restaurants also have the benefit of an established clientele and name recognition and following at their locations. Restaurants located outside of the St. Louis Metropolitan area will not benefit from that name recognition, following, and repeat customers enjoyed by the St. Louis area locations.

There is no assurance you will achieve these results. You may not do as well.

Although the financial information noted above does not include any expenses, expenses can vary widely depending on numerous factors relevant to the particular location. Results of a particular Restaurant can also be affected by many characteristics, such as: (a) type of location; (b) size and seating; (c) available parking; (d) ease of access and traffic congestion; (e) geographic area; (f) potential differences in management, operations, and advertising, marketing, and social media expertise; (g) single unit or multi-unit (i.e. locations owned and operated by single unit franchisees versus multiple franchised locations owned and operated by larger, more experienced, multi-unit operators with accompanying economies of scale, increased advertising dollars, and management and operations expertise; (h) whether the Mark is already established with multiple locations or new markets; (i) name recognition; (j) competition: from same-system franchisees, independent businesses, and other franchise systems; (k) economic and demographic characteristics of the market: (l) regional acceptability of product or service offered by the Restaurant; (m) capitalization by and amount of debt of the operator of the Restaurant; (n) the owner's access to and availability of financial resources; (o) available pool of quality labor to staff the Restaurant and quality and training of staff; (p) weather conditions; (q) personal business, marketing, management, judgment and other skills; (r) your willingness to work hard and follow the System; (s) local market conditions; and (t) your ability to increase sales from delivery, carry-out, and catering; and (u) other factors.

We will, upon reasonable request, provide you the written substantiation of the data presented in this Item. Other than the preceding financial performance representation, we do not make any financial-performance representations. We also do not authorize our employees or representatives to make any such representations, either orally or in writing.

IF YOU RECEIVE ANY OTHER FINANCIAL PERFORMANCE INFORMATION OR PROJECTIONS OF YOUR FUTURE INCOME, YOU SHOULD DISREGARD IT AND REPORT IT TO THE FRANCHISOR'S MANAGEMENT BY CONTACTING RUSSELL CLARK AT AMERICAN KOLACHE, INC., 14786 MANCHESTER ROAD, BALLWIN, MO 63011, PHONE: 314-229-1959: EMAIL: RUSS@STLOUISKOLACHE.COM, THE FEDERAL TRADE COMMISSION, AND THE APPROPRIATE STATE REGULATORY AGENCIES.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table 1 Systemwide Outlet Summary
For Years 2023 to 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised*	2023	3	5	+2
	2024	5	6	+1
	2025	6	10	+4
Affiliate-Owned	2023	4	4	±0
	2024	4	3	-1
	2025	3	3	±0
Total Outlets	2023	7	9	+2
	2024	9	9	±0
	2025	9	13	+4

Table 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 to 2025

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

Table 3

Status of Franchised Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	1	0
Illinois	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	1	0	0	0	0	3
Indiana	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Kansas	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Kentucky	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Missouri	2023	1	2	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Virginia	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Totals	2023	3	2	0	0	0	0	5
	2024	5	1	0	0	0	0	6
	2025	6	5	0	0	0	1	10

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Table 4

Status of Affiliate-Owned Outlets
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Missouri	2023	4	0	0	0	0	4
	2024	4	0	0	1	0	3
	2025	3	1	0	1	0	3
Totals	2023	4	0	0	0	0	4
	2024	4	0	0	1	0	3
	2025	3	1	0	1	0	3

Table 5

Projected Openings as of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company – Owned Outlets in the Next Fiscal Year
Illinois	1	1	0
Kentucky	1	1	0
Texas	0	2	0
Total	2	4	0

Exhibit F lists the names, addresses and telephone numbers of all of our current franchisees. **Exhibit F** also lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, transferred or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed confidentiality clauses with any former franchisees which would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations associated with the franchise system at this time.

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as **Exhibit G** are the audited financial statements of American Kolache, Inc. f/k/a American Kolache, LLC, for the periods ending December 31, 2024, December 31, 2023 and December 31, 2022. If required by state law, unaudited financial statements of a more recent date are also included in Exhibit G.

ITEM 22

CONTRACTS

The following agreements are attached to this Franchise Disclosure Document:

Exhibit A	Franchise Agreement, including Owner's Guaranty
Exhibit B	Multi-Unit Development Agreement, including Owner's Guaranty
Exhibit C	Confidentiality Agreement
Exhibit D	Table of Contents of Confidential Operations Manual
Exhibit E	State Law Addenda
Exhibit F	List of Franchisees
Exhibit G	Financial Statements for American Kolache, Inc.
Exhibit H	List of State Agencies/Agents For Service of Process
Exhibit I	General Release
Exhibit J	Franchisee Disclosure Questionnaire
Exhibit K	Receipt (Your Copy)
Exhibit L	Receipt (Our Copy)

ITEM 23

RECEIPTS

The last two pages of this Disclosure Document are receipt pages. Please date and sign both copies immediately upon receipt. Detach the last page and return to us promptly upon execution. Retain the other copy of the receipt page for your records.

EXHIBIT A
FRANCHISE AGREEMENT

AMERICAN KOLACHE, INC.
FRANCHISE AGREEMENT

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AMERICAN KOLACHE, INC.
FRANCHISE AGREEMENT

This Franchise Agreement is entered into this ______ day of __________________, 20__, by and between AMERICAN KOLACHE, INC., f/k/a AMERICAN KOLACHE, LLC, a Missouri corporation ("us", "our" or "we"), and ________________________, a _________________________ ("you" or "your").

RECITALS

1. We and our Affiliates have the rights to use and franchise the right to use and refine the System of operating quick-service restaurant specializing in an Americanized version of the traditional Czech *kolache*, including in-house dining in a casual atmosphere, carry-out, delivery, and catering;

2. We and/or our Affiliates own the Marks and have the right to license the Marks and the System in connection with the operation of an American Kolache Restaurant;

3. You recognize the benefits from being identified with and licensed by us and desire a franchise to establish and operate an American Kolache Restaurant using the Marks and System and we are willing to grant such a franchise on the terms and conditions in this Agreement.

NOW, the parties agree as follows:

I. DEFINITIONS

For purposes of this Agreement, the following terms will have the meaning as defined below:

A. "Affiliates" means individually or collectively, any and all entities controlling, controlled by, or under common ownership with us.

B. "Competitive Business" means any restaurant, bakery, or other food service establishment that derives more than 50% of its Gross Sales for food items from the sale of kolaches or pastry food items that are similar to kolaches. By way of example, but not limitation, the following restaurants would be deemed to be engaged in a "Competitive Business": Kolache Factory, Kolache Café, and Shipleys Donuts.

C. "Gross Sales" means the total amount of all sales of products, services and merchandise sold from, through, or in connection with the Restaurant including without limitation, catering and gift and loyalty programs, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.

D. "Manual" means our Confidential Operations Manual, as amended from time to time. The Manual will be in a format determined by us (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.) and includes all other supplemental bulletins, notices, revisions, modifications, or supplemental information, either in document or electronic form, concerning the System which are delivered by us or otherwise communicated to you in writing. Also included are any passwords or other digital identifications necessary to access the Manual on a website or extranet. The Manual is confidential and remains our property.

E. "Marks" means such service marks, trademarks, trade dress, trade names and copyrights, and all configurations and derivations, as may presently exist, or which may be modified, changed or acquired by us or our Affiliates, in connection with the operation of an American Kolache Restaurant. Marks include "American Kolache" and design.

F. "Non-Traditional Location" means a special type of franchise location other than a traditional restaurant, in a captive market type location, including, but not limited to, a transportation facility, a sporting facility including race tracks, an educational facility or similar buildings on college or university campuses, a shopping mall, an outlet mall, a service station, a museum, convention center, a gas station or convenience stores, military bases, hospital, rest stops, theme parks, venues in which foodservice is or may be provided by a master concessionaire or contract food service provider, casinos, or food service facilities primarily identified by a third party's trademark.

G. "Principal Owner" means you, if you are a sole proprietor, the majority shareholder of you, if you are a corporation, a partner owning a majority interest of you, if you are a partnership, or a member owning the majority interest of you, if you are a limited-liability company. In the event there are multiple owners with equal interest in you, then you will designate one of these owners to be the Principal Owner for purposes of this Agreement.

H. "Restaurant" means the American Kolache Restaurant which is the subject of this Agreement.

I. "American Kolache Restaurant" means the Restaurant and any other restaurant operating under the System and Marks (including St. Louis Kolache Restaurant operated by Affiliates), whether owned by us or any Affiliate, or licensed or franchised by us or any Affiliate.

J. "System" means a developed method of operating a quick-service restaurant specializing in an Americanized version of the traditional Czech kolache under the Marks and consisting of distinctive food and beverage products prepared according to special and confidential recipes and formulas, with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain types facilities, equipment, supplies, ingredients, business forms, training materials, Manual, sales techniques, methods and procedures, technology, trade secrets and any other matters relating to the operation and promotion of an American Kolache Restaurant, all of which we or our Affiliates may modify and change from time to time.

K. "Term" means, individually or collectively the Initial Term, Successor Term(s) and any period of continuation of this Agreement.

L. "Transfer" means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift, conveyance, lease or other disposition of an interest in this Agreement, you or the Restaurant, including: (a) transfer of any capital stock, partnership interest, limited-liability company interest or other ownership interest; (b) merger, consolidation, reorganization, business combination or other issuance of additional stock or ownership interests; (c) transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) transfer to a personal representative upon disability or transfer upon the death of a Principal Owner; (e) the grant or creation of any lien or encumbrance on any ownership interest or asset; (f) the grant of any option, call, warrant, conversion rights or rights to acquire any equity or voting interest; (g) assignment of contract rights; (h) sale of assets (including any operating assets of the Restaurant, other than in ordinary course of business); or (i) any change of control or management of the Restaurant (including a change in the Principal Owner).

M. "You" or "Your" also includes: (a) those persons and their spouses owning any interest in you if you are a corporation or a limited-liability company; (b) all partners and their spouses owning any partnership interest in you if you are a partnership; (c) the individual and his or her spouse who owns you if you are a sole proprietorship; and (d) the guarantors of this Agreement. For purposes of determining ownership in you, the interests owned by a husband and wife will be considered one interest, and both husband and wife will be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.

II. GRANT OF FRANCHISE

A. **Grant of License**. We grant to you and you accept from us, a non-exclusive right to use the System and Marks to open and operate one American Kolache Restaurant to be located at the location listed in Exhibit I, attached to this Agreement (the "Site") during the Term of this Agreement. If no Site is specified at the time you and we sign this Agreement, an appropriate location will be specified when it is determined, and you and we agree to initial a completed Exhibit I describing that location. In order for you to operate an American Kolache Restaurant at an additional location, a separate Franchise Agreement must be signed and you will be required to pay us an additional Initial Franchise Fee.

B. **Assigned Territory**. You are granted an assigned territory (the "Assigned Territory"), which is described on Exhibit I attached to this Agreement. The Assigned Territory will be determined at the time the Site is agreed to by both parties, and will be specified in Exhibit I. During the Term of this Agreement, so long as you are not in default, we and our Affiliates will not locate, operate, or grant a license or franchise for another American Kolache Restaurant within your Assigned Territory other than in a Non-Traditional Location; provided, however, that if your Site is in a Non-Traditional Location, your Assigned Territory will consist solely of that Non-Traditional Location. Except when your Site is in a Non-Traditional Location as described in the preceding sentence, a Non-Traditional Location is not considered part of the Assigned Territory, even if it is located within the geographic boundaries of the Assigned Territory.

You recognize that you may not make deliveries or provide catering services within the assigned territory of any other American Kolache Restaurant, and that you may not provide catering services until we authorize you to do so. Once authorized to provide catering services, you may deliver and provide catering services within areas that are proximate to your Restaurant provided that it is not within the assigned territory of another American Kolache Restaurant and provided that you are able to properly service the area in a safe and efficient manner. However, nothing shall be deemed to grant you any protected delivery or catering area outside of your Assigned Territory, and we are free to establish other franchise and/or company or Affiliate owned American Kolache Restaurant in areas which are not currently assigned. In the event that another American Kolache Restaurant is established in an area which is not currently assigned, you must immediately stop delivering or catering in that territory. You acknowledge that we and our Affiliate and other American Kolache Restaurants may be able to deliver or cater in unassigned territories.

C. **Retention of Rights**. We, on behalf of ourselves and our Affiliates, reserve all rights not specifically granted to you pursuant to this Agreement, all without compensation to you, including the following:

1. We and our Affiliates may own or operate, or license or franchise others to own or operate, American Kolache Restaurants anywhere outside of the Assigned Territory and within the Non-Traditional Locations within and outside of the Assigned Territory.

2. We and our Affiliates are allowed to own, open, franchise, operate, and/or manage any businesses or any type of restaurant within the Assigned Territory or outside of the Assigned Territory under trademarks or service marks different than the Marks.

3. We and our Affiliates are allowed to own, open, franchise, operate, and/or manage any business or any restaurant within the Assigned Territory or outside of the Assigned Territory under systems that are different than the System.

4. We and our Affiliates may develop, merchandise, sell and license others to sell products bearing the Marks through other channels of distribution such as grocery stores, the Internet, print catalogues, direct-marketing media and any other outlets within the Assigned Territory or outside of the Assigned Territory, and we may promote products bearing the Marks at special events, athletic contests, etc., through temporary locations and mobile units.

5. We and our Affiliates have the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as American Kolache Restaurant franchises operating under the Marks or any other trademarks or service marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within your Assigned Territory or close to your Assigned Territory or your Site).

6. We and our Affiliates may sell ourselves, our assets, our proprietary marks, the Marks, our systems and/or the System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

7. With regard to any of the above transactions identified in Sections II.C.1 through II.C.6 above, inclusive, 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 System and/or the loss of being identified as a franchisee under this Agreement. If we assign our rights in this Agreement, nothing will be deemed to require us to remain in the restaurant business or to offer or sell any products or services to you.

III. LOCATION AND LEASE

A. **Site Selection**. You will select the proposed Site for the location of the Restaurant and submit a completed site analysis package, including demographics and other material requested by us containing all information reasonably required by us to assess the proposed site. Within 30 days after receipt, we will advise you whether the proposed site is acceptable. The factors that we will consider in approving your site may include general location and neighborhood, traffic patterns, demographics, access, visibility, population density and household income, and other factors that we may determine. We are not responsible for and do not make any warranty regarding the suitability of the Site. Our consent to a Site means only that we believe the Site should meet our minimum standards for an acceptable location of an American Kolache Restaurant. You are responsible for investigating the Site and having any leases or sale contract for the Site reviewed and approved by your attorney.

B. **Site Acquisition**.

1. **Our Consent to Lease**. If you intend to lease the Site, within 30 days after our consenting to the Site, you must submit a copy of the proposed lease to us for our consent. If we consent to the proposed lease, then, within 10 days after signing the lease, you must provide us with a copy of the executed lease. The term of the lease plus all renewal option periods together must equal or exceed the Term of this Agreement. Our consent to the proposed lease means only that we believe the lease meets our minimum standards and is not a warranty as to the appropriateness of the lease or any of its terms. Your

lease for the Site, must contain substantially the same terms as found on Exhibit II attached to this Agreement. In addition, you must execute a Collateral Assignment of Lease in substantially the form found in Exhibit III attached to this Agreement, whereby you agree to assign your rights in the lease to us in the event of a termination or expiration of the Term of this Agreement or a default under the lease. We strongly recommend that you hire a professional leasing agent to assist you in site location and lease negotiations.

2. **Proof of Ownership**. If you intend to own the Site, within 90 days after our consenting to the Site, you must furnish to us proof of ownership or an executed sale contract for the Site. Your submission of proof of ownership or an executed sale contract will be deemed a warranty by you that the Site can be utilized for restaurant purposes according to the terms of this Agreement. You must create a separate entity to own the Site and then lease the Site to you at its full rental value and on commercially reasonable terms, including the requirements for a leased Site set forth in Section III.B.1., above.

C. **Relocation**. So long as you are not in default under this Agreement, you may relocate the Restaurant within the Assigned Territory with our prior written consent. However, our approval of your new suggested site will be subject to our then current site-approval criteria, and the Assigned Territory for the relocated Site may, at our discretion, be subject to renegotiation. Regardless of the reason for relocating, you agree to pay all costs and expenses of relocating the Restaurant including the cost of a demographic study and our cost and expenses in reviewing the proposed relocation Site and any new lease or purchase contract related thereto. In addition, at the time of relocation, you agree to pay us a relocation fee equal to 25% of the then current franchise fee.

IV. INITIAL FRANCHISE FEE

You must pay us an initial franchise fee ("Initial Franchise Fee"), which is payable upon execution of this Agreement. The amount of the Initial Franchise Fee is $39,000. If this Franchise Agreement is being entered into pursuant to the obligations under a Multi-Unit Development Agreement, the portion of the Development Fee paid for this unit will be applied to the amount you owe for the Initial Franchise Fee. The Initial Franchise Fee is not refundable under any circumstances.

Notwithstanding the terms stated in the first paragraph of this Section IV., veterans of the United States Armed Forces who otherwise meet the requirements we establish are entitled to a 10% discount in the Initial Franchise Fee. To receive the discount, you must provide sufficient documentation to establish that you are eligible for our veteran discount, including, but not limited to, documents showing that you were a member of the United States Armed Forces and that you received an honorable discharge from the armed forces. The eligibility criteria for the veteran discount are subject to change, or the discount may be discontinued in our sole discretion with or without notice to franchisees. If we do discontinue the veteran discount, no effective franchise agreement will be terminated solely because of the discontinuation.

V. TERM

A. **Term**. The initial term of this Agreement will begin on the date of this Agreement, and, unless it is terminated earlier according to the terms of this Agreement, will expire five years later ("Initial Term").

B. **Continuation**. If you continue to operate the Restaurant with our express or implied consent following the expiration of the Term of this Agreement, the continuation will be deemed to be a month-to-month extension of this Agreement, unless otherwise set forth in writing. All provisions of this Agreement will apply while you continue to operate the Restaurant. This Agreement will then be terminable by either party on 30 days' written notice to the other party, or such longer notice period as required by applicable law. For the avoidance of doubt, this provision does not apply in the case of your continued operation of the Restaurant after the Agreement has been terminated.

C. **Successor Agreement**. If you are in full compliance with the terms of this Agreement, you will have the right to a successor franchise for up to three additional, successive terms of five years each ("Successor Term"), provided that: (i) you give us not less than six nor more than eighteen (18) months written notice of an election to enter a successor franchise agreement; and (ii) prior to the end of the Initial Term or then-current Successor Term, you execute the most current successor franchise or license agreement being utilized by us at that time. We have the right to treat your failure to give us this notice as an election not to enter a successor franchise agreement. In addition, the most current franchise or license agreement may contain significantly different terms than this Agreement. In any event, we may, in our discretion, refuse to grant you a successor franchise if you have been notified of defaults (even if subsequently cured) under this Agreement more than three times during the Initial Term or more than two times during any Successor Term, even if you are not in default at the end of such term. You will also be required to pay us a successor franchise fee, or renewal fee, of 10% of the then current initial franchise fee for each Successor Term. Additionally, we have the right to require you to remodel the Restaurant to meet our then current standards of decor in accordance with our then-current standards and must execute a general release, to the extent permitted by applicable law, of any and all claims against us and our Affiliates, and our Affiliates' respective owners, officers, directors, managers, members, employees, agents, successors and assigns arising under or from this Agreement and/or any related agreements between you and us or our Affiliates, or under any applicable law, rule or regulation.

VI. FEES

A. **Royalty Fee**. During the Term of this Agreement, you will pay us a weekly continuing royalty fee of up to 6% of Gross Sales of the prior week ("Royalty Fee"). As of the date of this Agreement, the Royalty Fee is 6% of Gross Sales;

B. **Brand Development Fund Assessment**. We have not yet established a Brand Development Fund; however, we reserve the right to do so at any time. When we establish a Brand Development Fund, you will pay us a weekly continuing Brand Development Fund Assessment of 2% of Gross Sales of the prior week ("Brand Development Fund Assessment") which we will deposit into an advertising and marketing fund that we will maintain (the "Brand Development Fund"). We reserve the right to reasonably modify the Brand Development Fund Assessment from time to time, but no more often than once a year, upon at least thirty (30) days' notice; however, we will not increase the Brand Development Fund Assessment to more than 4% of Gross Sales.

C. **Time and Manner of Payments**. Royalty Fees and Brand Development Fund Assessments are due and payable by the second business day of each week based on Gross Sales for the preceding week. If the payment date falls on a holiday, the fees will be due and payable on the next business day. We are permitted to change the payment dates at our sole discretion. All of these payments will be made via electronic funds transfer ("EFT") or such other manner which we may designate from time to time. None of these fees is refundable. You must have adequate funds in your account to pay the Royalty Fees and Brand Development Fund Assessments. Any payment not received by us on or before the date they are due will be deemed overdue. You will comply with the procedures specified in the Manual or as otherwise communicated for such EFT or other program and will perform the acts and sign the documents, including authorization forms that we, our bank and your bank may require to accomplish payment by EFT or the other method we designate, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing the payment program we designate.

D. **Interest on Late Payments**. If Royalty Fees or Brand Development Fund Assessments are overdue, we have the right to charge interest on these overdue amounts equal to the lesser of 1½% per month or the maximum legal rate in the jurisdiction where the Restaurant is located. Our right to interest is in addition to any other remedies that we may have.

E. **No Right of Offset**. You agree to make prompt payment, without deduction or set-off, of all charges which are properly due, including the Royalty Fees and Brand Development Fund Assessments. You may not withhold any payment to us or our Affiliates on the grounds of non-performance by us of any of our obligations hereunder.

F. **Under-Reporting**. If it is found that you under-reported Gross Sales, you will reimburse us for the amount of the Royalty Fees and Brand Development Fund Assessments that would have been due had Gross Sales been reported accurately, plus interest on those amounts at the rate of the lesser of 1½% per month or the maximum legal rate in the jurisdiction where the Restaurant is located. In addition, if the amount of Gross Sales reported for any calendar year is less than 98% of the actual Gross Sales for that period, you agree to reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals, and lodging.

G. **Late Reporting**. If you fail to send us a report when due, we may charge you, to the extent permitted by law, a late-report fee of $100, plus $100 for each month your report is late.

H. **Taxes.** You agree to indemnify and/or reimburse us and our Affiliates for all capital, gross-receipts, sales, and other taxes and assessments imposed by any applicable governmental authority as a result of the conduct of the Restaurant or the license of any of our or our Affiliates' intangible property to you (whether required to be paid by us or our Affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our Affiliates for these taxes does not extend to income-type taxes which are imposed on us or our Affiliates' income.

VII. ADVERTISING

A. **Brand Development Fund**. In the event we exercise our right to impose a Brand Development Fund Assessment, the Brand Development Fund Assessments will be deposited into a Brand Development Fund that we establish. The Brand Development Fund will be used to provide advertising, marketing, public relations and promotional activities we deem beneficial to the System. We agree to use the Brand Development Fund Assessments received from you for the payment of costs associated with advertising, marketing, public relations and promotional activities, including the researching, creation, production, distribution, media placement, website creation, maintenance and enhancement, social-media, point-of-sale materials, local direct advertising, marketing-strategy materials, market surveys, and administration of local, state, regional or national advertising programs we may develop or have developed, and for any taxes incurred on these funds. Any or all of these activities may be undertaken by our employees or consultants, or by third parties engaged by the Brand Development Fund. All payments, plus income earned therefrom, shall be used exclusively for the above-stated purposes, and shall not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses, overhead, and similar expenses and other costs we may incur in activities related to the administration of the Brand Development Fund. The Brand Development Fund is intended to maximize recognition of the Marks and the patronage of American Kolache Restaurants generally. We do not ensure that the Brand Development Fund expenditures in or affecting any geographic area will be proportionate or equivalent to the Brand Development Fund contributions by American Kolache Restaurants operating in that geographic area or that any particular American Kolache Restaurant will benefit directly or in proportion to its Brand Development Fund contributions. We have the right to determine the type of advertising and the media in which it will appear, as we deem appropriate. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising, consistent with applicable law. We do not have to spend the Brand Development Funds during any specific time period. Advertising may be handled by an outside advertising agency/agencies which we select.

Unaudited financial statements of the Brand Development Fund will be made available to you on your reasonable request. If we do not use all of the funds deposited in the Brand Development Fund in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. We have the right to advance monies to the Brand Development Fund and subsequently to obtain reimbursement of such advances out of Brand Development Fund Assessments collected. The Brand Development Fund is not our asset. The Brand Development Fund is not a trust. We have a contractual obligation to hold all Brand Development Fund contributions for the benefit of the contributors and to use the contributions only for the purposes described above. We have no fiduciary obligation to you for administering the Brand Development Fund.

If we or any of our Affiliate operate another franchise system (each, an "Affiliate Brand") we have the right to combine the Brand Development Fund with the brand development fund for any such other franchise system and use the combined funds for the joint promotion of all such franchise systems, provided that we will endeavor to spend the Brand Development Fund Assessments reasonably so that the spending is allocated in accordance with the size of each franchise system. If we combine the Brand Development Fund with the brand development fund of one or more Affiliate Brands we have the right to separate the Brand Development Fund into two or more funds, by brand or otherwise. If we separate the Brand Development Funds, you will pay the Brand Development Fund Assessment to such fund as directed by us, if any. Even if the Brand Development Fund is not combined with the brand development fund for one or more Affiliate Brands we have the right to undertake joint programs and activities promoting the System and any Affiliate Brand.

B. **Your Own Advertising**. While we recommend you advertise locally, including participating in local community activities, as of the date of this Agreement there is no minimum amount of local advertising dollars we require you to spend; however: (i) you will spend a minimum of $2,500 on Franchisor-approved grand-opening marketing and promotions; and (ii) we reserve the right to impose monthly minimum spending requirements on local advertising up to a maximum of 4% of Gross Sales of the prior month. Nevertheless, your use of any advertising and sale promotion materials is subject to our prior consent. You must submit all of your advertising and sale promotion materials to us or our designee at least 20 days prior to use. If we do not reject these materials within 20 days, we will be deemed to have consented to your use of them.

You will not advertise, or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct. You will not advertise your products or services or use the Marks on the Internet except with our prior consent. All advertising and promotion materials used by you, whether or not created or consented to by us, must comply with applicable law, including state and local liquor laws.

You will not distribute individual advertising items (i.e., coupons, circular advertising, etc.) outside of your Assigned Territory, unless you use a form of advertising which is not programmed to restrict delivery to the Assigned Territory, such as direct mail advertising by outside contractors based on zip code.

C. **Internet and Other Electronic Advertising.** We and our Affiliates have established an Internet website at www.americankolache.com, which we own and control. Subject to our right to consent and the terms of Section X.E below, you may be permitted to create a social-media account from which to advertise your Restaurant on the Internet (such as on LinkedIn, Facebook or Twitter) or other forms of social media or any other media yet to be invented or discovered. Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual, which may restrict the content that you are permitted to post to such social-media outlet. We have the right to cease granting you permission to operate any such social-media outlet at any time. Except as we otherwise provide, you may not maintain a presence on the Internet for your Restaurant. Any online presence and/or social-networking activities which you engage (in any form and in any media now existing or later developed or discovered) must comply in all respects with the requirements of this section. In addition, you will provide us at all times with current administrator-level access credentials, usernames, passwords, tokens, and all other information and items required for complete access to, and control over, any online presence or social-networking activities (collectively, the "Access Credentials"); in order to assist in this process, you shall complete, sign, deliver, and update as necessary, Exhibit VI, attached hereto and incorporated herein, assigning all telephone numbers, facsimile numbers, email addresses, URLs and social-media access credentials. In the event that we determine in good faith that you have failed to comply with the requirements of this section with respect to your online presence and/or social-networking activities, you hereby irrevocably consent to and authorize us and/or our representatives to use the Access Credentials, access the foregoing resources, and correct them to comply with the requirements of this Section, without being guilty of trespass, conversion, infringement or any similar tort or comparable statutory infraction for which your consent/authorization constitutes a defense, excuse, or justification. You will pay us, on demand, all charges incurred by us in taking such corrective action, plus interest at the Interest on Late Payment rate, from the date the charges were paid by us until reimbursement is received. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us.

VIII. OUR GENERAL DUTIES

A. **Initial Training**. We will provide an initial training program for the operation of an American Kolache Restaurant using the System and Marks for the Principal Owner, your general manager, and manager. We will not train non-managerial employees, whose hiring, training, and management will be your responsibility. In the event the Principal Owner is not involved in the day-to-day management of the Restaurant, then a second general manager must also attend the initial training program, but you must pay us a reasonable fee for any additional owners or non-managerial employees other than for the Principal Owner, general manager, and manager. The initial training program is furnished after this Agreement is signed and prior to the opening of the Restaurant. The training program will be furnished at such time and place as we may designate. You will pay all transportation, lodging, meals and other expenses incurred by you and your owner(s)/managerial employees in attending this program. Your Principal Owner, your general manager (or two general managers if the Principal Owner is not involved in the day-to-day operations must attend and complete the training program to our satisfaction before opening the Restaurant. If these persons fail to complete the initial training program to our satisfaction, we have the right to terminate this Agreement. Satisfactory completion of the training program is, however, no assurance of the success of the Restaurant. If you currently operate an American Kolache Restaurant, the initial training program will not be mandatory or provided unless we deem it necessary.

B. **Subsequent Training**. We offer training for any new general managers who are not initially trained pursuant to this Agreement and also offer mandatory training for new products or procedures. If your general manager(s) or Principal Owner no longer operates the Restaurant, or if you have a manager, we may require your replacement manager(s), another Principal Owner, general manager, or managers to attend and pass training. We may also provide refresher programs to experienced managerial employees. We are permitted to charge a reasonable fee for any subsequent training we may offer or require. We reserve the right to designate certain training programs or meetings as mandatory and to treat your failure to have a representative attend as a material breach of this Agreement. You must pay the compensation of the trainees as well as such trainees' travel, lodging, and personal expenses during any training. We reserve the right to develop new optional and mandatory training programs and to discontinue or change current training programs.

C. **Opening Assistance**. We will send one representative to provide on-site training/quality-assurance inspection at the Restaurant, during normal working hours, for a period of four days around the time you open your Restaurant for business. We reserve the right to charge you for the reasonable, out-of-pocket travel expenses including, without limitation, transportation, lodging and meals, of our representative incurred when providing such on-site assistance. If you or any of your affiliates currently operate an American Kolache Restaurant, we are not required to provide you with opening assistance; however, we reserve the right to do so.

D. **Continuing Advisory Assistance**. We will make available continuing advisory assistance in the operation of the Restaurant, rendered in such manner and available from time to time, as we may deem appropriate. If we send our representatives to your Restaurant to provide assistance, we reserve the right to charge a reasonable fee for this type of assistance.

E. **Layout and Design**. We will provide you with suggestions for layout and design of a typical American Kolache Restaurant. These suggestions will not include the requirements of any federal, state, or local law, code or regulation, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities, nor will such suggestions include the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Restaurant.

IX. YOUR GENERAL DUTIES

A. **Restaurant Opening and Construction**. You agree to begin operation of the Restaurant within nine months after this Agreement is accepted by us. You must construct, improve and equip your Restaurant in accordance with the layout and design we provide to you. You must pay for the cost of construction drawings and other documentation necessary to build, obtain permits or receive other necessary authorizations for constructing the Restaurant. You must submit these plans and other documents, along with any revisions of them made during the construction process, to us for our consent prior to your use of them. Our review will be limited to reviewing these plans and documents to assess compliance with our design and layout specifications and standards for American Kolache Restaurants, including items such as trade dress, presentation of trademarks, and the provision to the potential customer of certain products and services that are central to the functioning of the Restaurant under the System. Our review is not designed to assess, nor does it assess, compliance with federal, state or local laws and regulations, including the Americans with Disabilities Act, as compliance with such laws is your sole responsibility. If you do not receive our consent to your use of any plans or other documents submitted to us, such plans or documents shall be deemed rejected.

The opening of the Restaurant is permitted to be delayed only if the delay is caused by contingencies not within your control, like acts of God, governmental restrictions, strikes or labor disputes, the occurrence of which we are given notice within a reasonable period time. You will use your best efforts to cure any delay. Any permitted delay in opening will only be for a period of days equal to the number of days during which such event actually prevents opening.

B. **Training**. You, your Principal Owner and certain employees must attend the training programs offered by us and specified in Sections VIII.A and VIII.B. In addition to the requisite initial training program described above, prior to the opening of the Restaurant and continuing throughout the term of this Agreement, your Principal Owner, general manager, and manager must attend and pass the

"Serve Safe" training, which is provided by a third party "Serve Safe" training provider, or such equivalent training program required by any governmental health department.

C. **Use of Name and System**. You agree that during the term of this Agreement, you will operate, advertise and promote the Restaurant under the Marks without prefix or suffix, and you will adopt and use the Marks and System licensed hereunder solely in the manner prescribed by us. You agree to identify the Restaurant with a sign in compliance with applicable local ordinances and approved by us.

D. **Compliance with Laws**. You agree to operate the Restaurant in compliance with applicable laws and governmental regulations and in accordance with the operational standards we may establish from time to time. At all times, you will comply with all federal, state, municipal and local laws, rules, regulations, ordinances, and codes applicable and related to this Agreement, the Restaurant, and all aspects of the conduct of business at the Restaurant. You must obtain all licenses and permits required by any applicable federal, state, municipal and local law, rule, regulation, ordinance and code to operate the Restaurant as required by this Agreement. You must make timely filings of all tax returns and pay when due all taxes levied or assessed on, and related to this Agreement and the Restaurant. At no time are we required to inform you of any federal, state, municipal or local law, rule, regulation, ordinance, code, or tax. Within five days of your receipt of each health and/or food safety inspection report you receive from the governmental authority(ies) governing food safety for your Restaurant, you must forward a copy of this/these reports to us. In any and all health and/or food safety inspection report, you must always be rated at the highest available health and/ or food safety classification with respect to each governmental agency inspecting the same.

E. **Standards of Operation**. You must use your best efforts to operate the Restaurant. The Restaurant must conform with the mandatory standards relating to signage, color scheme, appearance, hours of operation, cleanliness, sanitation, menus, methods of preparation, employee uniforms, type of equipment, and decor as designated by us and any other mandatory System standards and requirements. Unless we give you our prior consent, you must offer all menu items and other products and services required by us in the Manual or in any other written instruction we give to you. You will not conduct any business or sell any products other than those approved by us, and you agree to at all times dispense and sell such food items which are prepared in accordance with our secret recipes and which meet our uniform standards of quality, quantity, appearance, and taste. Uniformity of products and décor offered by all American Kolache Restaurants is of utmost importance to us and the entire System. If you offer to sell or do sell products or services which are not authorized or are not prepared in accordance with the Manual, you agree that we will be damaged. These damages will be calculated at the rate of $250 per day for each day you offer or sell unauthorized products or services and will be in addition to any other rights and remedies we may have against you. We have the right to collect these amounts in addition to exercising any and all other rights we may have for non-compliance under this Agreement. You agree that a precise calculation of the full extent of the damages that we will incur from the offer or sale of unauthorized products and services are difficult to determine and all parties desire certainty in this matter and agree that the damages provided here are reasonable and constitute liquidated damages and not a penalty.

F. **Health and Sanitation.** You must meet and maintain the highest governmental health standards and ratings applicable to the operation of the Restaurant. You must furnish to us, within five days after receipt by you, a copy of any inspection report, warning, citation, certificate and/or rating which indicates your failure to meet or maintain the highest applicable governmental health or safety standards in the operation of the Restaurant. You must participate in our then-current food safety audit program and have food safety audits conducted at the Restaurant as frequently as we require at your sole cost. We reserve the right to require your participation in a mandatory sanitation and food safety program relating to the Restaurant (including periodic inspections and evaluations of the Restaurant) in accordance with such rules, terms, and conditions as we deem advisable. We reserve the right to incorporate the rules, terms, and conditions of such sanitation program into the Manual and supplement such rules, terms, and conditions from time-to-time through modifications to the Manual. You acknowledge you may be responsible for some (or all) costs of this sanitation program as it applies to the Restaurant.

You will not sell any product which is adulterated, contaminated, spoiled, unsafe or otherwise unfit for human consumption. You must keep the premises clean and provide prompt and courteous service to customers. You agree to, and will take all steps as are necessary to, ensure that all of your employees treat each customer fairly and provide services in an honest, ethical, and non-discriminatory manner. You must not advertise in a deceptive, misleading, or unethical manner. Without limiting the foregoing, you agree to meet all minimum standards as we may establish from time to time in the Manual or as set forth by health and safety laws and regulations.

G. **Gift Card and Loyalty Program.** We may require you, if permitted by applicable law, to participate in a gift card or other customer-loyalty program in accordance with the provisions either set forth in the Manual or otherwise disclosed to you. In order to participate, you may be required to purchase additional equipment and pay any fees applicable to the use of that equipment. If we establish a gift-card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

H. **Staffing**. You will maintain a competent, conscientious and trained staff. You will be solely responsible for all employment decisions and functions of the Restaurant including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees. In order to protect the brand, goodwill, and reputation of the System and Marks, we may require you to replace any manager who we believe is unqualified or otherwise unsuited to hold that position; however, ultimate employment decisions are your responsibility. All personnel employed by you at the Restaurant shall maintain such standards of sanitation and cleanliness as set forth in the Manual or specified in writing by us from time to time or as set forth by health and safety laws and regulations. None of your employees will be considered to be our employees and you will never contend otherwise. You expressly agree, and will never contend otherwise, that we do not have the direct or indirect power to hire, fire or control any of your employees. Neither you nor any of your employees whose compensation you pay may in anyway, directly or indirectly, expressly or by implication, be construed to be our employees for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. You expressly agree, and will never otherwise contend, that our authority under this Agreement does not directly or indirectly vest in us the power to hire, fire or control any of your employees.

I. **Security and Safety Procedures**. You are solely responsible for taking necessary or appropriate security and safety measures to protect employees, customers, those engaging in business with you, those coming on the premises of the Restaurant and the general public at large. We do not in any way share any of that responsibility.

J. **Actual Participation**. You recognize the importance of the Principal Owner's and/or general manager's participation in the management of the Restaurant and that the Principal Owner's and/or general manager's agreement to participate in the management of the Restaurant is a material inducement for us to enter into this Agreement. Therefore, you agree that either the Principal Owner and one general manager, or two or more general managers, each having satisfactorily completed our initial training program, are required to use his or her best efforts and are personally responsible for the management of the Restaurant on a day-to-day basis. In any event, the Principal Owner is required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of the Restaurant.

Supervisory personnel, including your general manager(s), and manager(s) are required to sign an agreement regarding confidentiality and covenants not to compete which will be set forth in the Manual.

K. **Insurance**. You shall at all times maintain at your sole expense comprehensive public and product-liability insurance and motor-vehicle liability insurance for your delivery drivers against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Restaurant. The types of currently required insurance and minimum liability-protection requirements are listed below:

- Comprehensive commercial general liability (a/k/a business liability): $1,000,000 limit per occurrence and $2,000,000 general aggregate;
- Full replacement cost on tenant improvements and betterments as well as all personal property
- Business income (actual loss sustained): 12 months, including extra expense
- Employee dishonesty
- Crime
- Glass
- Outdoor Sign
- Food Spoilage
- All Risk Property Insurance covering fire, vandalism, theft, and burglary, minimum
- Business interruption insurance providing royalty and Brand Development Fund payments to Franchisor
- Hired and non-owned auto coverage, $1,000,000 per accident
- Commercial Umbrella liability (optional): not required but may be used in combination with underlying insurance policies to meet per occurrence and aggregate insurance limit requirements.

You must also maintain in force at your sole expense worker's compensation insurance in amounts required by the jurisdictions in which you operate. Regardless of the amounts set forth above, it shall be your responsibility to maintain adequate insurance coverage at all times during the Term of and after the expiration of the Term of the Franchise Agreement. You should determine, through consultation with your advisors, if additional insurance is necessary, and you recognize that any recommended levels are merely minimum requirements. For example, we also recommend that you carry Employment Practices Liability insurance.

We have the right to require you to reasonably increase the minimum liability-protection requirements annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in litigation, or other relevant changes in circumstances. All general liability and non-owned auto liability insurance policies shall name us as an additional insured and shall provide that we shall receive ten (10) days prior written notice of termination, expiration or cancellation. You shall each year provide us with a certificate or other evidence of insurance. If you fail to maintain such insurance, in addition to any other rights and remedies under this Agreement, we may procure such insurance on your behalf, and shall be entitled to reimbursement from you and to an administrative fee (payable on the first day of the policy period) equal to 10% of premiums due over the life of the policy. Nothing in this paragraph shall obligate us to obtain any insurance on your behalf.

You must obtain policies with companies that have an AM Best rating of "A" or higher. This should not be construed as a judgment by us with respect to the solvency or insolvency of any insurance carrier or company.

Regardless of the amounts set forth above, it shall be your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement. Your failure to maintain coverage shall not relieve you of any contractual responsibility or obligation or liability under this Agreement, and shall constitute a default of this Agreement. You acknowledge that no requirement for insurance contained in this Agreement constitutes advice or a representation by us that only such policies, in such amounts, are necessary or adequate to protect you from losses in connection with your business under this Agreement. Maintenance of this insurance, and your performance of your insurance obligations under this Agreement, do not relieve you of liability under the indemnification provisions of this Agreement.

L. **Inspections**. You must permit our representatives or agents and/or the representatives or agents of our Affiliates to enter the business premises with or without notice during regular business hours to inspect the Restaurant and to audit the business operations, including all books and records, for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and the conditions of sanitation and cleanliness in storage, production, handling, and serving. You also grant us permission to examine all records of any supplier from whom you have made purchases. You will keep on file and make available for our review the following documents and reports: weekly inventory sheets, deposit slips, bank statements and canceled checks, sales and purchase records, business tax returns, and such other accounting records for such periods of time as is necessary to provide appropriate documentation in the event of an audit of your business by any governmental taxing authority having jurisdiction over you.

If we determine that any condition in the Restaurant presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Restaurant until the situation is remedied to our satisfaction. Our inspections and evaluations may include up to four "mystery shopper" program visits annually throughout the term of this Agreement. The costs will be billed through to you, and you will pay them concurrently with the next regular Royalty Fee payment. If you fail an evaluation by us or by a mystery shopper or if we receive a specific customer complaint, you must pay the costs and expenses of additional subsequent "mystery shopper" visits.

Our right to approve certain matters, to inspect the Restaurant and its operation, and to enforce our rights, exists only to the extent necessary to protect our interest in the System and Marks for the benefit of us, our Affiliates and all American Kolache Restaurants. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters which are clearly reserved to you, nor will they be construed to do so. The obligations of this provision survive termination or expiration of the Term of this Agreement.

M. **Cooperation for Financial Performance Representations**. You will maintain your books and records in accordance with generally acceptable accounting principles, consistently applied. If we at any time desire to utilize a financial performance representation or similar disclosure in connection with the sale of franchises, you agree to provide us, at no cost, with such reasonable information as we may require in order to properly prepare such representation, and you will permit us to utilize such information as we deem necessary.

N. **Innovations**. All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning an American Kolache Restaurant, whether or not protectable intellectual property and whether created by or for you or your owners, affiliates, employees or representatives, 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 such item does not qualify as a "work made-for-hire" for us, you must assign, or must require your owners, affiliates, employees or representatives to assign, your or their ownership interest of such item to us. You agree to take, or direct your owners, affiliates, employees or representatives to take, whatever action required by us to document such assignment or to assist us in obtaining any and all intellectual property rights in such item.

O. **Remodeling**. We may require you to make capital expenditures to remodel the Restaurant to reflect our then current standards for American Kolache Restaurants. Compliance with these standards may be an ongoing obligation of yours, and may be a condition of our consenting to a successor franchise agreement, or our consenting to any Transfer.

P. **Financial Reports**. You will maintain and preserve for at least five years from the dates of their preparation, full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time. You will send us annual income and expense statements within 60 days of the end of your fiscal year. You will also send us reports on the 15th of every month based on the Gross Sales from the prior month. You must also send monthly profit and loss statements by the fifteenth (15th) day of the following month and any other information or reports including copies of balance sheets, copies of sales tax returns, and such other financial reports and information as we may reasonably request. However, you will not be obligated to disclose confidential tax returns if such disclosure would violate applicable state law. All reporting data will be prepared in accordance with generally accepted accounting principles, consistently applied.

Q. **Assignment by You**. You grant us an irrevocable, world-wide, royalty-free license to use your likeness or images of the Restaurant, in any manner we deem appropriate in our sole discretion, including our or our Affiliates' use on any Internet domain or website we create or through any other Internet representation we deem appropriate for the System. This provision will survive the termination or expiration of the Term of this Agreement.

R. **Computer Hardware and Software Requirements and Equipment Upgrades.** You shall equip the Restaurant with equipment, furniture, fixtures and computer equipment and use the computer software as required in the Confidential Operations Manual and which may be changed or modified from time to time. You acknowledge and understand that in the future, and from time to time, you may be required to upgrade or purchase or lease new computer hardware and software, at your sole expense. Further, you understand that we will have access to all of the data on your computer including but not limited to sales reports by category, department, menu item, inventory, cashier, lunch, dinner and hour on a daily, weekly and monthly basis. You also agree to participate in any electronic ordering system which we choice and will pay all costs associated with the system. We may pay for some, or all, of the fees associated with certain aspects of the computer hardware and/or software that you choose, or are required, to use, and collect your portion of the costs from you. If we do, we reserve the right to charge an administrative fee of up to 10% of the amount you owe.

S. **Menu Prices.** You generally have the right to establish prices for the other products and services you sell at or from your Restaurant. We may, from time to time, suggest prices for such products and services you sell. To the extent permitted by law, we do, however, have the right to modify the System to give us the right to establish prices, both minimum and maximum. Any such modification will be in writing. Unless we so modify our System, any list or schedule of prices we furnish to you is a recommendation only and any decision you make to accept or reject the suggestion will not in any way affect the relationship between you and us.

T. **Annual Meetings or Conventions**. We have the right to hold annual franchise meetings or conventions and to hold or sponsor meetings relating to new products or product preparation procedures, new operational procedures or programs, training, store management, sales or sales promotion, or other topics relevant to the operations of the Restaurant. We also have the right to require you and any appropriate representative to attend such meetings and conventions at your expense.

U. **Loyalty or Guest-Satisfaction Programs**. We may require you, if permitted by applicable law, to participate in a gift-card, guest-satisfaction, customer-loyalty or similar program in accordance with the provisions either set forth in the Manual or otherwise disclosed to you. In order to participate, you may be required to purchase additional equipment and to pay any fees applicable to the use of that equipment. If we establish a gift-card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

V. **Cobranding**. We may determine from time to time to incorporate in the System programs, products or services which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Marks and which your Restaurant, along with other businesses, will be required to offer and sell. This activity, referred to as “cobranding”, may involve changes to the Marks and may require you to make modifications to Your Restaurant’s fixtures, equipment, signs and trade dress. If you receive written notice that we are instituting a cobranding program, you agree promptly to implement that program at your American Kolache Restaurant at the earliest commercially reasonable time and to execute any and all instruments required to do so.

W. **Privacy and Data Protection**. You must: (i) comply with all applicable international, national, federal, provincial, state, or local laws, codes, or regulations that regulate the processing of information that can be used (alone or when used in combination with other information your control) to identify, locate or contact an individual or pertains in any way to an identified or identifiable individual (“Personal Information”) in any way, including, but not limited to, national data-protection laws, laws regulating marketing communications and/or electronic communications, information-security regulations and security-breach-notification rules (“Privacy Laws”); (ii) comply with all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by us that relate to Privacy Laws and the privacy and security of Personal Information; (iii) refrain from any action or inaction that could cause us to breach any Privacy Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing we deem necessary in our business judgment to keep you in compliance with the Privacy Laws; and (v) immediately report to us the theft or loss of Personal Information (other than the Personal Information of your own officers, directors, shareholders, employees or service providers). You must also comply with payment card industry (“PCI”) standards, norms, requirements, and protocols, including PCD Data Security Standards.

X. **Third Party Delivery**. You must utilize the third-party delivery services (*e.g.* Uber Eats, Grubhub, DoorDash) as required by us and may not contract with any third-party or other delivery service providers without our prior written authorization.

X. PROPRIETARY MARKS

A. **Right to Use Marks**. You acknowledge that the Marks are our valid service and/or trademarks. You recognize that valuable goodwill is attached to the Mark. Any goodwill arising out of your use of the Marks inures to the benefit of us and our Affiliates. You will use the Marks only in the manner and to the extent specifically licensed by this Agreement. We may require you to use the Marks in conjunction with other words or symbols or in an abbreviated form. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights and the rights of our Affiliates. You will ensure that all copyrighted works used bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws. It will be considered a breach of this Agreement if you use, in any unauthorized manner, adapt publish, reproduce, prepare any derivative works, distribute copies of or attempt to recreate all or a portion of such copyrighted works.

B. **Contest of Marks**. You will not directly or indirectly contest or aid in contesting the validity or ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest our and our Affiliates' rights to register, use or license others to use the Marks or the System. You will not at any time (whether during or after the Term of this Agreement) directly or indirectly infringe on our rights to or in the Marks. You agree to promptly notify us of any claim, demand or suit based upon or arising from any attempt by anyone else to use the Marks, or any colorable variation thereof. We and our Affiliates will have the sole discretion to determine if we will defend the use of the Marks, and we are not obligated to defend the Marks. We and our Affiliates have the right to control any administrative proceeding or litigation involving the Marks. You will execute any and all instruments and documents, render assistance and do such acts as may, in the opinion of our counsel, be necessary or advisable to protect our interests or the interests of our Affiliates in any such litigation or proceedings, or to otherwise protect and maintain our interest or the interest of our Affiliates in the Marks.

C. **Prohibition on Use of Name or Marks**. You will not use any of the Marks as part of your corporate name with any prefix, suffix, or other modifying words, terms, designs or symbols. You will, however, identify yourself as our franchisee, solely with the logos and marks licensed by us to you hereunder. You will not incur any obligations or indebtedness except in your name. Further, you will not use our name or Marks (or any marks or names confusingly similar to our name or Marks) as an Internet domain name or in the content of any world wide website or social media or any other media yet to be invented or discovered.

D. **Change of Marks**. We will have the right to change the Marks to be used by you at any time and for any reason we deem appropriate. Upon receipt of notice from us, you must discontinue, alter or substitute any of the Marks as we direct. If we decide that you should modify or discontinue using any of the Marks, or use one or more additional or substitute service marks or trademarks, you must comply with our directions in the time that we reasonably specify, and neither we nor any of our affiliates will have any obligation to reimburse you for the cost of complying with our directions. You will pay the costs associated with any change in the Marks we make, and you will make these changes promptly.

E. **Use of Marks on the Internet.** You acknowledge that we or our Affiliates are the lawful, rightful and sole owner of the *www.americankolache.com* Internet address (URL) or any other URL we or our Affiliates use in the future, and you unconditionally disclaim any ownership interest in that or any similar Internet address. You agree not to register any Internet address name under any Internet domain, class or category that contains the Marks or any abbreviation, acronym or variation of the Marks. We and our Affiliates retain the sole right to advertise on the Internet and create a website using any of the Marks or any variation of the Marks. We may require you, at your expense, to participate in our website on the Internet, our intranet system or extranet system or other online communications as we may require. We have the right to determine the content and use of our website and intranet or extranet system and will establish the rules under which franchisees may or must participate. Your general conduct on our website and intranet and extranet systems or other online communications (including social media) and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website and intranet or extranet system, or otherwise use the Marks or System on the Internet or other online communications, will terminate when this Agreement expires or terminates. You agree that we may provide contact information for your Restaurant on any website we or our Affiliates create. We retain the right to pre-approve your use of linking and framing between your web pages and all other websites. You will, within five days after our request, dismantle any frames and links between your web pages and any other websites.

XI. CONFIDENTIAL INFORMATION

You acknowledge that the trade secrets, information, ideas, research, methods, recipes, manuals, sales and marketing procedures, systems, improvements and copyrighted materials, etc., including the Manual, owned or developed by or licensed to us, whether or not published, confidential or suitable for registration or copyright, and the goodwill associated with them and copyrights embodied therein, are and shall remain our sole and exclusive property. This information is provided or revealed to you in trust and confidence. You will not, during the Term of this Agreement, or after any Transfer, or the termination or expiration of the Term of this Agreement, communicate or divulge to anyone, in whole or in part any such information, know-how or knowledge including ingredients, recipes, methods of preparation of food and beverage products, specifications, standards, methods, processes, procedures, improvements, sales and marketing materials, knowledge of the System and experience in operating an American Kolache Restaurant, any proprietary information contained in the Operations Manual or otherwise communicated to you in writing, verbally or through the Internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Restaurant, as well as the content of this Agreement and any other document executed in connection with this Agreement, and other information or material which we may designate as confidential ("Confidential Information"), nor will you disclose, use or divulge in whole or in part any Confidential Information, unless the information is generally known and in the public domain, and except to the extent necessary to operate the Restaurant. You will ensure that each of your employees exercises the highest degree of diligence and makes every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the Term of this Agreement.

XII. NON-COMPETITION

A. **Competing Business During the Term of this Agreement**. You acknowledge the uniqueness of the System and that we are making our knowledge, know-how and expertise available to you for the purpose of operating the Restaurant strictly and solely within the Assigned Territory. You agree that it would be an unfair method of competition for you to use or duplicate, or to allow others to use or duplicate, any of the knowledge, know-how or expertise you receive from us or our Affiliates for any reason other than for the operation of the Restaurant under this Agreement. You further recognize the importance of devoting substantial time and energy to the Restaurant. Therefore, you warrant that during the Term of this Agreement, unless you have our prior written consent, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on profits or revenues of any Competitive Business (except as a duly licensed franchisee of us, and except for a five percent or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction will cover the Assigned Territory and the assigned territory of any other American

Kolache Restaurant that is established, being constructed or subject to an executed Franchise Agreement at any time during the term of this Agreement.

B. **Non-Competition After Term**. For two (2) years after a Transfer or the termination or expiration of the Term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to, or have any interest based on profits or revenues of any Competitive Business (except for other outlets franchised from us to you or your owners, and except for a five percent or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction will cover the Assigned Territory, a five-mile-wide band around such Assigned Territory, and the assigned territory of any other American Kolache Restaurant that is established, being constructed or subject to an executed Franchise Agreement at the time this restriction begins to be enforced.

C. **Reasonableness of Restrictions**. You and any guarantor of this Agreement acknowledge and confirm that the length of the term and geographical restrictions contained in Sections XI and XII are fair and reasonable and not the result of overreaching, duress, or coercion of any kind. You acknowledge and confirm that your and their full, uninhibited, and faithful observance of each of the covenants contained in Sections XI and XII will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Sections XI and XII will not impair your or their ability to obtain employment commensurate with your or their respective abilities and on terms fully acceptable to you or them or otherwise to obtain income required for your or their comfortable support and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

D. **Enforcement**. You acknowledge that to disregard the provisions of Sections XI and XII will effectively foreclose us from selling other franchises and you could be unjustly enriched and unfairly derive benefit from the goodwill of and training you receive from us. Moreover, American Kolache Restaurants could be severely disadvantaged if you compete against them using the Marks, System or other Confidential Information. We intend to restrict your activities under Sections XI and XII of this Agreement only to the extent necessary for the protection of our and our Affiliates' legitimate business interests and the legitimate business interests of the licensees and franchisees of us and our Affiliates. In addition to any other remedies available at law or equity, we will have the right to injunctive relief for your violation or threatened violation of any covenant described in Sections XI and XII. The terms of this non-compete are assignable by us and will inure to our benefit, as well as our successors and assigns. In the event of any assignment, sale, merger or change in our ownership or structure, the resulting entity will step into our place, without any additional consent of or notice to you, as if the term "us" was defined in this Agreement to include such entity.

XIII. DEFAULT AND TERMINATION

A. **Termination By Us**.

1. **With 30 Days' Opportunity to Cure**. We may at our option, and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate the Term of this Agreement for "good cause". Without limitation as to other situations, "good cause" for termination also exists if you or any guarantor of this Agreement:

(1) Do not substantially perform any or all of the lawful terms, conditions and obligations of this Agreement, any other agreement with us or our Affiliates, or the mandatory obligations under the Manual; or

(2) Lose possession of the premises at which the Restaurant is located and fail to secure a suitable site for relocation which we consent to within three months of so losing possession; or

(3) Default under the terms of the lease for the premises; or

(4) Misrepresent Gross Sales in any report submitted to us; or

(5) Lose any permit or license which is a prerequisite to the operation of the Restaurant for a period of at least five days including but not limited to the liquor license (if alcohol or liquor is sold); or

(6) Misuse the Marks or Confidential Information, or engage in conduct which, in our opinion, reflects unfavorably upon the operation, maintenance, goodwill and/or reputation of the System; or

(7) Are adjudged bankrupt, become insolvent, or make a general assignment for the benefit of creditors (subject to paragraph XIII.A.3.(d) below); or

(8) Commit any other act which constitutes good cause under applicable state law or court decision; or

(9) Fail to keep the Restaurant open for a period of three consecutive days without justifiable cause; or

(10) Fail to pay any lawful debt or tax when due; or

(11) Make an unauthorized direct or indirect Transfer (including entering into a management arrangement with any person not a party to this Agreement).

Subject to applicable law and except as otherwise provided in this Agreement, we will give you at least 30 days' prior written notice of default (except that, if state law permits, we will have the right to terminate earlier if the "good cause" constitutes a default that is not curable). The notice will state the reason(s) for default and will provide that you have 30 days from the date of the notice to correct any claimed deficiency. If the default is corrected within this period, the notice will be void. If the default is not corrected within this period, we have the right to terminate this Agreement immediately by giving written notice thereof.

2. **<u>10 Days' Opportunity to Cure</u>**. We may also terminate the Term of this Agreement for non-payment of sums due to us or our Affiliates or suppliers; your failure to open the Restaurant for business twelve months after our acceptance of this Agreement; or your failure to immediately correct and cure a threat or danger to the public health or safety resulting from the construction, operation or maintenance of the Restaurant. Subject to applicable law and except as otherwise provided in this Agreement, if termination is based on the foregoing, we will give you at least 10 days' prior written notice of default (except that, if state law permits, we will have the right to terminate earlier if the claimed deficiency constitutes a default that is not curable). The notice will state the reason(s) for default and will provide you with at least 10 days from the date of the notice to correct any claimed deficiency. If the deficiency is corrected within this period of time, the notice will be void. If the deficiency is not corrected within this period of time, then we have the right to terminate this Agreement effective 10 days after the date we gave you notice of default.

3. **Without Notice and Without Opportunity to Cure**. Notwithstanding anything contained herein to the contrary, if state law permits, we will be permitted to terminate the Term of this Agreement immediately and without notice when the basis or grounds for termination is: (a) conviction of a felony or any other criminal misconduct that materially and adversely affects the operation, maintenance, reputation, or goodwill of the Restaurant or the System; (b) fraudulent activity that materially and adversely affects the operation, maintenance, reputation, or goodwill of the Restaurant or the System; (c) abandonment of the Restaurant; (d) your bankruptcy or insolvency or that of your guarantors; (e) your or your guarantors' failure or refusal to comply with the lawful provisions of this Agreement two or more times in any 12-month period whether or not such failures or refusals are corrected after notice; (f) your making or having made any material misrepresentation or omission in the application for this franchise; or (g) any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law. In addition, if we or any of our Affiliates issues a notice of termination with respect to any other agreement between any of our affiliates and you (or other legal entity in which you, or one of your owners with at least 25% ownership interest in you, is an owner), this will be considered a default under this Agreement and we shall have the right to terminate this Agreement upon written notice but without affording you the opportunity to cure.

B. **Termination by You.** You may terminate this Agreement only if: (i) we commit a material breach of this Agreement; (ii) you give us written notice of the breach within 30 days of the breach which notice describes the breach in reasonable detail; (iii) we fail to cure the breach, or to take reasonable steps to begin curing the breach, within 60 days after receipt of your notice; and (iv) you are in full compliance with your obligations under this Agreement. If we cannot reasonably correct the breach within this 60-day period but provide you, within this 60-day period, with reasonable evidence of our effort to correct the breach within a reasonable time period, then the cure period shall run through the end of such reasonable time period. Termination will be effective no less than 15 days after you deliver to us written notice of termination for failure to cure within the allowed period. Any attempt to terminate this Agreement without complying with this Section XIII.B. will constitute a default by you.

C. **Consequences of Termination**. Upon a Transfer or the termination or expiration of the Term of this Agreement for any reason whatsoever, all of your rights hereunder will terminate, and you will do each of the following:

1. You will cease to be our franchisee and cease to operate the Restaurant under the System and Marks. You will not thereafter directly or indirectly represent to the public that the business at the Site is or was operated or in any way connected with the System or hold yourself out as a present or former franchisee of ours at or with respect to the Site.

2. You will immediately discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of our business, any American Kolache Restaurant or the System, and return any Confidential Information or other copyrighted materials, including the Manual, to us.

3. If we request, you will assign your telephone numbers, Internet domain address, social media accounts, White and Yellow page telephone references (whether in print, digital, or other form) and other advertising to us or any of our designees, including any other American Kolache Restaurants.

4. You will pay all amounts due to us, our Affiliates, and suppliers.

5. You will cancel any assumed name registration or equivalent registration which contains the Marks or any derivation thereof and you will furnish us with evidence satisfactory to us of your compliance with this obligation within five days of the Transfer, termination, or expiration.

6. Pursuant to the Collateral Assignment of Lease, upon our request, you will assign to us any interest that you may have in any lease or sublease for the Site. We may exercise the option at or within 30 days after either (i) the termination or expiration of the Term of this Agreement, or (ii) our receipt of notice by your landlord of its intent to terminate the lease or sublease for the Site. If we exercise this option, we will have the right and are hereby empowered to take possession of the premises demised by the lease or sublease and expel you from such premises, after which you will have no further right, title or interest in the lease or sublease. In the event that we do not exercise our option to acquire the lease or sublease for the Site, you will make such modifications or alterations to the Site immediately upon the termination or expiration of the Term of this Agreement, as we may deem necessary, to distinguish the appearance of the Site from that of other American Kolache Restaurants. In the event you fail or refuse to comply with the requirements of this paragraph, we or our designees will have the right to enter upon the premises without being guilty of trespass or any other tort for the purposes of making or causing to be made the changes that may be required by this paragraph at your expense. You agree to pay us this expense upon demand.

7. You irrevocably appoint us or our nominee to be your attorney-in-fact coupled with an interest, and with power of substitution, to execute and to file for you any relevant document to transfer your telephone number or telephone listing and to cancel any name registration that contains the Marks. We have the right to file an original counterpart or a copy of this Agreement with the telephone company, landlord or any court, agency or person as written evidence of your appointment of us or our nominee to be your attorney-in-fact. A power of attorney is attached hereto as Exhibit IV.

8. You will comply with all post-term covenant obligations of this Agreement including the trade secrets, Confidential Information, non-competition and indemnification obligations.

Neither a Transfer nor the termination or expiration of the Term of this Agreement will relieve you of any of your obligations to us or our Affiliates existing at the time of such Transfer, termination or expiration, nor will it terminate your obligations that, by their nature, survive the Transfer, termination or expiration. Furthermore, the Transfer, termination or expiration will be without prejudice to our rights against you; and in the event of a termination which is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all rights and remedies available at law or in equity.

D. **Our Right to Purchase Personal Property**. After the termination or expiration of this Agreement, but not upon an approved Transfer pursuant to Section XVI.B, we shall have the right, but not the obligation, to purchase all of your equipment, inventory, supplies, and other personal property used in connection with the operation of the Restaurant. The purchase price shall be at fair market value, which shall be established (if the parties are unable to agree) by an appraisal of an independent restaurant appraiser. Within ten (10) days after an appraisal is required or appropriate under any provision hereof, we or you as the case may be, shall by written notice to the other select an appraiser. All appraisers referred to herein shall be required to be reasonably qualified and have at least three (3) years of experience in appraising restaurants. If either party fails to name an appraiser within the specified time, such party waives its right to select an appraiser and the appraiser selected by the other party shall be solely responsible for conducting the appraisal process. Each appraiser shall proceed to promptly determine the fair market value of the assets, taking into consideration any outstanding indebtedness, liabilities, liens and obligations relating to the Store. No value shall be ascribed to goodwill, going concern value, or other intangibles. Each appraiser shall deliver his appraisal to each party within sixty (60) days after such appraiser's appointment. If the difference between the two appraisals is not greater than twenty percent (20%) of the higher appraisal, then the two appraisals shall be averaged and the average price shall be used to determine the purchase price hereunder. If, however, said differential is greater than twenty percent (20%), then the two appraisers so appointed shall appoint a third appraiser who shall also have the requisite experience as set forth above; if the two appraisers cannot agree upon a third appraiser, then any party may request an arbitrator to appoint a third appraiser through the rules of the American Arbitration Association applying expedited procedures. The third appraiser so appointed shall promptly proceed to appraise the assets on the same basis as above set forth, and that prior appraisal which is closer in value to such third appraisal shall, thereupon, be the appraisal which is binding on all parties in interest hereunder. Each party shall pay the fee and expenses of the appraiser selected by such party and the fee of the third appraiser, if necessary, shall be borne equally by the parties appointing the two appraisers. We shall have thirty (30) days after the fair market value is determined as above, to exercise the rights granted hereunder, and shall thereafter have an additional thirty (30) days to pay for the property we desire to purchase. If we fail to exercise our rights within the time periods set forth above, you shall be free to otherwise sell or dispose of the property subject to restrictions set forth in Section XI.

E. **Our Operation of the Restaurant**. In order to prevent any interruption of the franchise business, which you agree would cause harm to the Restaurant and the System, if you are unable to operate the business for any reason whatsoever, you authorize us or our agents and Affiliates to operate the Restaurant for so long as we deem necessary and practical in our sole discretion. All income from the operation of the business will be kept in a separate account, and the expenses of the business, including reasonable compensation and expenses of us and our agents, will be charged to this separate account. Such compensation will include, but not be limited to, five percent of the Restaurant's Gross Sales during the period we operate the Restaurant. Such expenses will include, but not be limited to our and agents': (i) salaries; (ii) an amount equal to 20% of salaries to cover the cost of benefits; (iii) meals; (iv) lodging; (v) other living expenses; (vi) transportation costs; and (vii) other expenses arising from or connected with our operation of the Restaurant. Nothing in this paragraph requires us to operate the business in the event of your inability, and the rights described in this paragraph may be exercised or not exercised in our sole and absolute discretion. Notwithstanding this Section XIII.E to the contrary, in the event your Restaurant is financed by the United States Small Business Association ("SBA"), our operation of the Restaurant shall be limited to comply with the maximum timeframe permitted by SBA Standard Operating Procedure 70 50 3, Appendix 3e (or any successor procedure of the SBA).

XIV. SOURCES OF PRODUCTS

You are required to purchase all products, services, supplies, equipment and materials required for the operation of the Restaurant from manufacturers, suppliers, or distributors designated by us, or from other suppliers we approve who meet our specifications. In some cases, we or our affiliates may be the only approved supplier. Some products or services you will be required to buy from us or from designated suppliers will be proprietary to us. We are not obligated to reveal the recipes, specifications, formulas and/or know-how connected with these proprietary products, or the terms and conditions of any supplier or other contracts, to you, non-designated suppliers, or any other third parties. Furthermore, subject to the Manual from time to time, your Restaurant will be required to carry approximately 35 "core" kolaches (70-to-80 percent savory and 20-to-30 percent sweet) and approximately five seasonal or local specialty kolaches. A local specialty kolache is a kolache that is filled with an ingredient or product produced by another popular local restaurant or manufacturer.

Specification of a supplier may be conditioned on various requirements, including, but not limited to, those relating to quality and consistency of products and services, frequency of delivery, standards of services, prompt attention to complaints, payments, contributions, or other consideration paid to us, our Affiliates or the Brand Development Fund, and may be temporary. We may, from time-to-time withhold, condition, and/or revoke our approval of particular items or suppliers in our reasonable discretion, and our approvals may be temporary. We or our Affiliates may receive rebates, commissions, and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under this Agreement.

You may propose alternative manufacturers, suppliers, or distributors of products used in the operation of the Restaurant, although we have no obligation to approve such other manufacturers, suppliers or distributors. However, we may require your supplier to sign a confidentiality agreement acceptable to us, and we may require that samples of or from these proposed alternatives be delivered to us for testing prior to approval and use, and you must pay us a reasonable fee of $750 per alternative to defray the costs of testing. Further, all proposed manufacturers, suppliers, or distributors must agree to permit our agents or representatives to inspect their facilities regularly, both initially and from time to time as may reasonably be required by us to assure us of the proper production, processing, packaging, storing and transportation of the products, services, supplies or equipment and materials to be purchased by you. We will advise you within 45 days of our approval or disapproval of any proposed alternate sources of products, services, supplies, suppliers, materials and equipment. The foregoing will not be construed as an attempt to unreasonably limit the sources from which you may procure products, services, supplies and materials. Rather, it is our intention that such items conform to our strict standards and strict specifications as to consistent quality, uniformity and reliability. Further, we will not be required to approve an inordinate number of alternative suppliers of a given item which in our reasonable judgment would prevent our effective supervision of suppliers.

We may from time to time make available to you or require you to purchase goods, products, and/or services for use in your Restaurant on the sale of which we may make a profit. Further, we may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we are entitled to said profits and/or consideration.

XV. CONFIDENTIAL OPERATIONS MANUAL AND CHANGES

We will license to you for the duration of the Term of this Agreement a single copy of the Manual. You agree to comply with the mandatory requirements in the Manual and acknowledge your compliance is an essential part of your obligations under this Agreement. You will at all times be responsible for ensuring that your employees and all other persons under your control comply with the mandatory provisions of the Manual in all respects. The Manual constitutes a confidential trade secret of ours and will remain our property. The Manual may not be photocopied, reproduced, or disseminated without our written consent. We may modify the Manual from time to time in our discretion, and you agree that from time to time we may reasonably change the System. You expressly agree to comply with each modification, addition or deletion of the System or Manual at your sole cost and expense. You acknowledge that due to the changing nature of the restaurant business, as well as changing attitudes of customers and other factors, changes to the System or the Manual may be necessary and may involve your expenditure of substantial sums of money.

We agree to impose any of these changes in a reasonable, non-discriminatory manner among our franchisees. However, because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole discretion and as we may deem to be in the best interests of the System in any specific instance, to vary standards for any particular franchisee based upon the peculiarities of a particular territory, density of population, business potential, business practice, or other condition important to the successful operation of a particular American Kolache Restaurant. We may grant variations from standard specifications and practices as we determine in our discretion, and we will have no obligation to grant you or any other franchisee like or similar variations and our failure to require a change from any particular franchisee will not affect your obligations under this paragraph.

You will at all times insure that your copy of the Manual is kept current and up-to-date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us will be controlling.

XVI. TRANSFERABILITY

A. **By Us**. We are free to assign all of our rights and obligations under this Agreement, and upon such assignment we will be relieved of all liability under this Agreement, and all rights and obligations will accrue to our successor or assignee.

B. **By You**. The rights and duties created by this Agreement are personal to you. We have granted this franchise in reliance upon our perception of the individual and collective character, skill, attitude, and business and marketing abilities of you and your owners. Therefore, there can be no Transfer without our prior written consent. Any such consent by us will not operate as a consent to any future Transfer, and no future Transfer will be valid without our prior written consent to that specific Transfer. Any attempted Transfer in violation of this paragraph is voidable at our option. If we elect not to exercise our right of first refusal pursuant to Section XVI.D below, we will not unreasonably withhold our consent to such a Transfer, provided that the following conditions are satisfied:

1. **Governmental Compliance**. The Transfer is conducted in compliance with applicable laws and regulations.

2. **Prior Compliance**. You have performed your obligations and duties under this Agreement, and you are not in default under this Agreement, or any other agreement with us or our Affiliates.

3. **Payments**. The transferee has satisfied all of its obligations under this Agreement and all other agreements it has with us or our Affiliates or suppliers.

4. **Release**. To the extent permitted by law, you, including all your officers, directors, and owners (as well as all guarantors under this Agreement) must execute a general release, in the form we approve, of any and all claims against us, our Affiliates, and our and their respective officers, directors, employees and agents.

5. **Requirements of Transferee**. The transferee meets the established standards for new franchisees, is of good moral character, has a good credit rating, plus sufficient financial resources and demonstrable competence and qualifications to operate the business. The transferee must execute the most current Franchise Agreement for the State in which the Restaurant is located, which agreement may include different terms and conditions than this Agreement. In addition, the transferee's guarantors must sign the Guaranty and Assumption of Obligations attached to that Franchise Agreement.

6. **Transfer Fee**. We are paid a transfer fee as follows: (i) if to (a) existing member of franchisee-ownership group already approved by Franchisor; or (b) or in-coming member of franchisee-ownership group without changing majority control of ownership group: $1,500; (ii) if to franchisee's spouse, parent, or child incident to the death or disability of franchisee: no charge; (iii) if to an individual which Franchisor has approved that is new to the American Kolache franchise system, an amount equal to 75 percent of the then-current franchise fee (per franchise transferred); and (iv) if to an existing franchise

owner within the American Kolache system that is approved to purchase the Restaurant(s): an amount equal to 50 percent of the then-current franchise fee (per franchise transferred).

7. **Assumption of Liabilities**. The transferee agrees to assume all liabilities and obligations from you and your operation of the Restaurant, including the lease, and must comply with other reasonable requirements we may impose.

8. **Completion of Training**. The transferee and/or transferee's management team, including a Principal Owner and general manager, and manager (to the extent they replace pre-transfer persons in these same positions) must satisfactorily complete the initial training program.

9. **Update and Remodel Restaurant**. The transferee updates and remodels the Restaurant to comply with our then current standards for new American Kolache Restaurants.

10. **Economically Reasonable Terms**. Although we will not be required to determine the value of business upon a Transfer, if in our reasonable judgment, the purchase price or other terms of sale are not economically feasible to the proposed transferee, we can withhold our consent to such Transfer. Our consent is not, however, to be construed as an implication or warranty that the terms of the sale are in fact economically feasible. We may, in good faith, notify you and the proposed transferee, stating the reasons that we have elected to withhold our approval of the proposed Transfer.

C. **Your Death or Incapacity**. You, by will or other written instrument, may appoint a designated heir to continue operation of the Restaurant upon your death. The designated heir must meet the qualifications of Section XVI.B, including the requirement to meet our standards for new franchisees, execute the then-current form of Franchise Agreement used in the State in which the Restaurant is located and the general manager or new Principal Owner must have, or within 30 days of the date we receive notice of the designated heir's appointment will have, satisfactorily completed the initial training program; provided that no transfer fee will be charged on a Transfer pursuant to this paragraph. The Transfer to a designated heir, personal representative or conservator, as applicable, in the event of your death or legal incapacity, will not give rise to our right of first refusal as described in paragraph XVI.D below.

D. **Right of First Refusal**. Notwithstanding the foregoing sections (other than Section XVI.C), if you receive a bona fide, executed, written offer to acquire an interest in this Agreement, you or the Restaurant from a responsible, fully disclosed third-party purchaser, you must submit a copy of the offer to us. You must also provide us with any other information we request to evaluate the offer. We have the right, exercisable by delivering written notice to you within 30 days from the date of last delivery by you of the offer and any other documents we request, to acquire such interest for the price and on the terms and conditions contained in the offer, except that regardless of the terms of the offer we may substitute cash for any form of payment proposed in the offer; require you to include customary warranties and representations in the purchase agreement; and structure the transaction as an "asset purchase," rather than a "stock purchase." We will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed sale and will not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona-fide purchase price for the interest proposed to be transferred (for example, we will not be obligated to pay any earn out or other share of the profits from our operation of the Restaurant after the Transfer is completed). If we decline to exercise our right of first refusal, you will have 90 days after the earlier of our decline to exercise the right or the expiration of the right, to sell such interest to the bona fide third-party purchaser identified in, and upon the terms and conditions described in, the offer notice submitted to us, subject to compliance with Section XVI.B. In the event you fail to complete the sale of such interest to this third party on these terms within this 90-day period, you must again comply with this paragraph and give us the first right to acquire such interest prior to any sale. Our election to not exercise our right of first refusal as to any particular offer will not affect our right of first refusal as to any subsequent offer.

XVII. INDEPENDENT CONTRACTOR/INDEMNIFICATION

A. **Independent Contractor**. We and you are independent contractors, and no partnership, fiduciary, joint venture or employment relationship exists between you and us. You will conspicuously identify yourself at the premises of the Restaurant and in all dealings with the public as an independently owned business. Other than as expressly provided in this Agreement, we have no control over the terms and conditions of employment of your employees or agents or any of their activities.

We have not authorized or empowered you to use the Marks except as provided by this Agreement and you must not employ any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability of us for any indebtedness or obligation of you. Except as set forth in Section XIII.E above, neither we nor you will make any agreements or representations in the name of or on behalf of the other or that their relationship is other than franchisor and franchisee.

B. **Indemnification**. Under no circumstances will we be liable for any act, omission, debt, or other obligation of yours. You will indemnify, defend, and save harmless us and our employees, agents, officers, directors, parents, subsidiaries, affiliates, successors, and assigns (each an "Indemnitee") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs, and expenses (including legal fees and expenses) of any kind and nature whatsoever, including damages or injuries suffered by any Indemnitee, which may be imposed on, incurred by or asserted against any Indemnitee in any way arising out of the acts or omissions of you or your employees, agents, officers, directors, parents, subsidiaries, affiliates, successors, and assigns pursuant to or in connection with the operation of the Restaurant regardless of whether the Indemnitees were negligent or that this negligence was a contributing factor in any Indemnitee's liability (to the extent permitted by applicable law).

XVIII. MISCELLANEOUS PROVISIONS

A. **Dispute Resolution.**

1. **Mediation** You acknowledge that during the term of this Agreement or thereafter certain disputes may arise between the parties that the parties are unable to resolve by negotiation, but that may be resolved through mediation. To facilitate the resolution of any dispute that may arise, the parties agree that before commencing litigation, the dispute will first be submitted to non-binding mediation (the "Mediation") through the United Arbitration and Mediation Service, Midwest, or its successor, ("USA&M") in the metropolitan area in which USA&M has an office nearest our principal place of business, unless the parties mutually agree to another location. The Mediation shall be conducted under the then-current US&AM Rules, except to the extent they differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. You and we shall select the mediator from the USA&M Panel of Neutrals (unless the parties mutually agree to the selection of another mediator). If the parties cannot agree on the selection of a mediator, USA&M shall make the selection. The cost of the Mediation, including the mediator's fee and expenses, shall be split equally between you and us. All negotiations and mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties are unable to reach settlement within 90 days of submitting the matter to Mediation, the parties agree

that the dispute will be resolved according to Section XVIII.G below. During the pendency of the Mediation, this Franchise Agreement will remain in effect unless we terminate pursuant to Section XIII.A above.

2. Notwithstanding the foregoing, the obligation herein to mediate shall not be required with respect to claims relating to our trademarks, service marks, patents, copyrights, or proprietary or confidential information; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; requests by either party for temporary restraining orders, preliminary injunctions, or other proceedings in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the *status quo* or prevent irreparable injury pending resolution by mediation of the actual dispute between the parties.

B. **Waiver**. Neither our waiver of a breach or default by you, our delay or failure to exercise any right upon your breach or default, nor our acceptance of any payment from you, will be deemed a waiver, nor will it impair our rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not prevent our assertion of other defaults or breaches. We may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular American Kolache Restaurant, but the waiver in favor of any other franchisee or American Kolache Restaurant will not prevent us from enforcing the requirements against you, all other franchisees and all other American Kolache Restaurants.

C. **Severability**. If any provision of this Agreement is considered to be invalid or inoperative for any reason, that part will be deemed modified to the extent necessary to make it valid and operative, or if it cannot be modified, then severed, and the remainder of this Agreement will continue in effect as if the Agreement had been signed with the invalid portion modified or eliminated. Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion, is considered independent and severable.

D. **Entire Agreement**. This Agreement, including all Exhibits attached hereto, constitutes the entire, full and complete agreement between the parties concerning the subject matter of this Agreement, and supersedes any and all prior agreements; provided that nothing in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that was furnished to you in connection with our offer to grant you a franchise to operate the Restaurant. No amendment to this Agreement is binding unless executed in writing by both parties.

E. **Notice**. All notices required under this Agreement will be in writing and will be given: (i) if hand delivered on the day of delivery; (ii) three business days after placement in the United States Mail by registered or certified mail, postage prepaid; or (iii) the day after placement with a courier guaranteeing overnight delivery, in each case addressed to the address of your Restaurant or to your address listed under your name on the signature page of this Agreement and to the address of our main office, or at such other address as either party will specify in a notice to the other party.

F. **Construction of Language**. The language of this Agreement will be construed according to its fair meaning and not strictly for or against either party. All words used in this Agreement refer to whatever number or gender the context requires.

G. **Dispute Resolution**

1. **Governing Law**. You acknowledge that this Agreement was accepted in the State of Missouri. You acknowledge and agree that you have and will continue to develop a substantial and continuing relationship with us at our principal offices in Missouri, where our decision-making authority is

vested and franchise operations are conducted and supervised. Except to the extent that this Agreement, or any particular dispute, is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of Missouri without regard to principles of conflicts of law. If, however any provision of this Agreement would not be enforceable under the laws of Missouri, and if the Restaurant is located outside of Missouri and the provision would be enforceable under the laws of the State in which the Restaurant is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the State where the Restaurant is located.

2. **Jurisdiction.** Any controversy or claim arising out of or relating to this contract, or the breach thereof, we may institute any claim or controversy arising out of or relating to this Agreement and/or the Franchise Disclosure Document (including exhibits) in any state or federal court of general jurisdiction located nearest to our principal offices at the time the action, claim, suit or demand is made, and the guarantors of this Agreement irrevocably submit to their jurisdiction and waive any objection to the application of Missouri law or to the jurisdiction or venue in said courts. If you institute any claim or controversy arising out of or relating to this Agreement, that action must be brought in the state or federal court of general jurisdiction located nearest to our principal offices, unless that court will not accept jurisdiction over the case. To be clear, we may institute any action, notwithstanding the amount in dispute, arising out of or relating to this Agreement in any state or federal court of general jurisdiction located nearest to our principal offices at the time the action, claim, suit or demand is made, and you and each guarantor of this Agreement irrevocably submits to the jurisdiction of these courts and waive any objection to the application of Missouri law or to the jurisdiction or venue in said courts. If, subject to Section VIII.A.1(1) and Section XVIII.G.1, you institute any action arising out of or relating to this Agreement, that action must be brought in the state or federal court of general jurisdiction located nearest to our principal offices, unless that court will not accept jurisdiction over the case. If a state regulator requires an amendment to this Agreement, the amendment is attached hereto as the State Law Addendum in Exhibit V attached hereto. We will not, however, be precluded from contesting the validity, enforceability, or applicability or such regulator's required amendment in any action relating to this Agreement or to its rescission or termination.

H. **Effect**. This Agreement will be binding upon and inure to the benefit of the parties and their legal representatives, heirs, administrators, executors, successors and assigns.

I. **Remedies**. In addition to any other remedies in law or in equity to which it may be entitled, we will be entitled, without bond, to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement in the event you actually or anticipatorily breach this Agreement. If we incur attorneys' fees or other expenses in seeking enforcement of this Agreement, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' fees). No right or remedy conferred upon us is intended to be exclusive, and every right or remedy granted in this Agreement will be cumulative and in addition to any other rights or remedies available under this Agreement or otherwise. For purposes of this Agreement, a termination will include a termination for any reason, expiration, cancellation, failure to elect to enter a successor franchise, assignment, or Transfer.

J. **No Warranty**. You acknowledge that no approvals, consents, waivers, conditions, or the like, warrant your success of operating the Restaurant or the appropriateness of the particular items or matters so approved.

K. **Receipt of the Franchise Disclosure Document**. You acknowledge receipt of our franchise disclosure document along with this Agreement, at least 14 days before your execution of this Agreement or any payment by you to us. If any unilateral modifications have been made to this Agreement you acknowledge that you have had at least seven days to review them.

L. **Joint and Several Liability**. If you are comprised of two or more persons, the obligations and liabilities to us of each of these persons will be joint and several.

M. **Time is of the Essence**. Time is of the essence of this Agreement.

N. **Survival**. Your obligations regarding Confidential Information, trade secrets, non-competition, indemnification, your accrued obligations to us (monetary or otherwise) and any other terms or conditions which by their nature will survive a Transfer and the termination or expiration of the Term of this Agreement.

O. **Limitation on Liens**. You will not grant a security interest, pledge, or place a lien upon your interest in this Agreement or in the Restaurant or in the furniture, fixtures, or equipment used in the business, except that you will be permitted to grant a security interest in such furniture, fixtures, and equipment to secure your obligation to the seller of, or lender of funds used for the purchase of, such furniture, fixtures, and equipment.

P. **Day-to-Day Control**. You have the sole right and responsibility for the manner and means by which the day-to-day operation of the Restaurant is determined and conducted and for achieving your business objectives. Subject to any approval, inspection and enforcement rights reserved to us in this Agreement, this right and responsibility possessed by you includes the employment, supervision, setting the conditions of employment and discharge for your employees, daily maintenance, safety concerns, and the achievement of conformity with the System.

Q. **Right to Subcontract**. We will have the right to subcontract the performance of any of our obligations pursuant to this Agreement to any of our Affiliates or any other third party designee.

R. **Enforcement Fees.** If any civil action or other legal proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees, sales-and-use taxes, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, taxes, costs and expenses, expert witness fees, appellate, bankruptcy and post judgment proceedings), incurred in that civil action or legal proceeding, in addition to any other relief to which such party or parties may be entitled. Attorneys' fees shall include, without limitation, paralegal fees, investigative fees, administrative costs, sales-and-use taxes, and all other charges billed by the attorney to the prevailing party.

S. **Anti-Terrorism Provision**. You and each Principal Owner represent and warrant to us that: (a) neither you nor any Principal Owner is named, either directly or by an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control currently located at www.treas.gov/offices/enforcement/ofac/ ; (b) you and each Principal Owner will take no action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering and against facilitating or supporting persons or entities who conspire to commit acts of terror against any person or entity, including as prohibited by the U.S. Patriot Act (currently located at http://www.epic.org/privacy/terrorism/hr3162.html), U.S. Executive Order 13244 (currently located at http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html) or any similar laws; and (c) you and each Principal Owner shall immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading.

T. **Reasonable Business Judgment**. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise reasonable business judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally.

XIX. YOUR WARRANTIES AND REPRESENTATIONS

A. You and your guarantors have been advised to make an independent investigation of our operations. We have not and do not represent that you can expect to attain a specific level of sales, profits or earnings. You and your guarantors have been advised to obtain independent professional and legal advice regarding this franchise. You and your guarantors understand that it may sustain losses as a result of the operation or the closing of the business. You and your guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on your skills, abilities, initiative, and hard work.

B. You and your guarantors represent and warrant that the execution, delivery, and performance of this Agreement by you and the Guarantee and Assumption of Obligations by the guarantors do not and will not violate, conflict with or result in the breach of any term, condition, or provision of any contract or agreement, or require the consent of any other person or entity.

C. Under applicable U.S. Law, including without limitation Executive Order 1224, signed on September 23, 2001 (the "Order"), you are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in acts of terrorism as defined in the Order. Accordingly, you do not and hereafter will not engage in any terrorist activity. In addition, you are not affiliated with and do not support any individual or entity engaged in, contemplating or supporting terrorist activity. You are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

XX. CAVEAT

THE SUCCESS OF THE RESTAURANT IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. WE DO NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE RESTAURANT AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATION OR WARRANTY ON OUR BEHALF.

YOU UNDERSTAND AND AGREE THAT WE HAVE NO OBLIGATION TO ACCEPT YOUR APPLICATION AND MAY REFUSE TO GRANT YOU A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR OUR DECISION. YOU ACKNOWLEDGE THAT UNLESS AND UNTIL WE SIGN THIS AGREEMENT, THE FRANCHISE HAS NOT BEEN GRANTED, YOU ARE NOT A FRANCHISEE OF OURS AND YOU MAY NOT RELY UPON BECOMING A FRANCHISEE OF OURS.

XXI. NON-LIABILITY OF OUR AFFILIATES

We are the only company obligated to you under this Agreement. You may not look to any Affiliate of ours, or related companies, other business entities or individuals for performance of this Agreement.

XXII. LIMITATION OF LEGAL ACTIONS

A. **IN NO EVENT WILL WE BE LIABLE TO YOU FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE, OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU.**

B. **THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.**

C. **ANY DISAGREEMENT BETWEEN YOU AND US (AND OUR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND YOU WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.**

D. **YOU WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU, UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.**

XXIII. PRIORITY OF DOCUMENTS.

In the event of a contradiction or ambiguity between this Agreement and any Multi-Unit Development Agreement executed by the parties, the provisions of this Agreement will control with respect to the Restaurant which is the subject of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below their names.

FRANCHISOR: AMERICAN KOLACHE, INC.	FRANCHISEE: ____________________
By: ____________________ Name: ____________________ Title: ____________________ Date: ____________________	By: ____________________ Name: ____________________ Title: ____________________ Date: ____________________
Address: 14786 Manchester Road Ballwin, MO 63011 (314) 229-1959 Attn: Russell Clark	Address: __________ __________

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement"), by AMERICAN KOLACHE, INC. f/k/a AMERICAN KOLACHE, LLC ("AK") in favor of ___________________________, a _________________________ ("FRANCHISEE"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally guarantees to AK, its Affiliates (as hereinafter defined), and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement, that FRANCHISEE will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement. The GUARANTORS each agree to be personally and unconditionally bound by each and every undertaking, agreement, and covenant set forth in the Agreement, including, the restrictive covenants and non-disclosure provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Marks and Transfer to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned will survive any expiration or termination of the Term of the Agreement or this Guaranty and Assumption of Obligations. The GUARANTORS further hereby personally and unconditionally guarantee all debts and obligations FRANCHISEE incur to AK, its successors, assigns, affiliated entities, parent corporations, and subsidiaries ("Affiliates"), as the case may be, as a result of any obligations under the Agreement and as a result of purchases of products or services from AK and its Affiliates. Each of the undersigned waives:

(1) acceptance and notice of acceptance by AK or Affiliates of the foregoing undertakings;

(2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

(3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

(4) any right the undersigned may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability;

(5) all rights to payments and claims for reimbursement or subrogation which any of the GUARANTORS may have against the FRANCHISEE arising as a result of the GUARANTORS' execution of and performance under this Guaranty and Assumption of Obligations; and

(6) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

Each of the undersigned consents and agrees that:

(1) his or her direct and immediate liability under this Guaranty of Assumption of Obligations will be joint and several;

(2) he or she will render any payment or performance required under the Agreement upon demand if the FRANCHISEE fails or refuses punctually to do so;

(3) such liability will not be contingent upon or conditioned upon pursuit by AK or Affiliates of any remedies against the FRANCHISEE or any other person; and

(4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit, or the indulgence which AK or Affiliates may from time to time grant to the FRANCHISEE or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty and Assumption of Obligations, which will be continuing and irrevocable during the term of the Agreement.

If AK or any of the Affiliates are required to enforce this Guaranty and Assumption of Obligations in any judicial proceeding or appeal thereof, the GUARANTORS will reimburse AK and Affiliates for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney-assistants', 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 written demand, claim, action, hearing or proceeding to enforce this Guaranty and Assumption of Obligations.

The undersigned GUARANTORS hereby consents to the applicability of the venue, governing law and jurisdiction provision in the Agreement to this Guaranty and Assumption of Obligations.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name: ________________________
Signature: ________________________
Date: ____________________________
Address: __________________________
____

Print Name: ______________________
Signature: ________________________
Date: ____________________________
Address: __________________________
____

EXHIBIT I

ASSIGNED TERRITORY

Your Restaurant will be located at:

Your Assigned Territory will be:

EXHIBIT II

LEASE PROVISIONS

Any lease executed by you for the operation of the Restaurant will contain the following provisions or an addendum to the lease as follows.

ADDENDUM TO LEASE

This Addendum to Lease ("Addendum") entered into this _____ day of ________, 20____, by and between _____________________ ("FRANCHISEE") and ____________________________ ("LANDLORD") for the premises located at __________________________;

WHEREAS, FRANCHISEE has executed a Franchise Agreement ("Franchise Agreement") with AMERICAN KOLACHE, INC. ("AK"), and as part of said Franchise Agreement, the lease ("Lease") for the franchised American Kolache Restaurant ("Restaurant") must contain certain provisions; and

WHEREAS, LANDLORD and FRANCHISEE agree that the terms contained herein will be applicable to the Lease, notwithstanding anything contained in the Lease to the contrary;

NOW, therefore, in consideration of the mutual promises contained herein and the execution of the Lease, which execution is made simultaneously with this Addendum, LANDLORD and FRANCHISEE hereby agree as follows:

1. LANDLORD agrees that FRANCHISEE will not otherwise assign the Lease or renew, amend, or extend the term of the Lease without the prior written consent of AK.

2. LANDLORD agrees to furnish AK with copies of any and all letters and notices sent to FRANCHISEE pertaining to the Lease at the same time that such letters and notices are sent to FRANCHISEE. LANDLORD further agrees that, if it intends to terminate the Lease, the LANDLORD will give AK 30 days advance written notice of such intent, specifying in such notice all defaults that are the case of the proposed termination. AK will have after the expiration of the period during which FRANCHISEE may cure such default, an additional 15 days (or if there is no cure period, at least 15 days) to cure, at its sole option, any such defaults. AK, or an affiliate of AK, will have the right, but not obligation, upon giving written notice of its election to FRANCHISEE and LANDLORD, to cure the breach and succeed to FRANCHISEE's rights under the Lease, and any renewals or extensions thereof.

3. Upon default, expiration or termination of the Franchise Agreement or the Lease, and upon notice to LANDLORD, AK or its designee will have the option, without however any obligation, to assume the FRANCHISEE'S obligations under the Lease, on the same terms and conditions available to the FRANCHISEE. Further, if FRANCHISEE or any other party with an interest in FRANCHISEE transfers to AK or another party all of its or their interest in the Franchise Agreement, the FRANCHISEE or the Restaurant, the transferee will have the right to assume the Lease on the same terms and conditions as are contained in the Lease.

4. AK will have the right to enter the premises to make any reasonable modification or reasonable alteration necessary to protect AK's interest in its proprietary marks. LANDLORD agrees that in such event AK will not be liable for trespass or any other crime or tort. Further, AK or its designated agents will be permitted to enter the leased premises for purposes of making inspections in accordance with the terms of the Franchise Agreement.

5. FRANCHISEE may assign to AK all of its rights of further assignment at any time if the LANDLORD is given reasonable notice thereof. Such an assignment will be effective only if accepted in writing by AK.

6. Upon request of AK, the LANDLORD will provide AK with copies of all reports, information, or data in LANDLORD's possession with respect to sales made from the leased premises.

7. Copies of any and all notices pertaining to the Lease will also be sent to AK at the following address, or at such other address as may be designated by AK in writing:

American Kolache, Inc.
14786 Manchester Road
Ballwin, MO 63011
Attn: Russell Clark

8. AK will be a third-party beneficiary of this Addendum and has the right independently of FRANCHISEE to enforce all of its rights hereunder.

9. To the extent of any conflict between the terms and conditions of this Addendum to Lease and the Lease, this Addendum will govern.

FRANCHISEE:	LANDLORD
______________________________	______________________________
By:___________________________	By:___________________________

EXHIBIT III

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, ____________________, a __________________________ ("Assignor"), hereby assigns, transfers and sets over unto AMERICAN KOLACHE, INC., a Missouri corporation ("Assignee") all of Assignor's right, title, and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (the "Lease"), respecting the premises commonly known as _______________________________. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or a default or expiration under the Franchise Agreement by and between Assignor and Assignee for an American Kolache Restaurant (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its affiliates, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title, or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any successor franchise agreement, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact, coupled with an interest, to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension of renewal.

Assignee: AMERICAN KOLACHE, INC.	Assignor: ______________________
By: _____________________________	By: _____________________________
Name: ___________________________	Name: ___________________________
Title: ____________________________	Title: ____________________________
Date: ____________________________	Date: ____________________________
Address: 14786 Manchester Road Ballwin, MO 63011 (314) 229-1959 Attn: Russell Clark	Address: _________________________ _________________________________

EXHIBIT IV

IRREVOCABLE POWER OF ATTORNEY

That ___________________________ ("FRANCHISEE") does hereby irrevocably constitute and appoint AMERICAN KOLACHE, INC. ("AK"), FRANCHISEE'S true and lawful attorney-in-fact and agent for FRANCHISEE and in FRANCHISEE'S name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of AK, shall be necessary or advisable for the sole purpose of assigning to AK all of FRANCHISEE'S right, title and interest in and to any and all telephone numbers used in connection with the American Kolache Restaurant operated by FRANCHISEE (the "Restaurant") and all related Yellow Pages, White Pages (whether in print, digital, or other form) and other business listings, including, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services to FRANCHISEE, and to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record, and file all such agreements, certificates, instruments and documents as, in the sole discretion of AK, shall be necessary or advisable for the sole purpose of assigning to AK all of FRANCHISEE'S right, title and interest in and to any Internet and website pages, name and domain name listings and registrations, and social media accounts that contain the Marks, or any of them, in whole or in part, hereby granting unto AK full power and authority to do and perform any and all acts and things which, in the sole discretion of AK, are necessary or advisable to be done as fully to all intents and purposes as FRANCHISEE might or could itself do, and hereby ratifying and confirming all that AK may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether FRANCHISEE has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with AK shall be required to ascertain the authority of AK, nor be responsible in any way for the proper application of funds or property paid or delivered to AK. Any person, firm or corporation dealing with AK shall be fully protected in acting and relying upon a certificate of AK that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and FRANCHISEE shall not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of FRANCHISEE by AK shall be deemed to include such a certificate on the part of AK, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney shall terminate two years following the expiration or termination of that certain Franchise Agreement dated of even date herewith by and between AK and FRANCHISEE. Such termination, however, shall not affect the validity of any act or deed that AK may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with an interest and such Power of Attorney shall not be affected by the subsequent disability or incapacity of the principal.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned has executed this Irrevocable Power of Attorney as of the ____ day of __________, 20____.

FRANCHISEE:

____

By:__________________________________

Name:________________________________

Title:_________________________________

THE STATE OF _____________________)
)
COUNTY OF ________________________)

BEFORE ME, the undersigned authority, on this day personally appeared ____________________ of ________________________, known to me to the person whose name is subscribed to the foregoing instrument, who acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the ____ day of______________, 20___.

____

Notary Public

My Commission Expires:

____

EXHIBIT V

STATE LAW ADDENDA

[Insert State Addendum here, if applicable]

EXHIBIT VI
TO THE FRANCHISE AGREEMENT

ASSIGNMENT OF TELEPHONE NUMBERS, FACSIMILE NUMBERS, EMAIL ADDRESSES, URLS, AND SOCIAL MEDIA ACCESS CREDENTIALS; SPECIAL POWER OF ATTORNEY

1. _________________________ [Your legal name] ("**you**"), to induce AMERICAN KOLACHE, INC. ("**we** or **us**") to grant you a franchise, hereby assign to us all telephone numbers, facsimile numbers, email addresses, URLs and online and social-media resources and access credentials, where you advertise, publicize, or otherwise make yourself known to customers or the public in the operation of an American Kolache® Restaurant, both now and in the future, in the Assigned Territory where the American Kolache® Restaurant is operated.

2. This assignment will automatically become effective immediately upon issuance of a notice of termination (meaning termination, expiration, or nonrenewal of your Franchise Agreement) for your American Kolache® Restaurant. When the term of your Franchise Agreement is terminated, you agree to do whatever is necessary to cause the companies providing service to your American Kolache® Restaurant to promptly transfer your telephone number(s), facsimile number(s), email address(es), URL(s), online and social media resources and associated directory and any other listings to us or our designee.

3. You agree to pay such service providers, on or before the date when the term of your Franchise Agreement is terminated, all amounts you owe them in connection with the service, account, listing, directory, resources, or directories as the case may be. You further agree to indemnify us for any amounts, obligations, or expenses, including legal fees that we must pay the service providers before the service providers will carry out this assignment.

4. You appoint us as your attorney-in-fact to sign any documents and do anything(s) necessary to carry out this assignment if you fail to sign or to do them within three (3) business days after the date of a notice of termination or other expiration or termination of the term of your Franchise Agreement. You further agree to indemnify us for any expenses, including reasonable attorneys' fees, that we incur which would not have been incurred if you had performed as promised under this assignment.

Dated: ______________________

____

By:____

Name: _______________________________________

Its:____

EXHIBIT VII
TO THE FRANCHISE AGREEMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, AMERICAN KOLACHE, INC. (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of an American Kolache® Restaurant. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit and schedule attached to it? Yes __ No ____

2. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "FDD") that Franchisor provided to you? Yes __ No ____

3. Did you sign a receipt for the FDD indicating the date you received it? Yes __ No ____

4. Date on which you received the FDD and related Exhibits explaining the American Kolache® Restaurant Franchise. ________________, 20___.
(month, day)

5. Date on which you received a completed copy, other than signatures, of the Franchise Agreement.
________________, 20___.
(month, day)

6. Date on which you signed the Franchise Agreement. ________________, 20___
(month, day)

7. Name of salesperson(s) handling this sale for the Franchisor or any persons associated with the Franchisor with whom you had significant contact throughout the sales process (such as assisting you in completing forms or applications or engaging in ongoing or substantial conversation with you).
____

8. Were you given the opportunity to discuss the benefits and risks of operating an American Kolache® Restaurant with an attorney, accountant or other professional advisor, and do you understand those risks? Yes __ No ____

9. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors? Yes __ No ____

10. Do you agree that no employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn or what any of Franchisor's franchisees or company-owned or affiliate-owned businesses earn in operating the business other than what is discussed in Item 19 of the FDD? Yes __ No ____

11. Do you agree that no employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the business? Yes __ No ____

12. Do you agree that no employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD? Yes __ No ____

13. Do you understand that the Franchisor is not giving any legal or insurance advice regarding the operation and structure, etc. of the business and you are relying on your own independent counsel with respect to legal and insurance matters? Yes _____ No ______

14. Do you understand that the Franchise Agreement and its attachments, if applicable contain the entire agreement between the Franchisor and you concerning the American Kolache franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or Development Agreement will not be binding? Yes_____ No _____

15. Do you understand that the Franchisor is relying on your answers to the questions in this questionnaire? Yes____ No____

If you answered "No" to any question above, please explain your response(s) below:

____

____

* * *

Please understand that your responses to these questions are important to the Franchisor and that it will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. You are also representing that you have reviewed all of these questions and the answers with the other owners of the business and any of your representatives who had discussions with the Franchisor or any of its officers, agents, or employees. The responses from those people are also included by you above.

Dated on _________________, 20___.

FRANCHISE APPLICANTS

Signature: _______________________

EXHIBIT VIII

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

In consideration of my employment in a supervisory capacity by ____________________________ ("Franchisee"), a franchisee of AMERICAN KOLACHE, INC. ("Franchisor"), I agree that:

1. I will not use the American Kolache® Restaurant franchise system or engage directly or indirectly as an owner, employee, proprietor, stockholder, partner, director, officer, agent, or in any other capacity, in any other business which is identical with or similar to the business of an American Kolache® Restaurant, during the term of my employment.

2. After termination or expiration of my employment, I will not be directly or indirectly be associated individually or as an employee, proprietor, stockholder, partner, agent or officer with or in the operation of any restaurant that derives more than 25% of its Gross Sales for food items from the sale of pastry food items within a radius of five (5) miles of this American Kolache® Restaurant, any existing American Kolache® Restaurant, or a location subject to a signed Franchise Agreement (whether such restaurant is owned by Franchisor, an affiliate of Franchisor, or another franchisee), for a period of two (2) years, following the termination date or the entry of final order of a Court of competent jurisdiction enforcing this covenant, whichever is later.

3. I will not, during the term of my employment, or after termination, communicate or divulge to anyone, any information or knowledge concerning the products, services, standards, procedures, techniques, and other information or material which Franchisor or Franchisee may designate as confidential, nor shall I disclose, use or divulge in whole or in part any trade secrets, recipes, or operating procedures of Franchisor or its affiliates, unless such information is generally known and in the public domain.

4. Should any provision of this Agreement be construed or declared invalid, such decision shall not affect the validity of any remaining portion which shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. If any restriction contained in this Agreement is deemed too broad to be capable of enforcement, a court of competent jurisdiction is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement. All covenants contained in this Agreement, including but not limited to those relating to non-competition, shall be interpreted and applied consistent with the requirements of reasonableness and equity.

5. This Agreement may be enforced by Franchisor, its successor, or Franchisee and I understand that it is intended to protect the legitimate business interests of Franchisor, its successors, its franchisees, and Franchisee. If suit is brought to enforce this Agreement, I agree to pay reasonable attorney's fees and expenses incurred by the party bringing the suit.

By:_____________________________________
Print Name: _______________________
Date:____________________________________

EXHIBIT B
MULTI-UNIT DEVELOPMENT AGREEMENT

AMERICAN KOLACHE, INC.
MULTI-UNIT DEVELOPMENT AGREEMENT

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MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT, made on this _____ day of __________, 20__, by and between **AMERICAN KOLACHE, INC. f/k/a AMERICAN KOLACHE, LLC**, a Missouri corporation (hereinafter "FRANCHISOR," "we" or "us"), and ___________________________, a _____________ (hereinafter "MULTI-UNIT DEVELOPER").

WHEREAS, FRANCHISOR is engaged in the business of franchising American Kolache Restaurants (under the Marks and System as more fully described in the Franchise Agreement, which is attached hereto and incorporated by reference hereto as Attachment A (the "Franchise Agreement")); and

WHEREAS, MULTI-UNIT DEVELOPER is aware of the benefit derived from being identified with and franchised by FRANCHISOR in order to utilize the Marks and System more fully described in said Franchise Agreement; and

WHEREAS, MULTI-UNIT DEVELOPER has on this date executed a Franchise Agreement pertaining to the first American Kolache Restaurant (hereinafter "First Unit"), which MULTI-UNIT DEVELOPER agrees to open within the time specified in the Franchise Agreement; and

WHEREAS, MULTI-UNIT DEVELOPER desires to obtain multi-unit development rights to establish and operate a minimum of _____________ (_____________) additional American Kolache Restaurants ("Subsequent Units") from FRANCHISOR within a specific geographical area and in accordance with a specific time schedule as set forth herein (the "Development Schedule"); and

WHEREAS, MULTI-UNIT DEVELOPER represents that it has sufficient financial capabilities and expertise to properly develop, establish, and operate the proposed franchise units contemplated by this Multi-Unit Development Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

I. TERRITORIAL EXCLUSIVITY

A. **Development Territory.** In accordance with and subject to the terms and conditions as hereinafter set forth in this Agreement, FRANCHISOR hereby grants to the MULTI-UNIT DEVELOPER and MULTI-UNIT DEVELOPER accepts the exclusive right ("Multi-Unit Development Rights"), during the term hereof, to establish and operate franchise units of American Kolache Restaurants (each referred to as a "Unit") in the development territory which is set forth as follows:

____

____

(the "Development Territory"). So long as MULTI-UNIT DEVELOPER is not in default under this Agreement or any other agreement with FRANCHISOR or "Affiliates," FRANCHISOR shall not operate or grant a franchise to any other person to operate an American Kolache Restaurant within the Development Territory. "Affiliates" means individually or collectively, any and all entities controlling, controlled by, or under common ownership with us. Until the termination or expiration of the term of this Agreement or the transfer of this Agreement, MULTI-UNIT DEVELOPER will retain these rights so long as MULTI-UNIT DEVELOPER complies with the Development Schedule (as defined below). If MULTI-UNIT DEVELOPER fails to meet any of its obligations under this Agreement, including but not limited to the Development Schedule, or breaches any Franchise Agreement executed by MULTI-UNIT DEVELOPER and FRANCHISOR, FRANCHISOR has the right to terminate this Agreement along with MULTI-UNIT DEVELOPER'S right to develop American Kolache Restaurants within the Development Territory, however this will not terminate any rights granted under the individual Franchise Agreements in which MULTI-UNIT DEVELOPER is in compliance. After the expiration or termination of the term of this Agreement, FRANCHISOR may own, operate, franchise, or license others to operate additional Units anywhere, without restriction including within the Development Territory, except within any Development Territory under any Franchise Agreement(s) which remain in effect.

B. **Rights Retained in Development Territory.** FRANCHISOR, on behalf of itself and its Affiliates, reserves all rights not specifically granted to MULTI-UNIT DEVELOPER pursuant to this Agreement, all without compensation to MULTI-UNIT DEVELOPER, including the following:

1. FRANCHISOR and its Affiliates may own or operate, or license or franchise others to own or operate, American Kolache Restaurants anywhere outside of the Development Territory and within Non-Traditional Locations within and outside of the Development Territory. "Non-Traditional Location" means a special type of franchise location other than a traditional restaurant, in a captive market type location, including, but not limited to, a transportation facility, a sporting facility including race tracks, an educational facility or similar buildings on college or university campuses, a shopping mall, an outlet mall, a service station, a museum, convention center, a gas station or convenience stores, military bases, hospital, rest stops, theme parks, venues in which foodservice is or may be provided by a master concessionaire or contract food service provider, casinos, or food service facilities primarily identified by a third party's trademark.

2. FRANCHISOR and its Affiliates are allowed to own, open, franchise, operate, and/or manage any businesses or any type of restaurant within the Development Territory or outside of the Development Territory under trademarks or service marks different than the Marks.

3. FRANCHISOR and its Affiliates are allowed to own, open, franchise, operate, and/or manage any business or any restaurant within the Development Territory or outside of the Development Territory under systems that are different than the System.

4. FRANCHISOR and its Affiliates may develop, merchandise, sell, and license others to sell products bearing the Marks through other channels of distribution such as grocery stores, the Internet, print catalogues, direct-marketing media and any other outlets within the Development Territory or outside of the Development Territory, and FRANCHISOR may promote products bearing the Marks at special events, athletic contests, etc., through temporary locations and mobile units.

5. FRANCHISOR and its Affiliates have the right, now or in the future, to purchase, merge with, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise, or license those businesses and/or facilities as American Kolache franchises operating under the Marks or any other trademarks or service marks following FRANCHISOR'S purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which MULTI-UNIT DEVELOPER acknowledge may be within MULTI-UNIT DEVELOPER'S Development Territory or close to MULTI-UNIT DEVELOPER'S Development Territory or any of MULTI-UNIT DEVELOPER'S sites).

6. FRANCHISOR and its Affiliates may sell itself, its assets, its proprietary marks, the Marks, its systems, and/or the System to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

7. With regard to any of the above transactions identified in Sections I.C.1 through I.C.6 above, inclusive, MULTI-UNIT DEVELOPER expressly and specifically waives any claims, demands or damages arising from or related to the loss of FRANCHISOR'S name, the Marks (or any variation thereof), the System and/or the loss of being identified as a MULTI-UNIT DEVELOPER under this Agreement.

II. MULTI-UNIT DEVELOPER'S DEVELOPMENT OBLIGATIONS

A. **Development Schedule.** MULTI-UNIT DEVELOPER shall equip, open, and operate within the Development Territory the number of Units as are described in Section IV.A below, within the time periods set forth in the Development attached to this Agreement as Attachment B.

B. **Initial Franchise Fee.** The Initial Franchise Fee will be an amount equal to $39,000 for the First Unit, and $25,000 for each Subsequent Unit. MULTI-UNIT DEVELOPER must, in accordance with the time set forth in the Development Schedule pay the balance of the Initial Franchise Fee due for each of the Subsequent Units and execute the then-current form of the Franchise Agreement. MULTI-UNIT DEVELOPER must open each Unit within the time set forth in the Franchise Agreement for such Unit and as set forth in the Development Schedule. MULTI-UNIT DEVELOPER will at all times faithfully and diligently comply with the obligations imposed by this Agreement and under the Franchise Agreement for each Unit.

C. **Time of Essence/Force Majeure.** MULTI-UNIT DEVELOPER'S timely performance pursuant to this Agreement and the Franchise Agreement for each Unit is of material importance and is considered to be of the essence. Should MULTI-UNIT DEVELOPER be unable to meet the Development Schedule solely as the result of strikes, material shortages, fires, floods, earthquakes, and other acts of God, or as a result of any legal disability of FRANCHISOR to deliver a Franchise Disclosure Document, which result in the inability of MULTI-UNIT DEVELOPER to operate Units in the Development Territory ("Force Majeure"), and which MULTI-UNIT DEVELOPER could not by the exercise of due diligence have avoided, the Development Schedule shall be extended by the amount of time during which such Force Majeure shall exist.

III. TERM

This term of this Agreement shall commence upon the date of its full execution and payment by MULTI-UNIT DEVELOPER of the amount due under Section IV.A. below. Unless terminated earlier in accordance with the terms of this Agreement, the term of this Agreement and all Multi-Unit Development Rights granted hereunder shall expire on the earlier of: (i) the opening of the last Unit listed in the Development Schedule set forth in Attachment B or (ii) the expiration date set forth in Attachment B. There is no right to renew the term of this Agreement.

IV. MULTI-UNIT DEVELOPMENT FEE

A. **Multi-Unit Development Fee.** This Agreement comprises _____ Units. The initial franchise fee is equal to $39,000 for the First Unit and $25,000 for each Subsequent Unit. In exchange for the Multi-Unit Development Rights granted under this Agreement, MULTI-UNIT DEVELOPER shall pay to FRANCHISOR upon execution of this Agreement a fee ("Development Fee") equal to (i) $39,000 plus (ii) $25,000 times the total number of Subsequent Units you agree to develop. So, for example, the Development Fee for a 3-Unit Agreement would be $89,000 ($39,000 + $25,000 + $25,000). The Development Fee will be fully earned when paid and will not be refundable under any circumstances. However, $39,000 of the Development Fee will be credited against the Initial Franchise Fee for the First Unit when the Franchise Agreement with respect to that First Unit is executed. Thereafter, $25,000 of the Development Fee will be credited against the Initial Franchise Fee for each Subsequent Unit at the time the

Franchise Agreement with respect to that Subsequent Unit is executed. To be clear, the total of all credits will not exceed the total amount of the Multi-Unit Development Fee.

B. **Refunds.** MULTI-UNIT DEVELOPER recognizes that FRANCHISOR has incurred administrative and other expenses in relation to this Agreement, and that development opportunities have been lost or curtailed as a result of the exclusivity granted herein. Therefore, no part of the Development Fee is refundable, even if MULTI-UNIT DEVELOPER fails to proceed with the development of Units pursuant to this Agreement.

V. FRANCHISE AGREEMENT

A. **Execution of the Franchise Agreement.** Within the times specified in Development Schedule set forth in Attachment B, MULTI-UNIT DEVELOPER must execute FRANCHISOR'S then-current standard form Franchise Agreement for each Subsequent Unit and pay the balance of the Initial Franchise Fee as set forth in Section II.A; provided, however, the Royalty Fee (as that term is defined in the Franchise Agreement) will be at the same rate as in the standard Franchise Agreement at the time this Agreement is signed. Notwithstanding anything contained herein to the contrary, MULTI-UNIT DEVELOPER will not be required to sign a Franchise Agreement until such time as any applicable waiting periods prescribed by law have expired.

B. **Compliance.** After execution of a Franchise Agreement, MULTI-UNIT DEVELOPER agrees to fully comply with all the terms contained therein, including but not limited to payment of all fees, assessments, and other charges in a timely manner. MULTI-UNIT DEVELOPER SHALL ACQUIRE NO RIGHTS AS A FRANCHISEE FOR A PARTICULAR UNIT UNTIL A FRANCHISE AGREEMENT HAS BEEN SIGNED BY MULTI-UNIT DEVELOPER AND FRANCHISOR AND ANY BALANCE OF THE RELEVANT INITIAL FRANCHISE FEE HAS BEEN PAID IN FULL.

C. **FRANCHISOR'S Discretion.** MULTI-UNIT DEVELOPER acknowledges that all Units must be developed and operated in accordance with FRANCHISOR'S standards as they may exist from time to time. Therefore, MULTI-UNIT DEVELOPER agrees and recognizes that FRANCHISOR may refuse to grant a Franchise Agreement for a Subsequent Unit if FRANCHISOR believes, in its reasonable judgment, that MULTI-UNIT DEVELOPER does not have sufficient financial resources or other ability (including, but not limited to, experience, character, skill, aptitude, attitude, and business acumen sufficient to operate multiple locations) to properly develop and operate the proposed Subsequent Unit. FRANCHISOR shall take into account, among other things, MULTI-UNIT DEVELOPER'S past performance and financial success of MULTI-UNIT DEVELOPER'S then existing franchised Units. In order to assist FRANCHISOR in making such a determination, MULTI-UNIT DEVELOPER shall provide FRANCHISOR, upon request, such financial and other information regarding its existing Unit(s) and the proposed Subsequent Unit. FRANCHISOR'S approval, however, shall not be deemed a warranty of MULTI-UNIT DEVELOPER'S financial or other ability to develop and operate the proposed Subsequent Unit(s).

D. **Marks.** MULTI-UNIT DEVELOPER acknowledges that FRANCHISOR is not granting MULTI-UNIT DEVELOPER any right to use the Marks under this Agreement. Any rights MULTI-UNIT DEVELOPER receives regarding the use of the Marks arises from the Franchise Agreement MULTI-UNIT DEVELOPER signed or will sign and MULTI-UNIT DEVELOPER may only use the Marks pursuant to the terms of the Franchise Agreement.

VI. ASSIGNABILITY

A. **BY MULTI-UNIT DEVELOPER.** The Multi-Unit Development Rights granted hereunder are personal to MULTI-UNIT DEVELOPER and cannot be sold, assigned, transferred or encumbered, in whole or in part, unless the following conditions have been met. Any transfer of ownership interest in MULTI-UNIT DEVELOPER, which together with all prior changes constitute a change of 20% or more of the ownership of the MULTI-UNIT DEVELOPER, or transfer of any or all rights under this Agreement is subject to the following conditions:

1. MULTI-UNIT DEVELOPER must have substantially performed its obligations and duties under this Agreement and each Franchise Agreement which it has executed; and

2. MULTI-UNIT DEVELOPER must pay all amounts it owes to FRANCHISOR and FRANCHISOR'S Affiliates under this and all other agreement with FRANCHISOR; and

3. MULTI-UNIT DEVELOPER must pay a non-refundable transfer fee $3,500 for each undeveloped Unit, plus, for each developed Unit, the transfer fee provided for in that Unit's Franchise Agreement. To be clear, transfer fees relating to an undeveloped Unit will not be credited against Initial Franchise Fee that will be due when the Franchise Agreement with respect to that Unit is executed. A Unit will be considered developed if it has entered operation and has generated revenue in the ordinary course of business; and

4. MULTI-UNIT DEVELOPER, and all officers, directors, shareholders (as well as guarantors under this Agreement) will execute a general release of any and all claims which MULTI-UNIT DEVELOPER has against FRANCHISOR, FRANCHISOR'S Affiliates, and their respective officers, directors, employees and agents arising out of the franchise relationship, in the form approved by FRANCHISOR; and

5. Transferee meets the standards for new Multi-Unit Developers (including, but not limited to, experience, character, skill, aptitude, business ability, and financial capability) is of good moral character, has a good credit rating, sufficient financial resources, and demonstrable qualifications and *competence to operate the business; and*

6. Transferee and/or transferee's managers shall successfully complete and pass the training course then in effect for franchisees, or otherwise demonstrate to FRANCHISOR'S satisfaction, sufficient ability to operate and manage the Units and the Multi-Unit Development Rights and to perform the obligations of this Agreement and the Franchise Agreements; and

7. Transferee assumes all obligations and liabilities of MULTI-UNIT DEVELOPER (however, such assumption shall not relieve MULTI-UNIT DEVELOPER of any such obligations and liabilities), and the shareholders, members and partners of the transferee execute a guarantee; and

8. The purchase price or terms of the sale are, in FRANCHISOR'S judgment, economically feasible to the proposed transferee (however, approval by FRANCHISOR is no assurance that the sale is on economically reasonable terms); and

9. FRANCHISOR may, in its absolute discretion, require that the transfer include the transfer of all the undeveloped Subsequent Units under this Agreement.

B. **BY FRANCHISOR.** This Agreement is fully assignable, in whole or in part, by FRANCHISOR without the MULTI-UNIT DEVELOPER'S consent. Upon such assignment, FRANCHISOR shall no longer be liable under this Agreement. An assignment by FRANCHISOR shall inure to the benefit of FRANCHISOR'S successors and assigns.

C. **No Subfranchising by MULTI-UNIT DEVELOPER.** MULTI-UNIT DEVELOPER shall not offer, sell, or negotiate the sale of a American Kolache Restaurant to any third party, either in MULTI-UNIT DEVELOPER'S own name or in the name and on behalf of FRANCHISOR, or otherwise sub-franchise, share, divide, or partition this Agreement, and nothing in this Agreement will be construed as granting MULTI-UNIT DEVELOPER the right to do so.

D. **Failure to Meet Obligations.** If MULTI-UNIT DEVELOPER fails to complete any of its obligations under this Agreement, including but not limited to meeting the deadlines for signing each Franchise Agreement and commencing operations of each Unit, FRANCHISOR shall have the right, at its option, to:

1. Terminate this Agreement, in which case MULTI-UNIT DEVELOPER shall have no further rights in the Development Territory or to a franchise relating to such Development Territory; provided, however, that MULTI-UNIT DEVELOPER shall retain the rights to any Franchise Agreement to which it is a party, provided that the MULTI-UNIT DEVELOPER is not in default under the applicable Franchise Agreement;

2. Reduce or reconfigure the Development Territory;

3. Terminate the territorial protection granted MULTI-UNIT DEVELOPER;

4. Modify the scope of territorial protection granted MULTI-UNIT DEVELOPER hereunder; or

5. Reduce the number of Units which MULTI-UNIT DEVELOPER may establish pursuant to the Development Schedule.

VII. RESTRICTIVE COVENANTS

A. **Non-Disclosure of Confidential Information**. For purposes of this Agreement, "Confidential Information" means all trade secrets, equipment and material, methods, techniques, formulas, contracts, customer lists, customer information, suppliers, supplier lists, pricing, marketing, computer programs, products, skills, performance specifications, technical and financial information and results, and other information and know-how relating to the System, or relating to or useful in FRANCHISOR'S business, any American Kolache Restaurants opened or operated by MULTI-UNIT DEVELOPER pursuant to a Franchise Agreement, or other American Kolache Restaurants, including FRANCHISOR'S Confidential Operating Manual (as hereinafter defined). In consideration of FRANCHISOR granting MULTI-UNIT DEVELOPER the rights hereunder to develop the Development Territory, and in recognition by MULTI-UNIT DEVELOPER that the Confidential Information constitutes valuable and unique assets owned by or in the custody of FRANCHISOR, MULTI-UNIT DEVELOPER hereby agrees and covenants that MULTI-UNIT DEVELOPER shall not use or disclose the Confidential Information or any part of the Confidential Information in any manner or for any purpose other than in the performance of MULTI-UNIT DEVELOPER'S obligations pursuant to this Agreement, now and in the future. MULTI-UNIT DEVELOPER shall hold all the Confidential Information in the strictest confidence and not use it, reproduce it, distribute it or disclose it to anyone without FRANCHISOR'S prior written consent or as required by law during the term of this Agreement and thereafter. MULTI-UNIT DEVELOPER agrees that the disclosure or use by one of MULTI-UNIT DEVELOPER'S partners, shareholders, members or owners, or any spouse or member of the immediate family of the foregoing, of any Confidential Information other than pursuant to this Agreement, shall be deemed a breach and default by MULTI-UNIT DEVELOPER of this Agreement. MULTI-UNIT DEVELOPER further acknowledges that it would be an unfair method of competition for MULTI-UNIT DEVELOPER or such partner, shareholder, member, owner, spouse, or family member to use, duplicate or disclose any of the Confidential Information or knowledge, know-how, or expertise received from FRANCHISOR for any use other than in accordance with this Agreement or a Franchise Agreement with FRANCHISOR.

B. **Competing Business During the Term of This Agreement**. MULTI-UNIT DEVELOPER acknowledges the uniqueness of the System and that FRANCHISOR is making FRANCHISOR'S knowledge, know-how and expertise available to MULTI-UNIT DEVELOPER for the purpose of developing the Development Territory and opening American Kolache Restaurants strictly and solely within the Development Territory. MULTI-UNIT DEVELOPER agrees that it would be an unfair method of competition to use or duplicate or to allow others to use or duplicate, any of the knowledge, know-how or expertise MULTI-UNIT DEVELOPER receives from FRANCHISOR or FRANCHISOR'S Affiliates for any reason other than to develop the Development Territory and open American Kolache Restaurants under this Agreement. MULTI-UNIT DEVELOPER further recognizes the importance of devoting substantial time and energy to develop the Development Territory. Therefore, MULTI-UNIT DEVELOPER warrants that during the term of this Agreement, unless MULTI-UNIT DEVELOPER has FRANCHISOR'S prior written consent, neither MULTI-UNIT DEVELOPER nor any of MULTI-UNIT DEVELOPER'S owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on profits or revenues of any Competitive Business except as a duly licensed franchisee of FRANCHISOR (except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). For purposes of this Agreement, a "Competitive Business" means any restaurant, bakery, or other food service establishment that derives more than 50% of its Gross Sales (as that term is defined in the Franchise Agreement) for food items from the sale of kolaches or pastry food items that are similar to kolaches. By way of example, but not limitation, the following restaurants would be deemed to be engaged in a "Competitive Business": Kolache Factory, Kolache Café, and Shipleys Donuts.

C. **Competing Business After the Term of this Agreement**. For 24 months after a transfer of this Agreement pursuant to Section VI.A above, the expiration or termination of the term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, neither MULTI-UNIT DEVELOPER nor any of MULTI-UNIT DEVELOPER'S owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to or have any interest based on profits or revenues of any Competitive Business (except for other outlets franchised from FRANCHISOR to MULTI-UNIT DEVELOPER or MULTI-UNIT DEVELOPER'S owners, and except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction will be the MULTI-UNIT DEVELOPER'S Development Territory and the following: (a) the Development Territory of any other Multi-Unit Developers or franchisees of FRANCHISOR; and (b) the metropolitan statistical area (MSA) in which the FRANCHISOR or any of its Affiliates operate one or more American Kolache Restaurants (including St. Louis Kolache restaurants).

D. **Reasonableness of Restrictions**. MULTI-UNIT DEVELOPER and the guarantors of this Agreement acknowledge and confirm that the length of the term and geographical restrictions contained in this Section VII are fair and reasonable and not the result of overreaching, duress or coercion of any kind. MULTI-UNIT DEVELOPER acknowledges and confirms that MULTI-UNIT DEVELOPER'S and their full, uninhibited and faithful observance of each of the covenants contained in Section VII will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Section VII will not impair MULTI-UNIT DEVELOPER'S or their ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to MULTI-UNIT DEVELOPER or them, or otherwise to obtain income required for MULTI-UNIT DEVELOPER'S or their comfortable support and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

MULTI-UNIT DEVELOPER acknowledges that to disregard the provisions of this Section VII would effectively foreclose FRANCHISOR from selling other franchises and MULTI-UNIT DEVELOPER could be unjustly enriched and unfairly derive benefit from the goodwill of and training MULTI-UNIT DEVELOPER received from FRANCHISOR. Moreover, FRANCHISOR'S franchisees and the American Kolache Restaurants could be severely disadvantaged if MULTI-UNIT DEVELOPER competes against them using the Marks or other Confidential Information. FRANCHISOR intends to restrict MULTI-UNIT DEVELOPER'S activities under Section VII of this Agreement only to the extent necessary for the protection of FRANCHISOR, FRANCHISOR'S Affiliates' and FRANCHISOR'Ss franchisees' legitimate business interests. Each of the foregoing covenants will be construed as severable and independent, and will be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction will determine the business, time or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then the court so holding will reduce the limitation necessary to render such restriction enforceable by the court. FRANCHISOR has the right to reduce the scope of any covenant contained in Section VII without MULTI-UNIT DEVELOPER'S consent, effective immediately upon receipt by MULTI-UNIT DEVELOPER of FRANCHISOR'S written notice; and MULTI-UNIT DEVELOPER will comply with any reduced covenant. In addition to any other remedies available at law or equity, FRANCHISOR will have the right to injunctive relief without the necessity of posting bond for MULTI-UNIT DEVELOPER'S violation or threatened violation of any covenant described in Section VII. The terms of this non-compete are assignable by FRANCHISOR and will inure to FRANCHISOR'S benefit, as well as FRANCHISOR'S successors and assigns. In the event of any assignment, sale, merger or change in FRANCHISOR'S ownership or structure, the resulting entity will step into FRANCHISOR'S place, without any additional consent of or notice to MULTI-UNIT DEVELOPER, as if the terms "FRANCHISOR" were defined in this Agreement to include such entity.

VIII. <u>DEFAULT AND TERMINATION</u>

A. **<u>Default by MULTI-UNIT DEVELOPER</u>.** The term of this Agreement may be terminated by FRANCHISOR for cause without notice or opportunity to cure, except as may be required by law, in the event of any material breach by MULTI-UNIT DEVELOPER of this Agreement. Material breach, as used herein, shall specifically include, but is not limited to, the following:

1. Any attempt by MULTI-UNIT DEVELOPER to sell, assign, transfer or encumber in whole or in part any or all rights and obligations under this Agreement, in violation of the terms of this Agreement, or without the written consents required, pursuant to this Agreement;

2. Failure of MULTI-UNIT DEVELOPER to comply with the Development Schedule;

3. Bankruptcy, insolvency, or general assignment for benefit of creditors of the MULTI-UNIT DEVELOPER;

4. Any material breach by MULTI-UNIT DEVELOPER or its affiliates of any Franchise Agreement or any other agreement between MULTI-UNIT DEVELOPER or its affiliate and FRANCHISOR or its Affiliates which is not cured within the applicable cure period in that agreement; or

5. MULTI-UNIT DEVELOPER or its owners commit or are convicted of a felony, crime or moral turpitude or fraud which FRANCHISOR, in its sole discretion, believes may adversely affect the System or goodwill associated with the Marks.

B. **Rights on Termination or Expiration.** Upon expiration or termination of the term of this Agreement, all of MULTI-UNIT DEVELOPER'S remaining rights to open Subsequent Units shall cease. MULTI-UNIT DEVELOPER shall have no right to establish or operate an American Kolache Restaurant for which a Franchise Agreement has not been executed by the MULTI-UNIT DEVELOPER and FRANCHISOR at the time of such termination or expiration. FRANCHISOR shall be entitled to establish, or to license others to establish businesses using the Marks and System within and outside of the Development Territory subject to the terms of any existing, non-terminated Franchise Agreements MULTI-UNIT DEVELOPER or its affiliates have with FRANCHISOR relating to the Assigned Territories defined in those Franchise Agreements.

IX. NO WARRANTY

MULTI-UNIT DEVELOPER acknowledges that no approvals, consents, waivers or conditions, or the like (i.e., consent to vehicle build-out, management, insurance, etc.) warrants the success of the particular item so approved. Such approval means only that the matter approved or consented to meets, in FRANCHISOR'S view, FRANCHISOR'S minimum specifications. MULTI-UNIT DEVELOPER should obtain independent professional guidance as to all aspects of its business operations, and expressly acknowledges that it is not in any way relying on FRANCHISOR'S approvals, consents, waivers or conditions, or the like. FRANCHISOR makes no warranties or guarantees upon which MULTI-UNIT DEVELOPER may rely, and assumes no liability or obligation to MULTI-UNIT DEVELOPER by granting any waiver, approval, or consent to MULTI-UNIT DEVELOPER, or by reason of any neglect, delay, or denial of any request therefore.

X. INDEPENDENT CONTRACTOR/INDEMNIFICATION

A. **Independent Contractor.** MULTI-UNIT DEVELOPER and FRANCHISOR are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between MULTI-UNIT DEVELOPER and FRANCHISOR. MULTI-UNIT DEVELOPER will conspicuously identify itself in all dealings with the public as an independently owned business. Neither MULTI-UNIT DEVELOPER nor FRANCHISOR will make any agreements or representations in the name of or on behalf of the other that their relationship is other than franchisor and franchisee.

B. **Indemnification.** Under no circumstances will FRANCHISOR be liable for any act, omission, debt or other obligation of MULTI-UNIT DEVELOPER. To the fullest extent permitted by law, MULTI-UNIT DEVELOPER (for itself and its employees, agents, subcontractors, successors and assigns) agrees, at MULTI-UNIT DEVELOPER'S sole cost and expense, to indemnify, defend and hold harmless, and to reimburse FRANCHISOR on demand, and all of the entities related to FRANCHISOR and their respective directors, officers, members, employees agents, managers, partners, attorneys, licensees, Affiliates successors and assigns ("Indemnified Parties") for and against any and all damages, losses, liabilities, bodily injury, property damage, obligations, penalties, fines, claims, litigation, demands, defenses, judgments, suit proceedings, administrative orders, consent agreements, costs, disbursements, or expenses of any kind or any nature whatsoever, including without limitation, reasonable attorneys' and expert fees and disbursements arising out of or related to or in any way arising out of the acts or omissions of MULTI-UNIT DEVELOPER or its employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns ("Indemnitors") arising out of or related to (i) any act or omission, negligent or otherwise, of the Indemnitors or anyone directly or indirectly employed by them or anyone whose acts they may be liable relative to the business contemplated herein or in any Franchise Agreement;

(ii) any breach by the Indemnitors of any term or provision of this Agreement; and (iii) the cost, including, but not limited to reasonable attorney's fees, of enforcing this indemnification provision. The obligations of the Indemnitors are joint and several.

This indemnification shall not be construed to indemnify an Indemnified Party to the extent such indemnification is prohibited by law, including, an indemnification of any Indemnified Party from its own negligence, if prohibited by law. To the extent indemnification of any party hereunder would be prohibited by law, this provision will not apply to such party, but will continue to be effective as to all other parties with respect to whom indemnification is not prohibited by applicable law.

XI. MISCELLANEOUS

A. **Notices.** All notices hereunder shall be in writing and shall be duly given if hand delivered, three (3) business days after placement in the United States Mail by registered or certified mail, postage prepaid, or the day after placement with a courier guaranteeing overnight delivery, addressed to the address set forth on the signature page of this Agreement or at such other address as either shall have specified at notice to the other party hereunder.

B. **Severability.** If any provision of this Agreement is deemed to be invalid or inoperative for any reason, that part shall be deemed modified to the extent necessary to make it valid and operative, or if it cannot be so modified, then severed, and the remainder of the Agreement shall continue in full force and effect as if the Agreement had been signed with the invalid portion so modified or eliminated.

C. **Non-Waiver.** Neither MULTI-UNIT DEVELOPER'S nor FRANCHISOR'S waiver of a breach or default by the other, nor delay or failure to exercise any right upon breach or default, nor acceptance of any payment, shall be deemed a waiver, nor shall same impair rights for other breaches or defaults of the same or a different kind. The description of any breach of default in any notice shall not preclude the assertion of other defaults or breaches. FRANCHISOR may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular Multi-Unit Developer, but no such waiver in favor of any other Multi-Unit Developer shall prevent FRANCHISOR from enforcing any such requirements against this MULTI-UNIT DEVELOPER and all other Multi-Unit Developers.

D. **Remedies.** The remedies available to FRANCHISOR are non-exclusive, and nothing stated in this Agreement shall act to prevent FRANCHISOR'S pursuit of any other rights or remedies arising due to termination of the term of this Agreement which may otherwise become available to FRANCHISOR in law or equity. In no event shall FRANCHISOR be liable to MULTI-UNIT DEVELOPER for prospective profits or special, indirect, punitive or consequential damages for any conduct arising out of this Agreement or FRANCHISOR'S relationship with MULTI-UNIT DEVELOPER.

E. **Attorney's Fees.** To the extent permitted by law, should FRANCHISOR commence any action or proceeding for the purpose of enforcing, or preventing the breach of, any provision hereof, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision hereof, or for a declaration of FRANCHISOR'S rights or obligations hereunder, then FRANCHISOR shall be reimbursed by MULTI-UNIT DEVELOPER for all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees for the services rendered to FRANCHISOR.

F. **Approval And Guarantees Of Shareholders, Members Or Partners.** If MULTI-UNIT DEVELOPER is a corporation, partnership or limited liability company, all shareholders, members or partners, and their spouses, shall guarantee this Agreement and each Franchise Agreement.

G. **Choice Of Law, Jurisdiction and Venue**. MULTI-UNIT DEVELOPER acknowledges that this Agreement was accepted in the State in which FRANCHISOR'S principal offices are located. MULTI-UNIT DEVELOPER acknowledges that it has and will continue to develop a substantial and continuing relationship with the FRANCHISOR at its principal offices, where the FRANCHISOR'S decision-making authority is vested, and franchise operations are conducted and supervised. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of Missouri without regard to the principles of conflicts of law. If, however any provision of this Agreement would not be enforceable under the laws of Missouri, and if the Development Territory is in whole or in part, located outside of Missouri and the provision would be enforceable under the laws of the state in which the Development Territory is located, in whole or in part, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where the Development Territory is wholly or partially located. FRANCHISOR may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction located nearest to our principal offices at the time the action, claim, suit or demand is made, and the guarantors of this Agreement irrevocably submit to their jurisdiction and waive any objection to the application of Missouri law or to the jurisdiction or venue in said courts. If MULTI-UNIT DEVELOPER institutes any action arising out of or relating to this Agreement, that action must be brought in the state or federal court of general jurisdiction located nearest to FRANCHISOR'S principal offices, unless that court will not accept jurisdiction over the case.

The provisions of this Agreement which conflict with applicable law shall (only to the extent of such conflict) be ineffective, and in their stead, FRANCHISOR shall comply with applicable law respecting each of said matters. If a state regulator requires an amendment to this Agreement, the amendment is attached hereto in a State Law Addendum as Attachment C. FRANCHISOR shall not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to this Agreement or to its rescission or termination.

H. **Non-Liability of FRANCHISOR'S Affiliates**. FRANCHISOR is the only entity obligated to FRANCHISEE hereunder. FRANCHISEE may not look to any of FRANCHISOR'S Affiliates or related companies, other business entities or individuals for performance of this Agreement.

I. **Receipt of the FDD**. MULTI-UNIT DEVELOPER acknowledges receipt of FRANCHISOR'S franchise disclosure document ("FDD") along with this Agreement, at least 14 days before the execution of this Agreement or payment of any money to FRANCHISOR by MULTI-UNIT DEVELOPER. If any unilateral changes have been made to this Agreement, MULTI-UNIT DEVELOPER acknowledges that it has had at least 7 days to review them.

XII. CONSTRUCTION OF LANGUAGE

The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires; if more than one party or person is referred to as MULTI-UNIT DEVELOPER, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. All the terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number (singular or plural) or any gender (masculine, feminine or neuter) as the context or sense of this Agreement, or any section or clause hereof, may require. For purposes of this Agreement, the terms "Mark" and "System" shall have the same meanings as are contained for those terms in the Franchise Agreement. The locative adverbs "herein", "hereunder," "hereto," "hereinafter," and like words wherever the same appear therein, mean and refer to this Agreement in its entirety and not to any specific Paragraph, Section or Subsection hereof unless otherwise expressly designated in context.

XIII. ENTIRE AGREEMENT

This Agreement, including all Attachments attached hereto, constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes any and all prior agreements; provided however, that nothing in this or any related agreement is intended to disclaim the representations FRANCHISOR made in the Franchise Disclosure Document that was furnished to MULTI-UNIT DEVELOPER. No amendments or modifications to this Agreement shall be binding on either party unless written and fully executed by the parties hereto.

XIV. MEDIATION

MULTI-UNIT DEVELOPER acknowledges that during the term of this Agreement or thereafter certain disputes may arise between the parties that the parties are unable to resolve by negotiation, but that may be resolved through mediation. To facilitate the resolution of any dispute that may arise, the parties agree that before commencing litigation, the dispute will first be submitted to non-binding mediation (the "Mediation") through the United Arbitration and Mediation Service, Midwest, or its successor, ("USA&M") in the St. Louis, Missouri, metropolitan area, unless the parties mutually agree to another location. The Mediation shall be conducted under the then-current US&AM Rules, except to the extent they differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. MULTI-UNIT DEVELOPER and FRANCHISOR shall select the mediator from the USA&M Panel of Neutrals (unless the parties mutually agree to the selection of another mediator). If the parties cannot agree on the selection of a mediator, USA&M shall make the selection. The cost of the Mediation, including the mediator's fee and expenses, shall be split equally between MULTI-UNIT DEVELOPER and FRANCHISOR. All negotiations and Mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties are unable to reach settlement within ninety (90) days of submitting the matter to Mediation, the parties agree that the dispute will be resolved according to Section XI.G above. During the pendency of the Mediation, this Agreement will remain in effect unless FRANCHISOR terminates pursuant to Section VIII above.

Notwithstanding the foregoing, the obligation herein to mediate shall not be required with respect to claims relating to FRANCHISOR's trademarks, service marks, patents, copyrights, or proprietary or Confidential Information; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; requests by either party for temporary restraining orders, preliminary injunctions or other proceedings in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the *status quo* or prevent irreparable injury pending resolution by mediation of the actual dispute between the parties.

XV. REPRESENTATIONS AND ACKNOWLEDGMENTS/CAVEAT.

A. No person has the authority to bind or obligate FRANCHISOR except an authorized officer of FRANCHISOR by a written document. No representations as to projections, financial performance representations, potential success, future profits, promises, guarantees, or warranties of any kind are authorized to be made by FRANCHISOR or its Affiliates or representatives.

B. MULTI-UNIT DEVELOPER acknowledges that it has received, read, and understood this Agreement and its attachments; that it has had an opportunity to ask FRANCHISOR all questions relating to this Agreement and the System, and that FRANCHISOR has answered all the questions to MULTI-UNIT DEVELOPER'S satisfaction.

C. The success of the business venture contemplated to be undertaken by MULTI-UNIT DEVELOPER is speculative and depends, to a large extent, upon MULTI-UNIT DEVELOPER'S ability and efforts. FRANCHISOR does not make any representation or warranty as to the potential success of this business venture. MULTI-UNIT DEVELOPER represents and acknowledges that it has made an independent investigation of FRANCHISOR and its operations and, MULTI-UNIT DEVELOPER acknowledges that it has entered into this Agreement solely in reliance upon such independent investigation.

D. MULTI-UNIT DEVELOPER and GUARANTORS represent that their respective signatures on and performance of this Agreement does not violate or constitute a breach of the terms of any other agreement or commitment to which MULTI-UNIT DEVELOPER, GUARANTORS, or any of their respective affiliates are a party.

E. Under applicable U.S. law, including without limitation Executive Order 1224, signed on September 23, 2001 (the "Order"), FRANCHISOR is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism as defined in the Order. Accordingly, MULTI-UNIT DEVELOPER states that it does not, and hereafter will not, engage in any terrorist activity. In addition, MULTI-UNIT DEVELOPER states that it is not affiliated with, and does not support any individual or entity engaged in, contemplating, or supporting, terrorist activity. Finally, MULTI-UNIT DEVELOPER states that it is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

F. MULTI-UNIT DEVELOPER and GUARANTORS understands and agrees that FRANCHISOR has no obligation to accept MULTI-UNIT DEVELOPER'S application and may refuse to grant Multi-Unit Development Rights for any reason, or no reason, without disclosing the basis for FRANCHISOR'S decision. MULTI-UNIT DEVELOPER acknowledges that unless and until it and FRANCHISOR sign this Multi-Unit Development Agreement, MULTI-UNIT DEVELOPER is not a Multi-Unit Developer of FRANCHISOR and may not rely upon becoming a Multi-Unit Developer of FRANCHISOR**.**

G. MULTI-UNIT DEVELOPER and GUARANTORS represent and warrant that they have the resources and financial ability to open and operate the Units subject to this Agreement in accordance with the time periods specified herein and that have carefully evaluated the areas in which they plan to operate the Units and investigated their responsibilities hereunder.

XVI. WAIVER OF JURY TRIAL/EXEMPLARY DAMAGES.

A. **Waiver of Jury Trial**. FRANCHISOR AND MULTI-UNIT DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AND ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH WAIVER.

B. **Waiver of Exemplary Damages**. EXCEPT FOR MULTI-UNIT DEVELOPER'S OBLIGATION TO INDEMNIFY FRANCHISOR FOR THIRD-PARTY CLAIMS UNDER SECTION X.B, FRANCHISOR AND MULTI-UNIT DEVELOPER (AND MULTI-UNIT DEVELOPER'S GUARANTORS) WAIVE TO THE FULLEST EXTENT THE LAW PERMITS ANY RIGHT TO OR CLAIM FOR ANY CONSEQUENTIAL, LOST PROFITS, EXEMPLARY, PUNITIVE,

TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

C. **Time for Brining Claims.** MULTI-UNITS DEVELOPER AND GUARANTORS WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM

XVII. PRIORITY OF DOCUMENTS.

In the event of an contradiction or ambiguity between this Agreement and any Franchise Agreement executed by the parties, the provisions of the Franchise Agreement will control with respect to the subject matter of the Franchise Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

FRANCHISOR:	MULTI-UNIT DEVELOPER:
AMERICAN KOLACHE, INC.	______________________________
By: ______________________________ Russell Clark, Manager	By: ______________________________
	Address of MULTI-UNIT DEVELOPER:
AMERICAN KOLACHE, INC. 14786 Manchester Road Ballwin, MO 63011 Attn: Russell Clark	______________________________ ______________________________ ______________________________
	Address of MULTI-UNIT DEVELOPER:

GUARANTEE

As an inducement to AMERICAN KOLACHE, INC. ("FRANCHISOR") to enter into a Multi-Unit Development Agreement with __________________________ ("MULTI-UNIT DEVELOPER"), the undersigned (the "Guarantors") join in the foregoing Agreement, and are fully obligated as parties hereto. This Guarantee, effective from ___________ ___, 20___, is given as a condition of and in consideration of FRANCHISOR granting MULTI-UNIT DEVELOPER the rights granted in said Multi-Unit Development Agreement.

Guarantors hereby jointly and severally guarantee the performance of all obligations of MULTI-UNIT DEVELOPER and agree to timely perform and observe and be bound by all the terms, covenants and conditions to be performed by MULTI-UNIT DEVELOPER, including without limitation Section VII thereof.

The obligations of Guarantors are direct and may be enforced immediately without FRANCHISOR being required to resort to any other right, remedy or security and this Guarantee shall be enforceable immediately against Guarantors, without the necessity for any suit or proceeding on FRANCHISOR'S part of any kind or nature whatsoever against MULTI-UNIT DEVELOPER, and without the necessity of any notice of non-payment, non-performance or non-observance or the continuance of any such default or of any notice of acceptance of this Guarantee or of FRANCHISOR'S intention to act in reliance herein or of any other notice or demand to which Guarantors might otherwise be entitled, all of which Guarantors hereby expressly waive.

The validity of this Guarantee and the obligations of Guarantors hereunder shall in no manner be terminated, affected, or impaired by reason of the assertion or the failure to assert by FRANCHISOR against MULTI-UNIT DEVELOPER, of any of the rights or remedies reserved to FRANCHISOR pursuant to the provisions of the Multi-Unit Development Agreement.

This Guarantee shall be absolute, unconditional, and irrevocable.

This Guarantee shall be a continuing Guarantee, and (whether or not Guarantors shall have notice or knowledge of any of the following), the liability and obligations of Guarantors hereunder shall be absolute and unconditional irrespective of:

(a) any modification of, or supplement to, or extension or renewal of the Multi-Unit Development Agreement or any assignment, sale, or transfer thereof;

(b) any exercise or non-exercise of any right, power, remedy or privilege under or in respect of the Multi-Unit Development Agreement or this Guarantee or any waiver, consent, or approval by FRANCHISOR with respect to any of the covenants, terms, conditions or agreements contained in the Multi-Unit Development Agreement or any indulgences, forbearance or extensions of time for performance or observance allowed to MULTI-UNIT DEVELOPER from time to time, at any time and for any length of time;

(c) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition or liquidation or similar proceedings relating to MULTI-UNIT DEVELOPER, or its properties or creditors;

(d) any impairment, modification, change, release or limitation of liability or obligation of MULTI-UNIT DEVELOPER under the Multi-Unit Development Agreement (including, but not limited to, any disaffirmance or abandonment by a trustee of MULTI-UNIT DEVELOPER), resulting from the operation of any present or future provision of the Bankruptcy Reform Act of 1978 or any other similar federal or state statute, or from the decisions of any court; or

(e) any other circumstances which might otherwise constitute a defense available to, or a discharge of, the MULTI-UNIT DEVELOPER in respect of the Multi-Unit Development Agreement or any Guarantor in respect of this Guarantee.

If FRANCHISOR or any of the Affiliates are required to enforce this Guarantee in any judicial proceeding or appeal thereof, the GUARANTORS must reimburse FRANCHISOR and Affiliates for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', 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 written demand, claim, action, hearing or proceeding to enforce this Guarantee.

THE UNDERSIGNED GUARANTORS ALSO RECOGNIZE THAT CERTAIN DISPUTES RELATING TO THE MULTI-UNIT DEVELOPMENT AGREEMENT MAY BE RESOLVED BY MEDIATION OR ARBITRATION AND HEREBY CONSENT TO SUCH MEDIATION OR ARBITRATION. Further, the undersigned Guarantors also hereby consents to the applicability of the venue, governing law, and jurisdiction provision in the Multi-Unit Development Agreement to this Guarantee. The terms contained in the Multi-Unit Development Agreement and this Guarantee constitute the entire agreement between the parties, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein.

Print Name:______________________
Signature: ______________________
Address: _______________________
____

Print Name:______________________
Signature: ______________________
Address: _______________________
____

Print Name:______________________
Signature: ______________________
Address: _______________________
____

Print Name:______________________
Signature: ______________________
Address: _______________________
____

ATTACHMENT A (ADA)

FORM FRANCHISE AGREEMENT

ATTACHMENT B (ADA)

MULTI-UNIT DEVELOPMENT SCHEDULE

Development Schedule

Unit Number	Date Franchise Agreement must be executed and Initial Franchise Fee paid	Date Unit Must be Operational

Expiration Date

The expiration date is: ______________________.

ATTACHMENT C (ADA)

STATE LAW ADDENDUM

[Insert State Addendum if applicable]

EXHIBIT C
CONFIDENTIALITY AGREEMENT

In consideration of my employment with __________________________________ ("Franchisee") a franchisee of American Kolache, Inc. ("Franchisor"), I agree that:

1. I will not use the American Kolache® Restaurant franchise system or engage directly or indirectly as an owner, employee, proprietor, stockholder, partner, director, officer, agent, or in any other capacity, in any other business which is identical with or similar to the business of an American Kolache, during the term of my employment.

2. After termination or expiration of my employment, I will not directly or indirectly be associated individually or as an employee, proprietor, stockholder, partner, agent or officer with or in the operation of any restaurant that derives more than 50% of its gross sales for food items from the sale of pastry food items within a radius of five (5) miles of this American Kolache, any existing American Kolache or St. Louis Kolache, or a location subject to a signed Franchise Agreement (whether such restaurant is owned by Franchisor, an Affiliate of Franchisor, or another franchisee), for a period of two (2) years following the termination date or the entry of final order of a Court of competent jurisdiction enforcing this covenant, whichever is later.

3. I will not, during the term of my employment, or after termination, communicate or divulge to anyone, any information or knowledge concerning the products, services, standards, procedures, techniques, and other information or material which Franchisor or Franchisee may designate as confidential, nor shall I disclose, use or divulge in whole or in part any trade secrets, recipes, or operating procedures of Franchisor or its Affiliates, unless such information is generally known and in the public domain through no improper action of mine.

4. Should any provision of this Agreement be construed or declared invalid, such decision shall not affect the validity of any remaining portion, which shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. If any restriction contained in this Agreement is deemed too broad to be capable of enforcement, a court of competent jurisdiction is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement. All covenants contained in this Agreement, including but not limited to those relating to non-competition, shall be interpreted and applied consistent with the requirements of reasonableness and equity.

5. This Agreement may be enforced by Franchisor, its Affiliates, its successor, or Franchisee, and I understand that it is intended to protect the legitimate business interests of Franchisor, its Affiliates, its successors, its franchisees, and Franchisee. If suit is brought to enforce this Agreement, I agree to pay reasonable attorney's fees and expenses incurred by the party bringing the suit.

By: ______________________________
Print Name: __________________________
Date: ______________________________

EXHIBIT D
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EXHIBIT E
STATE LAW ADDENDA

MULTI-STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT (FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

This Addendum pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. For franchises sold in such states, this franchise disclosure document is amended by adding the following section at the end of Item 9:

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

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW

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

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of a franchise. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur at ____________ _________________________ with the costs being borne by _________________________. This provision may not be enforceable under California law.

The franchise agreement requires application of the laws of ___________________. This provision may not be enforceable under California law.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your Franchise Agreement.

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

Neither the Franchisor nor any person listed in Item 2 of this franchise disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

OUR WEBSITE IS https://www.americankolachefranchising.com/. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE HAWAII FRANCHISE INVESTMENT LAW

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois:

1. Item 5 of the Franchise Disclosure Document is amended to add the following:

   "Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition."

2. By reading this disclosure document, you are <u>not</u> agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

3. Illinois law governs the Franchise Agreement.

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

5. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

6. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

1. Item 5 of the Franchise Disclosure Document, entitled "Initial Franchise Fee", is amended to disclose that the Initial Fee and other initial payments are due and payable on the date your Franchised Business opens for business.

2. Item 17.c ("Requirements for franchisee to renew or extend") and Item 17.m ("Conditions for franchisor approval of transfer") of the Franchise Disclosure Document are amended to provide that "The requirement that you provide a general release of all claims against us in order to renew or transfer your franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

3. Item 17.g ("Cause defined – curable defaults") of the Franchise Disclosure Document is amended to provide that "Termination upon filing of a bankruptcy petition against you or any shareholder may not be enforceable under federal bankruptcy law."

4. Item 17.v ("Choice of forum") in the Franchise Disclosure Document is amended to provide that "Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

5. Nothing in the Franchise Disclosure Document, Franchise Agreement, the Franchisee Disclosure Questionnaire or the Receipt of Franchise Related Documents is intended to nor shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

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

7. Item 17.t ("Integration/merger clause"), summary column, is amended by deleting the last sentence and substituting the following:

> "However, nothing in the Franchise Agreement or any related agreement is intended to disclaim, or require you to waive reliance on, any representations we made in the Franchise Disclosure Documents or its exhibits that we furnished to you."

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. The Minnesota cover page is amended to add the following statements:

> **"THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**
>
> **THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE LICENSE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE."**

2. The following language is added to Item 13 of the Franchise Disclosure Document and Section XVII(B) of the Franchise Agreement:

> "The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle

or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

3. Item 17 of the Franchise Disclosure Document and Section XIII(A) of the Franchise Agreement are amended as follows:

"With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement."

4. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

5. Item 17 of the Franchise Disclosure Document is amended to add the following and the following language will appear at the end of Section XVIII(A) of any Franchise Agreement issued in the State of Minnesota:

"Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

6. Minn. Rule 2860.4400J prohibits waiver of a jury trial. Accordingly, Item 17 of the Franchise Disclosure Document and Section XVIII(G) of the Franchise Agreement are amended as follows:

"Nothing contained herein shall limited Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J."

7. Item 17 of the Franchise Disclosure Document and Section XVIII(G) of the Franchise Agreement are amended as follows:

"Nothing contained herein shall limited Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4407J."

8. These states have statutes which limit the franchisor's ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 *et seq*., Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor's ability to restrict your activity after the Franchise Agreement has ended.

9. A provision in the Franchise Agreement which terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

10. Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Marks.

11. Section XVIII(G) of the Franchise Agreement is amended by adding the following:

> "Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5."

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE NEW YORK FRANCHISE LAW

1. The cover page of the Franchise Disclosure Document is amended to add the following statement:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE 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. Item 3 of the Franchise Disclosure Document is amended by deleting the last paragraph and substituting the following:

"Neither we, our predecessor, nor a person identified in Item 2, or an affiliate offering franchises under our principal trademark:

A. 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. Moreover, there are no 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.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten 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, antitrust or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunction 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.

D. 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 injunction 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. Item 4 of the Franchise Disclosure Document is amended by deleting the last paragraph and substituting the following:

"Neither we, our affiliate, our predecessor nor our officers during the 10 year period immediately before the date of the Franchise Disclosure Document: (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 one year after the officer or general partner of the franchisor held this position in the company or partnership."

4. Item 5 of the Franchise Disclosure Document is amended by adding the following to the subsection entitled "Initial Franchise Fee":

"The Company will use the Initial Fee to cover its costs associated with fulfilling its obligations under the Franchise Agreement and to cover other overhead costs and expenses."

5. Item 17 of the Franchise Disclosure Document is amended by deleting the first paragraph and substituting the following:

"THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THESE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT."

6. Item 17 of the Franchise Disclosure Document is further amended by adding the following statement to the summary column (d) entitled "Termination by Franchisee":

"Franchisee can terminate upon any grounds available by law."

7. Item 17 of the Franchise Disclosure Document is further amended by adding the following statement to the summary column (w) indicating the choice of law:

> "The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the General Business Law of the State of New York."

8. The following language is added to Item 17 in the Summary section of provision (c), entitled "Requirements for Franchisee to Renew or Extend", and to Summary section of provision (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."

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE LAW

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE RHODE ISLAND FRANCHISE DISCLOSURE ACT

Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, 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."

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE VIRGINIA RETAIL FRANCHISE ACT

The following paragraphs are added at the end of Item 17:

Virginia has a statute which may supersede the Franchise Agreement in your relationship with the franchisor:

1. Virginia [Code 13.1-557 to 574]. Under §13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause.

2. Virginia [§ 13.1-559]. Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

3. Virginia [§ 13.1-563]. Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act, it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Washington.

1. If any of the provisions in the Franchise Disclosure Document, Franchise Agreement, or Multi-Unit Development Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document, Franchise Agreement, or Multi-Unit Development Agreement with regard to any franchises sold in Washington.

2. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

3. The State of Washington's policy pursuant to its Administrative Regulations pertaining to releases is as follows:

> A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

4. Item 17 is amended to add the following:

> "These states have statutes which limit the franchisor's ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 *et seq.,* Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor's ability to restrict your activity after the Franchise Agreement has ended.

A provision in the Franchise Agreement which terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

The following states have statutes which restrict or prohibit the imposition of liquidated damage provisions: California [Civil Code Section 1671], Indiana [1C 23-2-2.7-1(10)], Minnesota [Rule 2860.4400J], South Dakota [Civil Law 53-9-5]. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions."

5. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

6. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

8. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

9. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

MULTI-STATE AMENDMENT
TO FRANCHISE AGREEMENT
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

This Amendment pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. Signing this Amendment where the SOP, because applicable jurisdictional requirements are not met, does not subject the parties to the provisions of the SOP. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated ___________ ______, 20__, will be amended as follows:

1. The following language is added immediately before the signature block of the Franchise Agreement:

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

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
____	____
By:	By: ________________________________
Its:	Its: ________________________________
Date of signature: ________________________	Date of signature: ______________________

CALIFORNIA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of California that are subject to the California Franchise Investment Law (the "Act") and is for the purpose of complying with California statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act, as set forth in this Amendment, or otherwise. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated ______________________, will be amended as follows:

1. The following language is added as new Section XXIV of the Franchise Agreement:

> "No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise, except for the "Entire Agreement" provision in Section XVIII(D) of the Franchise Agreement."
>
> Notwithstanding anything to the contrary in this Agreement, and to the extent required by California Corporations Code Section 31512.1, any provision in this Agreement, the franchise disclosure document, and any other acknowledgement, questionnaire, or other writing, disclaiming or denying: (a) representations made by Franchisor or its personnel or agents to Franchisee before entering into the Franchise Agreement; (b) reliance by Franchisee on any representations made by Franchisor, or its personnel or agents; (c) reliance by Franchisee on the franchise disclosure document; or (d) violations of any other provision of the Act [that will be a reference to the California franchise law]; is void and will not be enforced by Franchisor."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

____

By:____________________________

Its:____________________________

Date of signature:________________

Franchisee:

____

By:____________________________

Its:____________________________

Date of signature: ________________

ILLINOIS AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Illinois that are subject to the Illinois Franchise Disclosure Act (the "Act") and is for the purpose of complying with Illinois statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _________________, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Section IV (Initial Franchise Fee) of the Franchise Agreement is hereby amended by deleting the first sentence thereof and replacing it with the following:

   "Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition."

2. Illinois law governs the Franchise Agreement.

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

4. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

Dated: ________________________

Franchisor:	Franchisee:
AMERICAN KOLACHE, INC.	____________________________________
By: ______________________________	By: ______________________________
Its: ______________________________	Its: ______________________________

MARYLAND AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Maryland that are subject to the Maryland Franchise Registration and Disclosure Law (the "Act") and is for the purpose of complying with Maryland statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated ______, 200___, will be amended as follows:

1. The following language is added to the end of Section IV of the Franchise Agreement:

   "The Initial Fee and any other initial payments are due at the time the Franchised Business opens for business."

2. The following language is added to Section XVI(4) of the Franchise Agreement:

   ", except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

3. The following language is added to the end of Section XVIII(G)(1) of the Franchise Agreement:

   "Franchisee may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law."

4. The following language is added to the end of Section XXII of the Franchise Agreement:

   "all claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years after the grant of the franchise."

5. The following language is added to Section XVIII(B) of the Franchise Agreement:

   "Representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
______________________________	______________________________
By: ______________________________	By: ______________________________
Its: ______________________________	Its: ______________________________

MINNESOTA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota Franchise Act (Minn. Stat. Sec. 80C.1 et seq., the "Act") and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _________________, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Section XVII(B) of the Franchise Agreement is amended to add the following language.

   "The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

2. Section XIII(A) of the Franchise Agreement is amended to read as follows:

   "At the election of Franchisor, Franchisor may terminate the Agreement effective upon the expiration of 90 days after giving of written notice in the event Franchisee defaults, and does not cure to Franchisor's reasonable satisfaction within the 60-day notice period, in the performance of any other covenant or provision of this Agreement, including without limitation, the obligation to pay when due any financial obligation to Franchisor, the obligation to make reports and provide information when due hereunder, or failure to maintain any of the standards or procedures prescribed for the Franchised Business in this Agreement, the Manual or otherwise; provided, however, that Franchisee shall be entitled to notice and opportunity to cure any such default only once in any six month period, and any subsequent occurrence of the same or substantially similar default within such six month period shall entitle Franchisor, at its option, to terminate this Agreement effective immediately upon the giving of notice and without opportunity to cure."

3. Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

4. Section V(C) of the Franchise Agreement is amended as follows:

> "With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement."

5. Section XVIII(G) of the Franchise Agreement is amended as follows:

> "Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

6. Minn. Rule 2860.4400J. prohibits waiver of a jury trial. Accordingly, Section XVIII(G) of the Franchise Agreement is amended as follows:

> "Nothing contained herein shall limit Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J."

7. Minn. Rule 2860.4400J. prohibits requiring a franchisee to consent to liquidated damages.

8. Section XXII of the Franchise Agreement is amended to add the following:

> "Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement as of the day and year set forth above.

Franchisor:

____

DATED: ________________ By:______________________________

Its:______________________________

Franchisee:

____

DATED: ________________ By:______________________________

Its:______________________________

NEW YORK AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of New York that are subject to the New York Franchise Act (New York State General Business Law, Article 33, Sec. 680 et seq., the "Act") and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _____________, ______, hereby agree that the Franchise Agreement will be amended as follows:

1. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _________________________, ___ that has been signed concurrently with the signing of this Amendment. This Amendment is annexed to and forms part of the Franchise Agreement. This Amendment is being signed because: (a) you are a resident of the State of New York and your Franchise will operate in New York; and/or (b) the offer or sale of the license occurred in New York.

2. The following is added as a new Section XIII(A) of the Franchise Agreement:

   "Franchisee may terminate this Agreement upon any grounds available at law."

3. The following is added to Section XVIII(B) of the Franchise Agreement:

   "This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder."

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the day and year first above written.

Franchisor:	Franchisee:
____________________________________	____________________________________
By:_________________________________	By:_________________________________
Its:_________________________________	Its;_________________________________

NORTH DAKOTA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the "Act") and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The Franchise Agreement between __________________________ ("Franchisee" or "You") and _________________ ("Franchisor") dated as of _________________, 20__ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

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

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its Owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on ___________________, 20___.

Franchisor:

____

By:___________________________________

Its:___________________________________

Franchisee:

____

By:___________________________________

Its:___________________________________

RHODE ISLAND AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Rhode Island that are subject to the Rhode Island Franchise Investment Act (the "Act") and is for the purpose of complying with Rhode Island statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated ____________, ____ hereby agree that the Franchise Agreement will be amended as follows:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, 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."

Dated: __________________, _____.

Franchisor:	Franchisee:
______________________________	______________________________
By:____________________________	By:____________________________
Its:____________________________	Its:____________________________

VIRGINIA AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the "Act") and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated _________________, ___, hereby agree that the Franchise Agreement will be amended as follows:

1. Section XIII(A) of the Franchise Agreement is amended by adding the following language:

> "§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause."

2. Section XVIII(G)(1) of the Franchise Agreement is amended by adding the following language:

   "Subsection D of § 13.1-559 of the Virginia Retail Franchising Act provides that, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia."

3. Section XII(B) of the Franchise Agreement is amended by adding the following language:

   "Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act provides that it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale."

Dated: ________________________

Franchisor:

____

By:________________________________

Its:________________________________

Franchisee:

____

By:________________________________

Its:________________________________

WASHINGTON AMENDMENT
TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of Washington that are subject to the Washington Franchise Investment Protection Act (the "Act") and is for the purpose of complying with Washington statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the License Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated ____________, ____ hereby agree that the Franchise Agreement will be amended as follows:

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your license.

2. In the event of a conflict of law, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

3. A release or waiver of rights executed by a Franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

4. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

5. The undersigned hereby acknowledges receipt of this amendment.

Dated: __________________, _____.

Franchisor:	Franchisee:
______________________________	______________________________
By:______________________________	By:______________________________
Its:______________________________	Its:______________________________

Multi-State Amendment
To Multi Unit Development Agreement
(For the following States: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)

This Amendment pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. Signing this Amendment where the SOP, because applicable jurisdictional requirements are not met, does not subject the parties to the provisions of the SOP. Notwithstanding anything which may be contained in the body of the Multi Unit Development Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Multi Unit Development Agreement dated ___________________, 20__, will be amended as follows:

1. The following language is added immediately before the signature block of the Multi Unit Development Agreement:

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

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
____	____
By:	By: ________________________________
Its:	Its: ________________________________
Date of signature: _________________________	Date of signature: ______________________

CALIFORNIA AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of California that are subject to the California Franchise Investment Law (the "Act") and is for the purpose of complying with California statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act, as set forth in this Amendment, or otherwise. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Multi-Unit Development Agreement dated ______________________, will be amended as follows:

1. The following language is added as new Section XI of the Multi-Unit Development Agreement:

> "No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise, except for the "Priority of Documents" provision in Section XVII of the Multi-Unit Development Agreement."
>
> Notwithstanding anything to the contrary in this Agreement, and to the extent required by California Corporations Code Section 31512.1, any provision in this Agreement, the franchise disclosure document, and any other acknowledgement, questionnaire, or other writing, disclaiming or denying: (a) representations made by Franchisor or its personnel or agents to Franchisee before entering into the Multi-Unit Development Agreement; (b) reliance by Franchisee on any representations made by Franchisor, or its personnel or agents; (c) reliance by Franchisee on the franchise disclosure document; or (d) violations of any other provision of the Act; is void and will not be enforced by Franchisor."

IN WITNESS WHEREOF, Franchisor and Multi-Unit Developer have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Franchisee:
______________________________	______________________________
By:___________________________	By:___________________________
Its:__________________________	Its:__________________________
Date of signature:_____________	Date of signature:_____________

ILLINOIS AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of Illinois that are subject to the Illinois Franchise Disclosure Act (the "Act") and is for the purpose of complying with Illinois statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Multi-Unit Development Agreement dated ________________, _____, hereby agree that the Franchise Agreement will be amended as follows:

1. Section II. B. (Initial Franchise Fee) is hereby amended by adding the following sentence at the end of the Section:

   "Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition."

2. Illinois law governs the Multi-Unit Development Agreement.

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

4. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

Dated: ______________________

Franchisor:	Developer:
AMERICAN KOLACHE, INC.	______________________________
By: ______________________________	By: ______________________________
Its: ______________________________	Its: ______________________________

MARYLAND AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of Maryland that are subject to the Maryland Franchise Registration and Disclosure Law (the "Act") and is for the purpose of complying with Maryland statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Multi-Unit Developer hereby agree that the Multi-Unit Development Agreement dated _________________, 20___, will be amended as follows:

1. The following language is added to Section VI(4) of the Multi-Unit Development Agreement:

   ", except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following language is added to the end of Section XI(G) of the Multi-Unit Development Agreement:

   "Multi-Unit Developer may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law."

3. The following language is added to the end of Section XVI(C) of the Multi-Unit Development Agreement:

   "All claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years after the grant of the franchise."

4. Sections XI(C) of the Multi-Unit Development Agreement are amended to state:

   "Representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

IN WITNESS WHEREOF, Franchisor and Multi-Unit Developer have duly executed and delivered this Amendment as of the date set forth above.

Franchisor: AMERICAN KOLACHE	Multi-Unit Developer: ______________________________
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________

Its:________________________________ Its:________________________________

MINNESOTA AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota Franchise Act (Minn. Stat. Sec. 80C.1 et seq., the "Act") and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated ________________, 20___, hereby agree that the Franchise Agreement will be amended as follows:

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

2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)

   (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and

   (ii) that consent to the transfer of the franchise will not be unreasonably withheld.

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

4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.

6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Multi-Unit Development Agreement as of the day and year set forth above.

Franchisor:	Multi-Unit Developer:
AMERICAN KOLACHE	______________________________
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Its: ______________________________	Its: ______________________________

NEW YORK AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of New York that are subject to the New York Franchise Act (New York State General Business Law, Article 33, Sec. 680 et seq., the "Act") and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Multi-Unit Development Agreement dated _____________, 20_____, hereby agree that the Multi-Unit Development Agreement will be amended as follows:

1. Franchisor and Multi-Unit Developer are parties to that certain Multi-Unit Development Agreement that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Multi-Unit Development Agreement. This Rider is being signed because: (a) you are a resident of the State of New York and your Franchise will operate in New York; and/or (b) the offer or sale of the area development rights occurred in New York.

2. The following is added as a new Section VIII(B) of the Multi-Unit Development Agreement:

> "Multi-Unit Developer may terminate this Agreement upon any grounds available at law."

3. The following is added to Section XI(C) of the Multi-Unit Development Agreement:

> "This section shall not be considered a waiver of any right conferred upon Multi-Unit Developer by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder."

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the day and year first above written.

Franchisor:	Multi-Unit Developer:
AMERICAN KOLACHE	______________________
By:______________________	By:______________________
Name:______________________	Name:______________________
Its:______________________	Its:______________________

NORTH DAKOTA AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the "Act") and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Multi-Unit Development Agreement dated ______________, 20____, hereby agree that the Multi-Unit Development Agreement will be amended as follows:

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Multi-Unit Developer is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

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

IN WITNESS WHEREOF, Franchisor and Multi-Unit Developer have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:	Multi-Unit Developer:
AMERICAN KOLACHE	______________________________
By:______________________________	By:______________________________
Name:____________________________	Name: ____________________________
Its:______________________________	Its:______________________________

RHODE ISLAND AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of Rhode Island that are subject to the Rhode Island Franchise Investment Act (the "Act") and is for the purpose of complying with Rhode Island statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Multi-Unit Development Agreement dated ____________, 20____ hereby agree that the Franchise Agreement will be amended as follows:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, 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."

Dated: __________________, 20_____.

Franchisor:	Multi-Unit Developer:
AMERICAN KOLACHE	______________________________
By:______________________________	By:______________________________
Name: ___________________________	Name: ___________________________
Its:______________________________	Its:______________________________

VIRGINIA AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the "Act") and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Multi-Unit Development Agreement dated ____________, 20____ hereby agree that the Multi-Unit Development Agreement will be amended as follows:

1. Section VIII(B) of the Multi-Unit Development Agreement are amended by adding the following language:

   "§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause."

2. Section XI(G) of the Multi-Unit Development Agreement is amended by adding the following language:

   "Subsection D of § 13.1-559 of the Virginia Retail Franchising Act provides that, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia."

3. Section VII(C) of the Multi-Unit Development Agreement is amended by adding the following language:

   "Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act provides that it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale."

Dated: __________________, 20_____.

Franchisor:	Multi-Unit Developer:
AMERICAN KOLACHE	________________________________
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Its:______________________________	Its:______________________________

WASHINGTON AMENDMENT
TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of Washington that are subject to the Washington Franchise Investment Protection Act (the "Act") and is for the purpose of complying with Washington statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Multi-Unit Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Multi-Unit Development Agreement dated ____________, 20____ hereby agree that the Multi-Unit Development Agreement will be amended as follows:

1. In the event of a conflict of law, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

2. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Multi-Unit Development Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise.

3. A release or waiver of rights executed by an Multi-Unit Developer shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

4. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

5. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed

$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

8. The undersigned hereby acknowledges receipt of this amendment.

Dated: __________________, 20_____.

Franchisor:	Multi-Unit Developer:
AMERICAN KOLACHE	___________________________________
By:________________________________	By:________________________________
Name:______________________________	Name:______________________________
Its:________________________________	Its:________________________________

EXHIBIT F
LIST OF FRANCHISEES
As of December 31, 2025

Franchised Outlets

C.E. Prott, LLC
6189 Bennett Drive
Suite A
Edwardsville, IL 62025
(618) 650-9084

Kenrea Management LLC
2306 Bardstown Rd
Louisville, KY 40205
(502) 826-7707

STLKC1, LLC
4506 Mid Rivers Mall Drive,
Cottleville, MO 63376
(636) 244-1181

Delicous Kolache, LLC
6405 Lima Rd
Fort Wayne, IN 46818
(260) 372-1758

MC Kolache LLC
1249 Water Tower Place
Arnold, MO 63011
(636) 333-2308

Perpetual Ventures, LLC
521 W Hwy 50
O'Fallon, IL 62269
(618) 589-3235

Wolf Corporation
1618 N Knoxville Ave
Peoria, IL 61602
(309) 839-2634

Winter Street Holdings LLC
5938 SW 17th St, Suite 300

Topeka, KS 66604
(785) 329-5703

D Myers Holdings, LLC
3600 Broadway Ste 3
Quincy, IL 62301
217-214-8381
Lang Moon LLC
44260 Ice Rink Plaza Suite 117
Ashburn, VA 20147
(571) 520-7858

Affiliate Owned Outlets

St. Louis Kolache Ballwin, LLC
14786 Manchester Rd
Ballwin, MO 63011
(636) 220-9159

St. Louis Kolache, LLC
1300 N Lindbergh Blvd
Creve Coeur, MO 63132
(314) 938-5656

STLK4, LLC
5936 Southwest Ave.
St. Louis, MO
(314) 553-9730

FRANCHISEES WHICH LEFT THE SYSTEM

GLC Enterprises LLC
5440 Botanical Ave
St. Louis, MO 63110
(314) 610-6562
(Transferred its location to a new franchisee)

Slade62 Management, LLC
1031 Montgomery Hwy
Vestavia Hills, AL 35216
(205) 538-5083

EXHIBIT G
FINANCIAL STATEMENTS FOR AMERICAN KOLACHE, INC. f/k/a AMERICAN KOLACHE, LLC

AUDITED FINANCIAL STATEMENTS

Troutt Beeman & Co., P.C.
CPAs & BUSINESS ADVISORS

June 22, 2026

Mr. Bart Mantia
American Kolache, Inc.
14786 Manchester Rd.
Baldwin, MO 63011

Dear Bart:

We have enclosed five bound copies of the Company's audited financial statements, together with our Independent Auditor's Report, for the year ended December 31, 2025. We have also enclosed five copies of our Communication of Significant Deficiencies and our Communication with those Charged with Governance as a result of our audit of the Company's financial statements for the year ended December 31, 2025.

If you have any questions or need additional copies, please give me a call.

Sincerely,

Mike

Michael E. Groszek, CPA
TROUTT, BEEMAN & CO., P.C.

MEG/dh

Enclosures

1212 LOCUST
PO BOX 160
HARRISONVILLE, MO 64701
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AMERICAN KOLACHE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2025

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

AMERICAN KOLACHE, INC.

TABLE OF CONTENTS

Troutt Beeman & Co., P.C.
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To Management of
American Kolache, Inc.

Opinion

We have audited the financial statements of American Kolache, Inc., which comprise the balance sheet as of December 31, 2025, the related statement of income and retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of American Kolache, Inc. as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Reporting Entity

As discussed in Note 1 to the financial statements, the entity changed from an LLC to a C Corp. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Kolache Inc.'s ability to continue as a going concern for 15 months after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Kolache, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Kolache, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Harrisonville Missouri
June 22, 2026

AMERICAN KOLACHE, INC.

BALANCE SHEET
DECEMBER 31, 2025

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	41,234
Due from related party		13
Prepaid expenses and other assets		4,331
Total current assets		45,578
PROPERTY AND EQUIPMENT, net of accumulated depreciation		8,455
Total assets	$	54,033

LIABILITIES and STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$	5,915
Estimated taxes payable		23,500
Total current liabilities		29,415
STOCKHOLDERS' EQUITY		
Common stock, $1 par value, 30,000 shares authorized; 1,000 shares issued and outstanding		1,000
Retained earnings		23,618
Total stockholders' equity		24,618
Total liabilities and stockholders' equity	$	54,033

The accompanying notes to the financial statements are an integral part of these financial statements.

AMERICAN KOLACHE, INC.

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 2025

Revenue		
Management fees	$	150,321
Franchise fees		91,600
Royalties		197,882
Other		24,838
Total revenue		464,641
Operating expenses		345,841
Income from operations		118,800
Nonoperating expense		
Interest expense		7,210
Income before provision for income taxes		111,590
Income tax provision		23,500
Net income		88,090
Retained earnings at beginning of year, as restated		(7,472)
Dividends		(57,000)
Retained earnings at end of year	$	23,618

The accompanying notes to the financial statements are an integral part of these financial statements.

AMERICAN KOLACHE, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 88,090
Adjustments to reconcile net income to net cash provided by operating activities,	
Depreciation	5,954
Changes in assets and liabilities:	
(Increase) decrease due from related party	(13)
(Increase) decrease in prepaids	(4,331)
Increase (decrease) in tax provision	23,500
Increase (decrease) in accounts payable	(15,467)
Net cash provided by operating activities	97,733
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of fixed assets	(1,286)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on debt	(34,000)
Dividends	(56,000)
Net cash used by financing activities	(90,000)
NET INCREASE IN CASH	6,447
Cash, beginning of year	34,787
Cash, end of year	$ 41,234
Supplemental Cash Flow Information:	
Cash paid for interest	$ 7,210
Non-cash dividend	$ 1,000

The accompanying notes to the financial statements are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business: American Kolache, LLC., is a Missouri Limited Liability Company formed in August 2017. During 2025 American Kolache, LLC converted to American Kolache, Inc. (the Company) a C Corp. The Company offers to franchise a quick-service restaurant specializing in an Americanized version of the traditional Czech Kolache, including in-house dining, carry-out, delivery, and catering in a casual atmosphere under the "American Kolache" trademark.

Accrual Accounting: The financial statements of the Company are prepared using the accrual method of accounting. Accordingly, income is recorded as earned and expenses charged as incurred, regardless of the timing of payments.

Use of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalent.

Income Taxes: Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of estimated taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial statement and income tax reporting.

The Company is required to recognize, measure, classify and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Company's tax returns. Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties, and interest as a result of such challenge. Penalties and interest assessed by income taxing authorities would be included in operating expenses.

Advertising: The Company expenses advertising costs as they are incurred. The Company incurred advertising costs in the amount of $18,238 for the year ended December 31, 2025.

AMERICAN KOLACHE, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Property and Equipment: Property and equipment are carried at cost. Depreciation is provided by using the straight-line method over the estimated useful lives of the assets with expected useful lives in excess of one year for financial reported purposes. The modified accelerated cost recovery system is used for federal income tax purposes. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for the year ended December 31, 2025, is $5,954.

2. CASH:

The Company maintains its cash balances in one financial institution. At various times throughout the year ended December 31, 2025, the Company may have had balances in excess of FDIC limits. Management does not believe the solvency of the financial intuition is a concern.

3. PROPERTY AND EQUIPMENT:

At December 31, 2025, property and equipment consisted of the following:

Computer equipment	$ 29,773
Less accumulated depreciation	21,318
	$ 8,455

4. REVENUE RECOGNITION:

The Company derives its revenues primarily from management fees, royalties, and franchise fees. Revenues are recognized when control of these services are transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Incidental items that are immaterial in the context of the contract are recognized as expense. The Company does not have any significant financing components as revenues are received at or shortly after services are performed or annualized.

Revenues from performance obligations satisfied at a point in time consists of management fees, royalties, and franchise fees.

4. REVENUE RECOGNITION (continued):

Performance Obligations: Management fees come from the four related party owned restaurants. Fees are recognized based on services provided at agreed upon rates between the related parties. Royalties are based on a stated percentage of gross sales by franchisee according to the terms in each agreement.

For Franchise fees the Company is required to perform various activities to support the brand that do not directly transfer goods and services to the franchisee. These services include site selection assistance, building plans and specifications, management training and opening assistance. The Company adopted FASB ASU *Update 2021-02 Franchisors – Revenue from Contracts with Customers* in the year ended December 31, 2020. This standard permits the franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license. Initial franchise fees are recognized up front in which management has began assisting with the pre-opening services and these fees become non-refundable to the franchisee.

During the year ended December 31, 2025, the Company signed an agreement with four new franchisees and recognized fee revenue totaling $91,600 related to the agreements.

Variable Consideration: The nature of the Corporation's business does not give rise to variable consideration on a normal basis. No amounts have been estimated for variable consideration.

Contract Assets and Liabilities: The Corporation has no beginning or ending balances related to receivables, contract assets, or contract liabilities from contracts with customers.

5. RELATED PARTY TRANSACTIONS:

The Company's stockholders collectively own 100% of St. Louis Kolache, LLC, St Louis Kolache Baldwin, LLC, BBJR Inc., and STLK4, LLC. All management fees recognized by the Company are paid by these related parties.

6. PRIOR PERIOD ADJUSTMENT

During the year is was noted that there was an unrecorded liability in the 2024 financial statements. The following adjustment was made to beginning retained earnings.

	Retained Earnings
Retained earnings as previously reported	$ 8,615
Increase in liabilities	(16,087)
Retained earnings as restated	$ (7,472)

7. INCOME TAXES:

The provision for income taxes consists of the following components:

Federal - current	$ 20,000
State - current	3,500
	$ 23,500

A reconciliation between the amount of income tax expense determined by applying the applicable U.S. statutory income tax rate to pre-tax income is as follows:

Expected income tax at statutory rate (25%)	$ 27,898
Temporary differences due to depreciation	(1,280)
Temporary differences due to accounts payable	(620)
Temporary differences due to adjustments	(2,498)
Income tax expense recorded on income statement	$ 23,500

As of December 31, 2025, the Company did not have a liability for unrecognized tax benefits. The Company does not have any examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

8. STOCKHOLDER’S EQUITY

A reconciliation of Stockholder’s Equity for the year ended December 31, 2025:

Stockholder's Equity at beginning of period as restated	$ (7,472)
Shares issued	1,000
Additional paid in capital	-
Net income	88,090
Dividends	(57,000)
Stockholder's Equity at end of period	$ 24,618

9. EVALUATION OF SUBSEQUENT EVENTS:

The Company has evaluated subsequent events through June 22, 2026, the date which the financial statements were available to be issued.

AMERICAN KOLACHE, INC.

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

Advertising and promotion	18,238
Auto	14,014
Bank fees	1,943
Dues	1,736
Meals and entertainment	1,582
Insurance	4,784
Postage	4,825
Professional fees	101,930
Officer wages	160,600
Payroll taxes	13,202
Supplies	1,881
Telephone	4,924
Travel	10,228
Depreciation	5,954
Total operating expenses	$ 345,841

AMERICAN KOLACHE, INC.

COMMUNICATION OF SIGNIFICANT DEFICIENCIES

Troutt Beeman & Co., P.C.
CPAs & BUSINESS ADVISORS

To the Management of
American Kolache, Inc.

In planning and performing our audit of the financial statements of American Kolache, Inc., as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered American Kolache, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of American Kolache, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

We consider the following deficiency in American Kolcahe, Inc. to be a material weakness:

Related-party transactions: During the audit, we noted that there are no written agreements with wholly owned entities related to American Kolache, Inc. who pay management fees to American Kolache, Inc. Related-party transactions are often scrutinized by the IRS and may be disallowed if the amounts and business purpose are not clearly identifiable.

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We recommend written documents be prepared for all related-party transactions to document the terms and business purpose.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the entity's internal control to be significant deficiencies:

Segregation of duties: American Kolache, Inc. is a small organization and segregation of duties can be difficult to accomplish. All duties are currently completed by one member. We recommend management consider dividing responsibilities, where possible, around the cash transaction cycle to strengthen controls.

Supporting documentation: It was noted during testing that supporting documentation for travel related expenses were not retained. This could lead to denied deductions or questioned costs. Supporting documentation is essential for all transactions and should be retained for the prescribed retention period, usually between 3-7 years. We recommend policies and procedures be implemented to strengthened internal controls to help ensure supporting documentation for all transactions is retained.

This communication is intended solely for the information and use of management, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Twitt, Beeman & Co., P.C.

Harrisonville, Missouri
June 22, 2026

AMERICAN KOLACHE, INC.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Troutt Beeman & Co., P.C.
CPAs & BUSINESS ADVISORS

June 22, 2026

To the Management of
American Kolache, Inc.

We have audited the financial statements of American Kolache, Inc. as of and for the year ended December 31, 2025, and have issued our report thereon dated June 22, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 16, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of American Kolache, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control and other matters noted during our audit in a separate letter to you dated June 22, 2026.

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Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate and our firm, have complied with all relevant ethical requirements regarding independence.

Significant Risk Identified

We have identified the following significant risks:

Improper revenue recognition – current accounting principles require us to identify this as a significant risk unless we can document why revenues may not be improperly recorded.

Management override of internal control – current accounting principles require us to identify this as a significant risk.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by American Kolache, Inc. is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are taxes.

Management's estimates of taxes are based on estimated tax rates and current tax laws. We have evaluated the factors and assumptions used to develop the tax estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgement and are particularly sensitive because of their significance to financial statements users. The most sensitive disclosures affecting American Kolache, Inc.'s financial statements relate to Note 5 Related-party transactions. The financial statements disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The list of material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management follows this letter.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to American Kolache, Inc's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated June 22, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with American Kolache, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as American Kolache, Inc.'s auditors.

This report is intended solely for the information and use of the Board of Directors, Stockholder, and management of American Kolache, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Troutt, Beeman & Co., P.C.

TROUTT, BEEMAN & CO., P.C.
Harrisonville, Missouri

Client: ***8772 - AMERICAN KOLACHE LLC***
Engagement: ***2025 - AMERICAN KOLACHE, INC.***
Period Ending: ***12/31/2025***
Trial Balance: ***TB - Write Up Trial Balance***
Workpaper: ***Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 201		**R-01**		
To correct beginning balance and record 2024 AJEs not made by client.				
217	ACCRUED PAYROLL TAXES		27,296.00	
218	ACCRUED FEDERAL W/H		121,821.00	
306	RETAINED EARNINGS		16,087.00	
306	RETAINED EARNINGS		81,570.00	
155	Accumulated Depreciation			5,698.00
181	EQUIPMENT			1,841.00
308	DISTRIBUTIONS			236,427.00
840	Other income			2,808.00
Total			**246,774.00**	**246,774.00**
Adjusting Journal Entries JE # 202		**L-02**		
To adjust wages and payroll tax allocations.				
651	wages		127,395.00	
651.1	payroll taxes			127,395.00
Total			**127,395.00**	**127,395.00**
Adjusting Journal Entries JE # 203		**U-01**		
To record prepaid expenses				
125	prepaids		4,331.00	
628	INSURANCE - GENERAL			4,331.00
Total			**4,331.00**	**4,331.00**
Adjusting Journal Entries JE # 204		**K-03.1**		
To reclassify deposit and eliminate expenses posted in error				
228	Due to/from stlk flo		11,942.00	
181	EQUIPMENT			1,253.00
533	restaurant supplies			591.00
533	restaurant supplies			1,325.00
602	ADVERTISING			6,843.00
646	REPAIRS AND MAINTENANCE			1,346.00
656	PAPER			464.00
664	Utilities			120.00
Total			**11,942.00**	**11,942.00**
Adjusting Journal Entries JE # 205		**E-01**		
To record current year depreciation				
618	DEPRECIATION		5,954.00	
155	Accumulated Depreciation			5,954.00
Total			**5,954.00**	**5,954.00**
Adjusting Journal Entries JE # 206		**N-02**		
To adjust interest expense.				
631	INTEREST		601.00	
201	Triad bank loan			601.00
Total			**601.00**	**601.00**

Client: ***8772 - AMERICAN KOLACHE LLC***
Engagement: ***2025 - AMERICAN KOLACHE, INC.***
Period Ending: ***12/31/2025***
Trial Balance: ***TB - Write Up Trial Balance***
Workpaper: ***Adjusting Journal Entries Report***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 207				
To record common stock				
308	DISTRIBUTIONS		1,000.00	
305	Common stock			1,000.00
Total			**1,000.00**	**1,000.00**

June 22, 2026
Troutt, Beeman & Co., P.C.
PO Box 160
Harrisonville, MO 64701

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of American Kolache, Inc., which comprise the balance sheet as of December 31, 2025, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.
We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of June 22, 2026.

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 16, 2025, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
With respect to the nonattest service(s) provided, we have performed the following:
- Made all management decisions and performed all management functions;
- Assigned a competent individual to oversee the services;
- Evaluated the adequacy of the services performed;
- Evaluated and accepted responsibility for the result of the service performed; and
- Established and maintained internal controls, including monitoring ongoing activities.

Loans to executive officers have been properly accounted for and disclosed.

Information Provided

We have provided you with:
- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

All transactions have been recorded in the accounting records and are reflected in the financial statements.
We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
We have no knowledge of any fraud or suspected fraud that affects the entity and Involves:
  - Management;
  - Employees who have significant roles in internal control; or

- Others when the fraud could have a material effect on the financial statements.

We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.

We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.

b. We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.

c. The methods of measurement or presentation have not changed from those used in the prior period.

Bart Mantia

Bart Mantia

R

Russell Clark

Troutt Beeman & Co., P.C.
CPAs & BUSINESS ADVISORS

May 27, 2025

Mr. Bart Mantia
American Kolache LLC
14786 Manchester Rd.
Baldwin, MO 63011

Dear Bart:

We have enclosed five bound copies of the Company's audited financial statements, together with our Independent Auditor's Report, for the year ended December 31, 2024. We have also enclosed five copies of our Communication of Significant Deficiencies and our Communication with those Charged with Governance as a result of our audit of the Company's financial statements for the year ended December 31, 2024.

If you have any questions or need additional copies, please give me a call.

Sincerely,

Butch Beeman

Ivan E. Beeman, CPA
TROUTT, BEEMAN & CO., P.C.

IEB/ksk

Enclosures

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WWW.TBCO.NET

AMERICAN KOLACHE LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2024

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

AMERICAN KOLACHE LLC

TABLE OF CONTENTS

Troutt Beeman & Co., P.C.
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Members of
American Kolache LLC

Opinion

We have audited the financial statements of American Kolache LLC, which comprise the balance sheet as of December 31, 2024, the related statement of income and members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of American Kolache LLC as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Kolache LLC's ability to continue as a going concern for 15 months after the date that the financial statements are issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Kolache LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Kolache LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Troutt, Beeman & Co., P.C.
Harrisonville Missouri
May 27, 2025

AMERICAN KOLACHE LLC

BALANCE SHEET
DECEMBER 31, 2024

ASSETS

CURRENT ASSETS,	
Cash and cash equivalents	$ 34,787
PROPERTY AND EQUIPMENT, net of accumulated depreciation	13,123
Total assets	$ 47,910

LIABILITIES and MEMBERS' EQUITY

CURRENT LIABILITIES,	
Accounts payable	$ 5,295
NON CURRENT LIABILITIES,	
Note payable to member	34,000
Total liabilities	39,295
MEMBERS' EQUITY,	
Members' equity	8,615
Total liabilities and members' equity	$ 47,910

The accompanying notes to the financial statements are an integral part of these financial statements.

AMERICAN KOLACHE LLC

STATEMENT OF INCOME AND MEMBERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

Revenue:		
Management fees	$	195,000
Franchise fees		113,100
Royalties		156,603
Other		23,137
Total revenue		487,840
Operating expenses		380,886
Income from operations		106,954
Nonoperating expense,		
Interest expense		3,258
Net income		103,696
Members' equity at beginning of year		3,008
Distributions		(98,089)
Members' equity at end of year	$	8,615

The accompanying notes to the financial statements are an integral part of these financial statements.

AMERICAN KOLACHE LLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 103,696
Adjustments to reconcile net income to net cash provided by operating activities,	
Depreciation	5,698
Changes in assets and liabilities:	
Increase (decrease) in accounts payable	5,295
Increase (decrease) in accrued interest	(300)
Net cash provided by operating activities	114,389
CASH FLOWS FROM INVESTING ACTIVITIES,	
Acquisition of fixed assets	(4,324)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on debt	(10,000)
Distributions	(98,089)
Net cash used by financing activities	(108,089)
NET INCREASE IN CASH	1,976
Cash, beginning of year	32,811
Cash, end of year	$ 34,787
Supplemental Cash Flow Information:	
Cash paid for interest	$ 3,258

The accompanying notes to the financial statements are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business: American Kolache, LLC. (the Company), is a Missouri Limited Liability Company formed in August 2017. The Company offers to franchise a quick-service restaurant specializing in an Americanized version of the traditional Czech Kolache, including in-house dining, carry-out, delivery, and catering in a casual atmosphere under the "American Kolache" trademark.

Accrual Accounting: The financial statements of the Company are prepared using the accrual method of accounting. Accordingly, income is recorded as earned and expenses charged as incurred, regardless of the timing of payments.

Use of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalent.

Income Taxes: The Company, with the consent of its members, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provisions or liability for federal income taxes have been included in the financial statements. The federal income tax returns of the Corporation for 2021-2024 are subject to examination by the IRS. Subsequent to year end, the Company elected to be taxed as a C Corporation under the Internal Revenue Code.

Financial Accounting Standards Board (FASB) Accounting Standards codification (ASC) Topic 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Topic 740 developed a two-step process to evaluate a tax position and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company has assessed its federal and state tax positions and determined there were no uncertainties or possible related effects that need to be recorded as of or for the year ended December 31, 2024.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Advertising: The Company expenses advertising costs as they are incurred. The Company incurred advertising costs in the amount of $9,594 for the year ended December 31, 2024.

Property and Equipment: Property and equipment are carried at cost. Depreciation is provided by using the straight-line method over the estimated useful lives of the assets with expected useful lives in excess of one year for financial reported purposes. The modified accelerated cost recovery system is used for federal income tax purposes. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for the year ended December 31, 2024, is $5,698.

2. CASH:

The Company maintains its cash balances in one financial institution. At various times throughout the year ended December 31, 2024, the Company may have had balances in excess of FDIC limits. Management does not believe the solvency of the financial intuition is a concern.

3. PROPERTY AND EQUIPMENT:

At December 31, 2024, property and equipment consisted of the following:

Computer equipment	$ 28,487
Less accumulated depreciation	15,364
	$ 13,123

4. REVENUE RECOGNITION:

The Company derives its revenues primarily from management fees, royalties, and franchise fees. Revenues are recognized when control of these services are transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Incidental items that are immaterial in the context of the contract are recognized as expense. The Company does not have any significant financing components as revenues are received at or shortly after services are performed or annualized.

Revenues from performance obligations satisfied at a point in time consists of management fees, royalties, and franchise fees.

4. REVENUE RECOGNITION (continued):

Performance Obligations: Management fees come from the four related party owned restaurants. Fees are recognized based on services provided at agreed upon rates between the related parties. Royalties are based on a stated percentage of gross sales by franchisee according to the terms in each agreement.

For Franchise fees the Company is required to perform various activities to support the brand that do not directly transfer goods and services to the franchisee. These services include site selection assistance, building plans and specifications, management training and opening assistance. The Company adopted FASB ASU *Update 2021-02 Franchisors – Revenue from Contracts with Customers* in the year ended December 31, 2020. This standard permits the franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license. Initial franchise fees are recognized up front in which management has began assisting with the pre-opening services and these fees become non-refundable to the franchisee.

During the year ended December 31, 2024, the Company signed an agreement with three new franchisees and recognized fee revenue totaling $113,000 related to the agreement.

Variable Consideration: The nature of the Corporation's business does not give rise to variable consideration on a normal basis. No amounts have been estimated for variable consideration.

Contract Assets and Liabilities: The Corporation has no beginning or ending balances related to receivables, contract assets, or contract liabilities from contracts with customers.

5. RELATED PARTY TRANSACTIONS:

The Company's members collectively own 100% of St. Louis Kolache, LLC, St Louis Kolache Baldwin, LLC, BBJR Inc., and STLK4, LLC. All management fees recognized by the Company are paid by these related parties.

At December 31, 2024, the Company has a note payable due to a member of the Company for $36,000 with interest at 7.2%. The loan is due in interest only monthly payments with the balance being due November 25, 2027. The loan payment schedule has $36,000 due in 2027.

6. EVALUATION OF SUBSEQUENT EVENTS:

The Company has evaluated subsequent events through the date of the auditor's report, the date which the financial statements were available to be issued. In January 2025, the Company took out a $50,000 loan advance from a local bank. The balance was $0 as of December 31, 2024.

AMERICAN KOLACHE LLC

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Advertising and promotion	$	9,594
Auto		10,033
Bank fees		1,197
Dues		4,094
Meals and entertainment		3,064
Postage		292
Professional fees		144,511
Officer wages		171,000
Payroll taxes		10,601
Supplies		10,932
Telephone		7,528
Travel		2,342
Depreciation		5,698
Total operating expenses	$	380,886

AMERICAN KOLACHE LLC

COMMUNICATION OF SIGNIFICANT DEFICIENCIES

Troutt Beeman & Co., P.C.
CPAs & BUSINESS ADVISORS

To the Management of
American Kolache LLC

In planning and performing our audit of the financial statements of American Kolache LLC, as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered American Kolache LLC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of American Kolache LLC's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the entity's internal control to be significant deficiencies:

Significant Deficiencies:

Segregation of duties: American Kolache LLC is a small organization and segregation of duties can be difficult to accomplish. All duties are currently completed by one member. We recommend management consider dividing responsibilities, where possible, around the cash transaction cycle to strengthen controls.

Related-party transactions: During the audit, we noted that there are no written agreements with wholly owned entities related to American Kolache LLC who pay management fees to American Kolache LLC. Related-party transactions are often scrutinized by the IRS and may be disallowed if the amounts and business purpose are not clearly identifiable. We recommend written documents be prepared for all related-party transactions to document the terms and business purpose.

This communication is intended solely for the information and use of management, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Troutt, Beeman & Co., P.C.

Harrisonville, Missouri
May 27, 2025

AMERICAN KOLACHE LLC

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Troutt Beeman & Co., P.C.
CPAs & BUSINESS ADVISORS

May 27, 2025

To the Management of
American Kolache LLC

We have audited the financial statements of American Kolache LLC as of and for the year ended December 31, 2024, and have issued our report thereon dated May 27, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 6, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of American Kolache LLC solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control and other matters noted during our audit in a separate letter to you dated May 27, 2025.

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Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate and our firm, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by American Kolache LLC is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

There are no significant account estimates.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgement and are particularly sensitive because of their significance to financial statements users. The most sensitive disclosures affecting American Kolache LLC's financial statements relate to Note 5 Related-party transactions. The financial statements disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The list of material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management follows this letter.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to American Kolache LLC's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated May 27, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with American Kolache LLC, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as American Kolache LLC's auditors.

This report is intended solely for the information and use of the Board of Directors, Stockholder, and management of American Kolache LLC and is not intended to be and should not be used by anyone other than these specified parties.

Troutt, Beeman & Co., P.C.

TROUTT, BEEMAN & CO., P.C.
Harrisonville, Missouri

Client: *8772 - AMERICAN KOLACHE LLC*
Engagement: *2024 - AMERICAN KOLACHE LLC*
Period Ending: *12/31/2024*
Trial Balance: *TB - Write Up Trial Balance*
Workpaper: *Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 201		**R-01**		
To agree to PY equity				
654	SUPPLIES		4,899.00	
306	RETAINED EARNINGS			4,899.00
Total			**4,899.00**	**4,899.00**
Adjusting Journal Entries JE # 202		**L-02**		
To reclass payroll tax out of wages				
638	PAYROLL TAXES		10,425.00	
702	OFFICER SALARIES			10,425.00
Total			**10,425.00**	**10,425.00**
Adjusting Journal Entries JE # 203		**N-03**		
To adjust loan balance to bart to ending 12/31 balance				
212	DUE OFFICER		25,061.00	
308	DISTRIBUTIONS		10,939.00	
240	Loan - Bart			36,000.00
Total			**36,000.00**	**36,000.00**
Adjusting Journal Entries JE # 204		**L-01**		
To clear out payroll payables				
217	ACCRUED PAYROLL TAXES		27,296.00	
218	ACCRUED FEDERAL W/H		121,821.00	
308	DISTRIBUTIONS			149,117.00
Total			**149,117.00**	**149,117.00**
Adjusting Journal Entries JE # 205		**E-02**		
To reclass extry to capital assets				
308	DISTRIBUTIONS		1,841.00	
181	EQUIPMENT			1,841.00
Total			**1,841.00**	**1,841.00**
Adjusting Journal Entries JE # 206		**E-02**		
To record CY depreciation				
618	DEPRECIATION		5,698.00	
155	Accumulated Depreciation			5,698.00
Total			**5,698.00**	**5,698.00**

May 27, 2025

Troutt, Beeman & Co., P.C.
PO Box 160
Harrisonville, MO 64701

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of American Kolache LLC, which comprise the balance sheet as of December 31, 2024, and the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of May 27, 2025

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated January 6, 2025, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- With respect to the nonattest service(s) provided, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.
- Distributions were made in proposition to stock ownership.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial

statements and we have not consulted legal counsel concerning litigation, claims, or assessments.

- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
b. We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
c. The methods of measurement or presentation have not changed from those used in the prior period.

Bart Mantia

____
Bart Mantia – Member

____
Russell Clark – Member

AMERICAN KOLACHE LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2023

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

AMERICAN KOLACHE LLC

TABLE OF CONTENTS

Troutt Beeman & Co., P.C.
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Members of
American Kolache LLC

Opinion

We have audited the financial statements of American Kolache LLC, which comprise the balance sheet as of December 31, 2023, the related statement of income and members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of American Kolache LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Kolache LLC's ability to continue as a going concern for 15 months after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Kolache LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Kolache LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Troutt, Beeman & Co., P.C.

Harrisonville Missouri
April 5, 2024

AMERICAN KOLACHE LLC

BALANCE SHEET
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS,	
Cash and cash equivalents	$ 32,811
PROPERTY AND EQUIPMENT, net of accumulated depreciation	14,497
Total assets	$ 47,308

LIABILITIES and MEMBERS' EQUITY

CURRENT LIABILITIES:	
Accrued interest	$ 300
Note payable to member	36,000
Total current liabilities	36,300
NON CURRENT LIABILITIES,	
Note payable to member	8,000
Total liabilities	44,300
MEMBERS' EQUITY,	
Members' equity	3,008
Total liabilities and members' equity	$ 47,308

The accompanying notes to the financial statements are an integral part of these financial statements.

AMERICAN KOLACHE LLC

STATEMENT OF INCOME AND MEMBERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

Revenue:		
Management fees	$	240,000
Franchise fees		39,000
Royalties		119,829
Other		11,090
Total revenue		409,919
Operating expenses		341,163
Income from operations		68,756
Nonoperating expenses,		
Interest expense		5,796
Net income		62,960
Members' equity at beginning of year, restated		(38,237)
Distributions		(21,715)
Members' equity at end of year	$	3,008

The accompanying notes to the financial statements are an integral part of these financial statements.

AMERICAN KOLACHE LLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 62,960
Adjustments to reconcile net income to net cash provided by operating activities,	
Depreciation	4,833
Net cash provided by operating activities	67,793
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on debt	(92,000)
Distributions	(21,715)
Net cash used by financing activities	(113,715)
NET DECREASE IN CASH	(45,922)
Cash, beginning of year, as restated	42,733
Cash, end of year	$ (3,189)
Supplemental Cash Flow Information:	
Cash paid for interest	$ 5,796

The accompanying notes to the financial statements are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business: American Kolache, LLC. (the Company), is a Missouri Limited Liability Company formed in August 2017. The Company offers to franchise a quick-service restaurant specializing in an Americanized version of the traditional Czech Kolache, including in-house dining, carry-out, delivery, and catering in a casual atmosphere under the “American Kolache” trademark.

Accrual Accounting: The financial statements of the Company are prepared using the accrual method of accounting. Accordingly, income is recorded as earned and expenses charged as incurred, regardless of the timing of payments.

Use of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalent.

Income Taxes: The Company, with the consent of its members, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company’s taxable income. Therefore, no provisions or liability for federal income taxes have been included in the financial statements. The federal income tax returns of the Corporation for 2020-2023 are subject to examination by the IRS.

Financial Accounting Standards Board (FASB) Accounting Standards codification (ASC) Topic 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Topic 740 developed a two-step process to evaluate a tax position and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company has assessed its federal and state tax positions and determined there were no uncertainties or possible related effects that need to be recorded as of or for the years ended December 31, 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Advertising: The Company expenses advertising costs as they are incurred. The Company incurred advertising costs in the amount of $19,315 for the year ended December 31, 2023.

Property and Equipment: Property and equipment are carried at cost. Depreciation is provided by using the straight-line method over the estimated useful lives of the assets with expected useful lives in excess of one year for financial reported purposes. The modified accelerated cost recovery system is used for federal income tax purposes. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for the year ended December 31, 2023, is $4,833.

2. CASH:

The Company maintains its cash balances in one financial institution. At various times throughout the year ended December 31, 2023, the Company may have had balances in excess of FDIC limits. Management does not believe the solvency of the financial intuition is a concern.

3. PROPERTY AND EQUIPMENT:

At December 31, 2023, property and equipment consisted of the following:

Computer equipment	$	24,163
Less accumulated depreciation		9,666
	$	14,497

4. REVENUE RECOGNITION:

The Company derives its revenues primarily from management fees, royalties, and franchise fees. Revenues are recognized when control of these services are transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Incidental items that are immaterial in the context of the contract are recognized as expense. The Company does not have any significant financing components as revenues are received at or shortly after services are performed or annualized.

Revenues from performance obligations satisfied at a point in time consists of management fees, royalties, and franchise fees.

4. REVENUE RECOGNITION (continued):

Performance Obligations: Management fees come from the four related party owned restaurants. Fees are recognized based on services provided at agreed upon rates between the related parties. Royalties are based on a stated percentage of gross sales by franchisee according to the terms in each agreement.

For Franchise fees the Company is required to perform various activities to support the brand that do not directly transfer goods and services to the franchisee. These services include site selection assistance, building plans and specifications, management training and opening assistance. The Company adopted FASB ASU *Update 2021-02 Franchisors – Revenue from Contracts with Customers* in the year ended December 31, 2020. This standard permits the franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license. Initial franchise fees are recognized up front in which management has began assisting with the pre-opening services and these fees become non-refundable to the franchisee.

During the year ended December 31, 2023, the Company signed an agreement with one new franchisee and recognized fee revenue totaling $39,000 related to the agreement.

Variable Consideration: The nature of the Corporation's business does not give rise to variable consideration on a normal basis. No amounts have been estimated for variable consideration.

Contract Assets and Liabilities: The Corporation has no beginning or ending balances related to receivables, contract assets, or contract liabilities from contracts with customers.

5. RELATED PARTY TRANSACTIONS:

The Company's members collectively own 100% of St. Louis Kolache, LLC, St Louis Kolache Baldwin, LLC, BBJR Inc., and STLK4, LLC. All management fees recognized by the Company are paid by these related parties.

At December 31, 2023, the Company has a note payable due to a member of the Company for $44,000 with interest at 7.2%. The loan is payable at $3,000/ month plus accrued interest. At December 31, 2023, the Company had accrued interest of $300 related to the loan. The loan payment schedule has $36,000 due in 2024 and $8,000 due in 2025.

6. PRIOR PERIOD ADJUSTMENT:

The 2022 SEP contribution was paid in 2023 and applied back to 2022 for financial reporting and tax purposes. Members' equity was originally reported as $3,763 on December 31, 2022. Members' equity as restated at December 31, 2022, is ($38,237).

7. EVALUATION OF SUBSEQUENT EVENTS:

The Company has evaluated subsequent events through the date of the auditor's report, the date which the financial statements were available to be issued.

AMERICAN KOLACHE LLC

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Advertising and promotion	$ 19,315
Auto	17,571
Bank fees	1,041
Dues	1,246
Meals and entertainment	3,207
Insurance	1,122
Postage	182
Professional fees	58,232
Officer wages	168,000
Retirement contributions	42,000
Payroll taxes	13,086
Supplies	2,054
Telephone	4,615
Travel	3,206
Food	1,453
Depreciation	4,833
Total operating expenses	$ 341,163

UNAUDITED FINANCIAL STATEMENTS

(The Following Financial Statements, If Any, Have Been Prepared Without An Audit. Prospective Franchisees or Sellers of Franchises Should Be Advised That No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.)

AMERICAN KOLACHE INC

Balance Sheet

As of May 31, 2026

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
101 CASH	83,363.16
Total Bank Accounts	**$83,363.16**
Other Current Assets	
112 DUE FROM OFFICER	62,965.91
Total Other Current Assets	**$62,965.91**
Total Current Assets	**$146,329.07**
Fixed Assets	
181 EQUIPMENT	32,867.10
Accumulated Depreciation	-23,030.37
Total Fixed Assets	**$9,836.73**
Other Assets	
195 DEPOSITS	0.00
Total Other Assets	**$0.00**
TOTAL ASSETS	**$156,165.80**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
225 AMERICAN EXPRESS BUSINESS	0.00
Total Credit Cards	**$0.00**
Other Current Liabilities	
119 CORPORATE ADVERISING FUND	2,470.00
201 TRIAD BANK LOAN	-9,000.00
202 PPP LOAN	0.00
212 DUE OFFICER	0.00
214 LOAN CLARK	0.00
215 LOAN MANTIA	0.00
216 ACCRUED STATE W/H	0.00
217 ACCRUED PAYROLL TAXES	0.00
218 ACCRUED FEDERAL W/H	0.00
227 DUE FROM AK RETAIL	
227.1 MARKETING	750.00
227.2 DUES	0.00
227.3 TECH	0.00
227.4 OFFICE EXPENSE	-65.00
227.5 TRAVEL	0.00

AMERICAN KOLACHE INC

Balance Sheet

As of May 31, 2026

	TOTAL
Total 227 DUE FROM AK RETAIL	**685.00**
228 DUE TO / FROM STLK FLO	11,942.36
Total Other Current Liabilities	**$6,097.36**
Total Current Liabilities	**$6,097.36**
Total Liabilities	**$6,097.36**
Equity	
306 RETAINED EARNINGS	96,179.28
307 DIVIDENDS PAID	-27,000.00
308 DISTRIBUTIONS	-33,000.00
Net Income	113,889.16
Total Equity	**$150,068.44**
TOTAL LIABILITIES AND EQUITY	**$156,165.80**

AMERICAN KOLACHE INC

Profit and Loss

January 1-May 31, 2026

	TOTAL
Income	
432 SPICE MIX INCOME	10,820.00
450 FRANCHISE FEES	35,000.00
451 ROYALTIES-EDWARDSVILLE	11,750.53
454 ROYALTIES COTTLEVILLE	15,233.34
455 ROYALTIES ARNOLD	13,287.80
456 ROYALTIES-OFALLON ILLINOIS	8,627.26
457 ROYALTIES-WANAMAKER KS	10,820.77
458 ROYALTIES KIRKWOOD	12,284.76
459 ROYALTIES FT WAYNE	15,834.42
460 TOPEKA FOOD TRUCK	3,055.27
461 ROYALTIES-PEORIA	12,173.22
462 ROYALTIES-LOUISVILLE	4,666.92
463 ROYALTIES ASHBURN	5,511.38
Total for Income	**$159,065.67**
Cost of Goods Sold	
Restaurant Supplies	5.87
Total for Cost of Goods Sold	**$5.87**
Gross Profit	**$159,059.80**
Expenses	
602 ADVERTISING	4,726.35
604 AUTO EXPENSE	4,046.21
606 BANK CHARGES	1,046.09
624 DUES AND SUBSCRIPTIONS	970.00
626 ENTERTAINMENT AND DINING	1,899.70
631 INTEREST	2,797.00
638 PAYROLL TAXES	47.52
640 POSTAGE AND OFFICE EXPENSE	716.51
641 LEGAL FEES	90.00
642 PROFESSIONAL FEES	$17,899.01
642.1 CONSULTING	15,000.00
Total for 642 PROFESSIONAL FEES	**$32,899.01**
646 REPAIRS AND MAINTENANCE	0.00
651 WAGES	$12,074.40
651.1 PAYROLL TAXES	45,974.00
Total for 651 WAGES	**$58,048.40**
654 SUPPLIES	$191.07
654.3 MEDIA	-5,215.10
Total for 654 SUPPLIES	**-$5,024.03**
658 TELEPHONE	1,469.77
662 TRAVEL	5,547.31
Computer and Internet Expenses	400.80
Insurance Expense	51.50

AMERICAN KOLACHE INC

Profit and Loss

January 1-May 31, 2026

	TOTAL
Office Supplies	36.96
Total for Expenses	**$109,769.10**
Net Operating Income	**$49,290.70**
Other Income	
800 MANAGEMENT FEES	61,300.00
REWARDS POINTS	3,298.46
Total for Other Income	**$64,598.46**
Net Other Income	**$64,598.46**
Net Income	**$113,889.16**

EXHIBIT H
LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

NOTE: SOME STATES REQUIRE THAT THE FRANCHISE BE REGISTERED WITH A STATE AGENCY. WE DO NOT OFFER OR SELL FRANCHISES IN ANY OF THOSE STATES UNLESS WE ARE REGISTERED, AND THE LISTING OF A STATE BELOW DOES NOT MEAN THAT WE ARE SO REGISTERED.

California
Commissioner of Financial Protection and Innovation
One Sansome Street
Suite 600
San Francisco, CA 94104
(415) 557-3787
(866) 275-2677

Florida
Department of Agriculture and Consumer Services
Division of Consumer Services
227 N. Bronough Street
City Centre Building,
7th Floor
Tallahassee, FL 32301
(904) 922-2770

Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street,
Room 203
Honolulu, HI 96813
(808) 586-2722

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

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

Maryland
Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan
Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, MI 48913
(517) 373-7117

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

Nebraska
Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509
(402) 471-3445

New York
New York State Depart. of Law
Bureau of Investor Protection and Securities
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8211

North Dakota
North Dakota Securities Department
600 East Boulevard, State Capitol, 5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon
Depart. of Ins. and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island
Depart. of Business Regulation
Division of Securities
233 Richmond Street
Suite 232
Providence, RI 02903
(401) 222-3048

South Dakota
Depart. of Commerce & Consumer Regulation
Division of Insurance, Securities Regulation
118 West Capitol
Pierre, SD 57501
(605) 773-3563

Texas
Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

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

Washington
Securities Administrator
Department of Financial Institutions
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin
Department of Financial Institutions Div. of Securities
345 W. Washington Ave., 4th FL
Madison, WI 53703
(608) 261-9555

Agents for Service of Process

California
Commissioner of the Dept. of Financial Protection and Innovation
California Dept. of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7505
(866) 275-2677

Hawaii
Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-1090

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

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

Michigan
Department of Commerce,
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, Michigan 48910
(517) 334-6212

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

New York
Secretary of State of the State of New York
41 State Street
Albany, New York 12231
(518) 473-2492

North Dakota
North Dakota Securities Department
600 East Boulevard, State Capitol
5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon
Director of Oregon
Department of Insurance and Finance
700 Summer Street, N.E., Suite 120
Salem, Oregon 97310
(503) 378-4387

Rhode Island
Director of Rhode Island
Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
(401) 222-3048

South Dakota
Director of South Dakota Division of Securities
118 West Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9733

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

Wisconsin
Wisconsin Commissioner of Securities
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 261-9555

EXHIBIT I
GENERAL RELEASE

THIS GENERAL RELEASE (the "General Release") is made by the undersigned (hereinafter "Releasor(s)") for the benefit of American Kolache, Inc., a Missouri corporation (hereinafter, "Franchisor"), on this ______ day of ____________________, 20____.

RECITALS:

WHEREAS, Releasor is an American Kolache franchisee and operates an American Kolache (the "American Kolache") pursuant to that certain franchise agreement dated ______________ ___, 20___ (the "Franchise Agreement");

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor's consent to_____________in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys' fees, accounting fees or experts' fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this General Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under any state franchise law which governs this Release.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, Affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term

"Releasor" shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, Affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

RELEASOR:

____

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

AMERICAN KOLACHE, INC.

By: ____________________________________
Title:________________________________

EXHIBIT J

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, American Kolache, Inc. (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of an American Kolache® Restaurant. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit and schedule attached to it? Yes ____ No ____

2. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "FDD") that Franchisor provided to you? Yes ____ No ____

3. Did you sign a receipt for the FDD indicating the date you received it? Yes ____ No ____

4. Date on which you received the FDD and related Exhibits explaining the American Kolache® Restaurant Franchise ________________, 20___.
   (month, day)

5. Date on which you received a completed copy, other than signatures, of the Franchise Agreement.
   ________________, 20___.
   (month, day)

6. Date on which you signed the Franchise Agreement. ________________, 20___
   (month, day)

7. Name of salesperson(s) handling this sale for the Franchisor or any persons associated with the Franchisor with whom you had significant contact with throughout the sales process (such as assisting you in completing forms or applications or engaging in ongoing or substantial conversation with you).
   ____

8. Were you given the opportunity to discuss the benefits and risks of operating an American Kolache® Restaurant with an attorney, accountant or other professional advisor, and do you understand those risks? Yes ____ No ____

9. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors? Yes ____No ____

10. Do you agree that no employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn or that any of Franchisor's franchisees or company-owned or Affiliate-owned businesses earn in operating the business other than what is discussed in Item 19 of the FDD? Yes ____ No ____

11. Do you agree that no employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the business? Yes ____ No ____

12. Do you agree that no employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD? Yes ____ No ____

13. Do you understand that the Franchisor is not giving any legal or insurance advice regarding the operation and structure, etc. of the business and that you are relying on your own independent counsel with respect to legal and insurance matters? Yes _____ No ______

14. Do you understand that the Franchise Agreement and its attachments, if applicable contain the entire agreement between the Franchisor and you concerning the American Kolache® franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or Multi-Unit Development Agreement will not be binding? Yes_____ No _____

15. Do you understand that the Franchisor is relying on your answers to the questions in this questionnaire? Yes____ No____

    If you answered "No" to any question above, please explain your response(s) below:

    ____

    ____

* * *

Please understand that your responses to these questions are important to the Franchisor and that it will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. You are also representing that you have reviewed all of these questions and the answers with the other owners of the business and any of your representatives who had discussions with the Franchisor or any of its officers, agents, or employees. The responses from those people are also included by you above.

Dated on _________________, 20__.

FRANCHISE APPLICANTS

Signature: ______________________

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:

California	Not registered
Hawaii	Not registered
Illinois	Pending
Indiana	Not registered
Maryland	Not registered
Michigan	Not registered
Minnesota	Not registered
New York	Not registered
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Virginia	Not registered
Washington	Not registered
Wisconsin	Not registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT K
RECEIPT (YOUR COPY)

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If American Kolache, Inc. 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. Under Iowa law, if applicable, we must provide this disclosure document to you at the earlier of our first personal meeting to discuss the franchise or 14 days before you sign a binding agreement or make a payment with the franchisor or an Affiliate in connection with the proposed franchise sales. Under Michigan law, if applicable, we must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an Affiliate in connection with the proposed franchise sale. Under New York law, if applicable, we must provide you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement or make a payment with the franchisor or an Affiliate in connection with the proposed franchise sales.

If American Kolache, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Exhibit H.

The name, principal business address and telephone number of each franchise seller offering the franchise: (check applicable):

____ Russell Clark at American Kolache, Inc., 14786 Manchester Road, Ballwin, MO 63011, Phone: 314-229-1959: email: russ@stlouiskolache.com
____ Bart Mantia at American Kolache, Inc., 14786 Manchester Road, Ballwin, MO 63011, Phone: 314-229-1959: email: bart@stlouiskolache.com
____ ____

Date of Issuance: June 29, 2026

See Exhibit H for our registered agents authorized to receive service of process.

I have received a disclosure document dated June 29, 2026, that included the following Exhibits:

A. Franchise Agreement, Guaranty and Assumption of Obligations
B. Multi-Unit Development Agreement, including Guaranty
C. Confidentiality Agreement
D. Table of Contents of Confidential Operations Manual
E. State Law Addendum
F. List of Franchisees
G. Financial Statements
H. List of State Agencies/Agents for Service of Process
I. Release
J. Franchisee Disclosure Questionnaire
K. Receipt (Your Copy)
L. Receipt (Our Copy)

____________________	__________________________	__________________________
Date	Signature	Printed Name
____________________	__________________________	__________________________
Date	Signature	Printed Name

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I. Release
J. Franchisee Disclosure Questionnaire
K. Receipt (Your Copy)
L. Receipt (Our Copy)

Date	Signature	Printed Name
Date	Signature	Printed Name