FRANCHISE DISCLOSURE DOCUMENT

Bandana's Franchise Systems, LLC
Missouri limited liability company
16141 Swingley Ridge Road
St. Louis, Missouri 63017
(636)537-8200
info@bandanasbbq.com
www.bandanasbbq.com

The franchisee will operate an authentic, Southern-style barbecue restaurant featuring genuine smoked barbecue in a setting reminiscent of the "Old West" under the trademark "Bandana's Bar-B-Q".

The total investment necessary to begin operation of a Bandana's Bar-B-Q restaurant is from $380,200 to $1,232,500. This includes $40,000 that must be paid to the franchisor or its affiliates. If you are granted area development rights under an Area Development Agreement, you will pay a Development Fee of $10,000 per number of Bandana's Bar-B-Q restaurants you agree to develop.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Rick White, Bandana's Franchise Systems, LLC, at 16141 Swingley Ridge Road, Suite 205, St. Louis, Missouri 63017, (636) 537-8200.

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

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

Issuance Date: May 1, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchise *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 Contacts for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risks 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 [State]. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in [State] than in your own state.

2. **Spousal Liability**. The franchise owners and their spouses must each sign personal guaranties making each spouse jointly and severally liable for all obligations of the franchise. These guaranties place each franchise owner's and each spouse's personal assets at risk.

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.

BANDANA’S FRANCHISE SYSTEMS, LLC

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

To simplify the language in this disclosure document “we”, “us” and “our” means Bandana’s Franchise Systems, LLC, the franchisor. “You” and “your” mean the person who buys the franchise. If the franchise will be owned by a corporation, partnership or limited liability company, “you” and “your” also mean the owners of the corporation, partners of the partnership or members and manager of the limited liability company and their spouses.

We are a Missouri limited liability company which was formed on February 17, 2004. We maintain our principal place of business at 16141 Swingley Ridge Road, Suite 205, St. Louis, MO 63017. We do not currently do business or intend to do business under any name other than Bandana’s Franchise Systems, LLC. We have no predecessors. Our agents for service of process are disclosed in Exhibit G.

One of our parents is Bandana’s Missouri, L.L.C. (“Operating Company”), a Missouri limited liability company formed on September 27, 2000. Operating Company owns the Marks and System described below and has granted a worldwide license to us to grant franchises using the Marks and System. Operating Company, in its own name and through its affiliates and subsidiaries have owned and operated Bandana’s Bar-B-Q Restaurants since May 1996. Operating Company’s principal place of business is 16141 Swingley Ridge Road, Suite 205, St. Louis, MO 63017. Operating Company currently owns and operates 25 Bandana’s Bar-B-Q restaurants at address listed in Exhibit D.

Operating Company’s parent, and our parent is Park Ridge Midwest Restaurants, Inc. (“Park Ridge”), a Florida corporation formed on August 7, 2006. Its principal place of business is 661 South Collier Blvd., Marco Island, FL 34145. On October 2, 2006, Park Ridge purchased Operating Company and its affiliates, Southern Boys Restaurant Group, Inc., a Missouri corporation formed on July 24, 1999 (“Southern Boys”), Bandana’s Illinois, Inc., an Illinois corporation formed on September 28, 2000 (“Bandana’s Illinois”) and Gravois Bar-B-Q Holdings, LLC, a Missouri limited liability company formed on May 3, 2000 (“Gravois”). Southern Boys and Bandana’s Illinois were merged into the Operating Company on January 3, 2007 and January 2, 2007 respectively. Gravois remains a separate affiliate that owns the real estate at 11750 Gravois Road, St. Louis, MO where a Bandana’s Bar-B-Q restaurant operates.

We grant franchises to operate an authentic, southern-style barbecue restaurant that specializes in offering genuine smoked barbecue and other items, including hickory-smoked spareribs, pork, beef, turkey, chicken, barbeque sandwiches, potato salad, coleslaw, beans, desserts and other food and beverage, in a setting reminiscent of the “Old West” using the System and operating under the Marks as described in the Franchise Agreement which is attached as Exhibit A (“Franchise Agreement”). “System” means a specially developed method of operating a southern-style barbecue restaurant under the Marks using certain procedures and methods, recipes, site evaluation criteria, layouts, accounting methods, advertising, sales and promotional techniques, personnel training, trade secrets and any other matters relating to the operation and promotion of Bandana’s Bar-B-Q restaurants as they may be changed, improved, modified and further developed by us, our parents or our affiliates from time to time. “Marks” means such service marks, trademarks, trade dress, trade names 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 a Bandana’s Bar-B-Q restaurant. Marks currently include

"Bandana's", "Bandana's Bar-B-Q", "Smell That Smoke and "Bandana's Bar-B-Q Smell That Smoke and design". "Bandana's Bar-B-Q restaurant" means any bar or restaurant which is operated under the System and Marks whether owned by you, us, an affiliate of us, or a licensee or franchisee of us. You will do business under the fictitious or assumed name of "Bandana's Bar-B-Q" or any other name that we decide to use in the future. In this disclosure document, the Bandana's Bar-B-Q restaurant you will operate according to the terms of the Franchise Agreement is referred to as the "Restaurant."

You, and at least 2 designated managers will be required to attend and graduate from Bandana's School of Bar-B-Q ("BQ School"). The term of the BQ School is approximately 6 weeks and the curriculum includes not only how to operate the Restaurant, but also includes intensive courses on mastering our barbecue and smoking techniques to produce the high quality food product served in a Bandana's Bar-B-Q restaurant. The fees for attending the BQ School is included in your Initial Franchise Fee as well as any additional or future courses you or your employees take at the BQ School.

This disclosure document describes our 2 franchise programs:

Single Franchise. We grant individual franchises to own and operate a Bandana's Bar-B-Q restaurant under the terms and conditions of the franchise agreement (the "Franchise Agreement" or "FA") found in Exhibit A.

Area Development. We additionally offer applicants an Area Development Agreement (the "Area Development Agreement" or "ADA") found in Exhibit B**,** which authorizes you to develop, own and operate a specific number of Bandana's Bar-B-Q restaurants in the territory designated in your Area Development Agreement ("Development Area"). Under the ADA, you must develop and open a specific number of Bandana's Bar-B-Q in your ADA Territory in the time period designated in the ADA ("Development Schedule"). The specific number of Bandana's Bar-B-Q restaurants required to be opened will be mutually agreed upon by you and us based on the size of the territory and various market and economic factors. You will sign a separate Franchise Agreement for each Bandana's Bar-B-Q restaurant you develop under the ADA. In no event will you be a franchisee until we have signed a Franchise Agreement with you. You will sign a Franchise Agreement for your first Unit at the same time you sign the ADA.

The goods and services offered by our franchisees are used primarily by the general public for personal consumption and are not limited to any specific submarket. Your Restaurant will have to compete with other restaurants offering similar products including other franchises, national chains and locally-owned restaurants. You should also recognize that the intense competition for the food dollar can affect your business and all competing businesses and could affect the profitability of your Restaurant**.**

Health and licensing regulations specific to the operation of a restaurant are in effect in most jurisdictions, as are laws and regulations governing the sale and the advertisement of the sale of alcoholic beverages. You will be required to comply with all local, state and federal health and sanitation laws, waste disposal, smoking restrictions, and liquor sale and advertising laws that apply to restaurant operations, including any requirements for food handlers to have certain inoculations. You must check all applicable governmental laws, regulations, and ordinances. You are responsible for knowing and complying with all laws and licensing requirements related to the operation of your Restaurant and it is likely that you will be required by city and/or state laws to obtain licenses to operate your Restaurant. You must obtain all required liquor licenses. The cost of obtaining a liquor license and the steps for securing the license and local laws vary greatly from area to area. In addition, some state dram shop laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol. You must comply with all federal, state and local laws, codes and regulations regarding the construction, design and operation of the Restaurant, including the applicable provisions of the Americans with Disabilities Act. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws. You should check with your local attorney for advice on complying with applicable law.

We began offering franchises in 2004. We have not conducted a business of the type you will be operating and we do not engage in any types of business activities other than franchising Bandana's Bar-B-Q restaurants and providing services to our franchisees. Neither our parents, affiliates or we have operated or offered franchises in any other line of business. The Operating Company currently operates a total of 23 Bandana's Bar-B-Q restaurants and we have 5 franchise locations. There have been Bandana's Bar-B-Q restaurants since 1996.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer: Rick H. White

Rick H. White has been our Chief Executive Officer since October 2006 and a Member of the Board of Directors of Park Ridge since October 2002. He was Chief Executive Officer of the Operating Company since May 2005 and Chief Operating Officer and a Member of the Board of Managers of the Operating Company since May 2002.

Chief Financial Officer: Lynnette A. Lemke

Lynnette A. Lemke has been Chief Financial Officer for the Operating Company since September 2012.

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

Franchise Agreement

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. Our standard initial franchise fee is $40,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is fully earned by us and is not refundable to you under any circumstances.

ADA

If you are a franchisee under our Area Development Program, you must pay us a development fee (the "Development Fee"). The Development Fee will equal $10,000 multiplied by the number of additional Units you agree to develop in the Development Area under the ADA. When you sign a Franchise Agreement for each of your Units, we will credit you with payment in full of the Initial

Franchise Fee due for the first Unit and credit you $10,000 against the then current Initial Franchise Fee for each additional Unit under your ADA.

The Development Fee is due when you sign the ADA and is fully earned by us and is not refundable to you under any circumstances.

ITEM 6
OTHER FEES*

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fees Note 1	5% of Weekly Gross Sales	Payable each week on Wednesday (based on Weekly Gross Sales of the previous week, Monday through Sunday)	Fees and sales back-up report due. Payments shall be made via electronic funds transfer ("EFT") or any other method we require
Creative Marketing Fee Note 1	0.5% of Weekly Gross Sales	Payable each week on Wednesday (based on Weekly Gross Sales of the previous week, Monday through Sunday)	Payments shall be made via EFT or any other method we require
Transfer Fee – Franchise	50% of the then current Initial Franchise Fee	Prior to consummation of transfer	Payable when you sell your franchise
Transfer Fee- ADA	$5,000 for each undeveloped unit	Prior to consummation of transfer	Payable when you sell your development rights
Renewal Fee	50% of the then current Initial Franchise Fee	At the time of the execution of the then current franchise agreement	Payable when you renew the franchise
Relocation Fee	$5,000	10 days after you receive approval from us to relocate	Must request and receive approval from us to relocate your Restaurant
Opening Team Expenses Note 2	$10,000-$30,000	Upon receipt of invoice	Expense for the Opening Team Members who we will send to assist you in opening of the Restaurant
Audit Note 3	Cost of Audit	Upon demand	If we determine that you have been deficient by more than 2% on payment of fees or you fail to send in the required reports in a timely manner
Interest on late payments Note 3	Lesser of 1 ½% per month or maximum legal rate	On all overdue payments	Payable on all overdue amounts
Late Report Fee Note 3	$100 plus $100 for each month a report is late	Upon demand	Payable on all late reports
Liquidated Damages Note 4	$200 per day	Upon demand	Payable for each day unauthorized products or services are offered for sale or sold
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 or ADA and we have to seek assistance to enforce the agreements

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Taxes Note 5	Actual cost	Upon demand	Payable if certain taxes are levied or assessed on the fees you pay to us or our affiliates
Fee for Testing Alternative Supplier's Goods	Reasonable fee based on the cost of the test made by us or by an independent testing laboratory designated by us	Upon demand	Only if you want us to test a proposed supplier to become an approved supplier (See Item 8)
Technology Fee Note 6	$15 per week	Payable each Wednesday	Payable once your Restaurant opens

* All fees are imposed by and are payable to us. All fees are non-refundable and are uniformly imposed.

** Applies to both the Franchise Agreement and the ADA. All other items apply only to the Franchise Agreement unless otherwise designated.

Note 1: **Royalty Fee and Creative Marketing Fee.** By Wednesday of the week following the week in which the sales were made, you must pay us a Royalty Fee equal to 5% of Weekly Gross Sales from your Restaurant and a Creative Marketing Fee of 0.5% of Weekly Gross Sales which may be increased by 0.5% per year up to a maximum of 5%. We are currently not requiring you to pay the Creative Marketing Fee, but reserve the right, in our sole discretion, to require payment of the monthly Creative Marketing Fee upon notice to you.

"Weekly Gross Sales" means the total amount of all sales of products, services and merchandise sold from, though, or in connection with the Restaurant, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes. Any sales you make at allocation away from your Restaurant, including all catering, is included in Weekly Gross Sales. Weekly Gross Sales shall not include rebates or refunds to customers, revenue generated by promotional giveaways which are solely for the benefit of recognized charitable organizations and for which all profits generated are received by said charitable organizations.

Currently we required you to pay your Royalty Fees and Creative Marketing Fees through EFT. You will comply with the procedures specified in the Manual or as otherwise communicated for any electronic funds transfer program and shall perform the acts and sign the documents, including authorization forms that we, your bank and our bank may require to accomplish payment by electronic funds transfer, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of Royalty Fees and Creative Marketing Fees and other amounts, including interest payable to us. In addition, you will pay all costs associated with utilizing an electronic funds transfer payment program. If you fail to timely report to us in accordance with the procedures set forth in the Franchise Agreement and in the Manual, in addition to any applicable late charge, we have the right, but not the obligation, to debit from your account an estimated amount equal to the fees due and payable to us during the most recent month for which the reports were received by us.

Note 2: **Opening Team Expenses.** You must pay us (or pay directly) the travel expenses for the Opening Team Members we send to your Restaurant to assist you for your grand opening for a period of 8 days ("Opening Team Expenses"). The "Opening Team Members" consist of a supervisor and such other operating staff members as we determine for a total of approximately 8-10 people. The Opening Team Expenses include all expenses related to the Opening Team Members, including but not limited to their travel time, transportation, lodging, meals, laundry and phone service. Approximately one month before your scheduled opening, you must commit to an opening date. If there is a change to this date, you will also be responsible for any costs relating to the change in the opening date. This amount will generally range from $10,000 to $30,000, is nonrefundable, and is to be paid within five days after receipt of an invoice from us. It is anticipated that you will receive an invoice for the Training Team Expenses within 30 days of the opening of your Restaurant.

Note 3: **Interest, Audit Fees and Late Report Fees.** If you under-report your Weekly Gross Sales, in addition to paying us for the amount of unpaid Royalty Fees and Creative Marketing Fees, you must pay interest on any unpaid amounts at the rate of the lesser of l ½% per month or the maximum legal rate in the jurisdiction where your Restaurant is located. In addition, if the amount of Weekly Gross Sales you report for any calendar year is less than 98% of the actual Weekly Gross Sales for that period or you fail to provide us with the required reports in a timely manner, you must reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals, and lodging. If you fail to send us a report that is due, we can charge you a late report fee of $100 plus $100 for each week your report is late.

Note 4: **Liquidated Damages for Sale of Unauthorized Products or Services.** Uniformity of products and services offered by all Bandana's Bar-B-Q restaurants is of utmost importance to us, our franchisees and the System. If you offer to sell or do sell products or services which are not authorized or are not prepared in accordance with the Confidential Operations Manual, you agree we will be damaged by your non-compliance. These damages will be calculated at the rate of $200 per day for each day unauthorized products or services are offered or sold 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 any and all of our other rights for non-compliance provided for under the Franchise 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 we and you desire certainty in this matter and agree that the damages provided here are reasonable, constitute liquidated damages and are not a penalty.

Note 5: **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's business 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 a state or local government imposes on us or our affiliates' income.

Note 6: **Technology Fee**. You are required to pay us a Technology Fee equal to $15 per week due on the day you first open the Restaurant for business and thereafter by Wednesday of each week. We use the Technology Fee to support the website, emails, enhancement and development of the computer system we require our franchisees to use, any mobile application and/or online ordering capabilities and for other technology-related products or services that are or become part of the System. We reserve the right to increase the amount of the Technology Fee, but in no event will we increase it more than once every 12 months.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee Note 1	$ 40,000	Lump Sum	Upon signing the Franchise Agreement	US
Lease Deposit and Rent Note 2	$7,000 – $25,000	Lump Sum	Signing the Lease	Landlord
Leasehold Improvements Note 3	$100,000 – $475,000	As incurred	Before Opening	General Contractor
Signage	$5,000 – $35,000	Lump Sum	Before Opening	Approved suppliers
Furniture, Fixtures, Décor and Equipment Note 4	$80,000 – $250,000	Lump Sum	Before Opening	Approved suppliers;
POS System Note 4	$15,000 – $25,000	Lump Sum	Before Opening	Approved supplier
Catering Vehicle (Van) Note 4	$1,200 – $15,000	As incurred	As incurred	Dealer/lessor
Licenses, Dues, deposits, etc. Note 5	$1,500 – $3,500	Lump Sum	Before Opening	Government Agencies and Organizations
Architectural and Engineering Fees	$5,000 – $15,000	Lump Sum	Before Opening	Architect, Engineer
Insurance Note 6	$3,000 – $6,000	As incurred	Before Opening	Insurance agent
Travel and Living Expenses while attending BQ School	$20,000 – $40,000	As incurred	Before Opening	Airlines, hotels, Etc.
Grand Opening Advertising	$10,000 – $12,000	As incurred	90 days after opening	Advertising company
Initial Inventory Note 7	$10,000 – $15,000	As incurred	Before Opening	Approved suppliers
Opening Team Expenses	$10,000 – $30,000	As incurred	As incurred	Us – see Items 5 and 6
Professional Fees	$2,500 – $10,000	As incurred	Before Opening	Lawyers, accountants and other professionals
Additional Funds – 3 months Note 8	$70,000 – $245,000	As incurred	As incurred	Employees, rent, suppliers, utilities, etc.
TOTAL Note 9	$380,200 – $1,232,500			

The chart above describes the estimated initial investment for a Bandana's Bar-B-Q restaurant, whether it is a single unit or a Unit under an ADA. The initial investment for an Area Developer will also include the Development Fee.

Note 1. **Initial Franchise Fee.** For your first Bandana's Bar-B-Q restaurant, the Initial Franchise Fee is $40,000. As described in Item 5, if you are an area developer under our Development Program, you must pay us a Development Fee of $10,000 multiplied by the number of Units to be opened under the ADA. When you sign a Franchise Agreement for a particular Unit under the ADA, you will receive a credit against a portion of the Initial Franchise Fee owed for that Unit.

Note 2. **Lease Deposit.** The size of the Restaurant will be approximately 3,000 to 5,500 square feet including seating for 90 to 180 guests. If you do not own or purchase real estate for the Restaurant location, you will need to lease space from a landlord. The rents will generally range from $14 to $25 per square foot. In most cases the landlord will require a security and/or rental deposit. Usually, the landlord will require you to pay the equivalent of 1 month's rent. Rental rates or deposits on an unknown location cannot be predicted in advance. However, the rental rates will most likely depend on the size and location of the Restaurant. These costs will vary greatly depending on the metropolitan area where the Restaurant will be located. These estimates are based on one month's rent for a security deposit and the first month's rent. In addition, these estimates are based on locations in and around St. Louis, Missouri. In most cases, franchisees rent rather than purchase property. The initial investment assumes you will rent. If you purchase the property, your initial expenses will dramatically increase.

Note 3. **Leasehold Improvements.** When a site has been selected, we will provide you with layout, drawings and design of a typical Bandana's Bar-B-Q restaurant. The 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 a reliable estimate of costs cannot be 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 reduced accordingly.

Note 4. **Furniture, Fixtures, Décor and Equipment/POS System/Catering Vehicle.** These costs include all of the furniture and fixtures for the Restaurant as well as the smallwares, wall décor, kitchen and bar equipment, menus and branded uniforms. The cost shown is turnkey, including installation. Also included is the POS system (hardware and software) that is described in greater detail in Item 11. The estimates for the Catering Vehicle are set-up costs of a lease or purchase.

Note 5. **Licenses, Dues, Deposits, etc.** These amounts represent the business license and estimated utility deposits. This amount also includes the cost to obtain a liquor license for your Restaurant. In addition to the fee a state or local government may charge you to apply for a liquor license, a limited number of states or localities may also assess environmental impact fees. The amount of the license fee and the existence and amount of any environmental impact fee which you may be charged depends on the location of your Restaurant. You are required to obtain all necessary licenses and pay all required governmental fees to operate your Restaurant. These estimates are based on locations in and around St. Louis, Missouri.

Note 6. **Insurance.** These amounts represent the quarterly premium for the required insurance. Many insurance companies will require you to pay this amount prior to opening and allow you to pay the remainder in monthly payments throughout the year. The type of insurance you are required to maintain is described in Section IX.H. of the Franchise Agreement.

Note 7. **Initial Inventory.** These amounts represent the initial inventory, including all food costs, you will need to begin operation of the Restaurant.

Note 8. **Additional Funds.** This item estimates your expenses during the initial period of operation of the Restaurant (other than the items identified separately in this table). These expenses include estimated rent, payroll costs, benefits, the cost to have your utilities, additional inventory requirements, supplies, etc., but do not include Royalty Fees, Creative Marketing Fees or an owners' draw or salary. Please note that this amount includes the salary you must pay your employees (2-3 managers) during their attendance at the BQ School. These figures are estimates, and you may have additional expenses in order to start the business. Your costs will depend on factors similar to these: how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and sales level reached during the initial period.

Note 9. **Total.** Costs and expenses can vary depending on factors like local real estate values, cost of labor and supplies. These figures were based on the experience of the Bandana's Bar-B-Q restaurants in and around the St. Louis, Missouri metropolitan area dating back to 1996, and the expenses may differ in other parts of the country. Except as described above, none of the fees listed in this Item are refundable. Your financial condition and arrangements negotiated by and the business decisions made by you will also affect these costs. There can therefore be no assurance that the experience of a particular franchisee will correspond with the information presented above. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

We do not offer, either directly or indirectly, financing to you for any items. (See Item 10 of this document.) The availability of financing will depend upon various factors like the availability of financing generally, your credit worthiness, other security that you may have, and the requirements of lending institutions concerning the type of business to be operated by you.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Restaurant according to our System. You are required to purchase all products, services, supplies, inventory, equipment, computer hardware and software and materials required for the operation of your Restaurant from manufacturers, suppliers or distributors we designate, or from other suppliers who meet our specifications and standards as to quality, appearance, taste and service, and who adequately demonstrate their ability to supply the franchise needs in a timely and reliable manner. Details of the required purchase of specific computer hardware and software is described in Item 11. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention, as well as payments, contributions, or other consideration to us, our affiliates, any advertising fund and/or otherwise, and may be temporary, in each case in our reasonable discretion. We may, from time-to-time withhold, condition and/or 5revoke our approval of particular items or suppliers in our reasonable discretion. We have imposed these requirements in order to assure quality and uniformity of the decor and products sold to customers. Approved suppliers will be designated in the Confidential Operations Manual or some other writing delivered to you. We may modify the list of approved brands, products and suppliers, and will notify you, in writing, of any modification.

Currently, there is no approved supplier that is owned, in whole or in part, by any of our officers, but they reserve the right to own an interest in suppliers in the future.

If you wish to purchase or lease any goods, products, equipment or supplies not approved by us as meeting our specifications, you must first notify us. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, or supplies meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. We will advise you within a 30 day period whether these goods, products, equipment or supplies meet our specifications. We may require samples from alternate suppliers to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a reasonable fee based on the cost of the test made by us or by an independent testing laboratory designated by us. We may require your proposed supplier to execute a confidentiality agreement regarding the product.

Currently, all of the Bandana’s Bar-B-Q restaurants are required to use PepsiCo products. You may purchase PepsiCo products from any authorized distributor. In addition, you may be required to purchase dispensing equipment for such Pepsi products, which may be purchased or leased from any supplier that distributes this equipment. We reserve the right to modify this policy and substitute other products or suppliers. If we do so, we will inform you of any changes by updates or supplements to the

Confidential Operations Manual and you will make the appropriate changes. We entered into an arrangement with PepsiCo, which provides marketing and equipment support to our franchisees and the affiliate-owned Bandana's Bar-B-Q restaurants. Each Bandana's Bar-B-Q restaurant that participates in arrangement currently receives a payment from PepsiCo based on the respective Bandana's Bar-B-Q restaurant's volume of purchases. In addition, we may receive scheduled payments from PepsiCo based on system-wide purchases of PepsiCo products. Any such payment will be used by us for advertising or be paid to Bandana's Bar-B-Q restaurants pro rata based on the volume of PepsiCo purchases by Bandana's Bar-B-Q restaurants.

We and our affiliates reserve the right to negotiate with various vendors for quantity discount contracts. You may or may not find the contracts to your advantage and may elect to participate or not to participate in them. 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. We have the right to affiliate ourselves with suppliers or become an approved supplier or the sole supplier. Further, we and our affiliates have the right to receive revenues, rebate, commissions or other benefits from suppliers based on purchases made by our franchisees. Any purchases from us or our affiliates will generally be at prices exceeding our, or our affiliate's costs.

During the fiscal year 2024, neither we nor any affiliate of us derived revenue from selling products or services to franchisees or received any rebates from suppliers on account of purchases of required and approved items by franchisees. The purchase of products from approved sources will represent approximately 35% of your overall purchases in opening the franchise and 50% of your overall purchases in operating the franchise.

There are currently no purchasing or distribution cooperatives. 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.

In addition to the purchases or leases described above, you must buy and maintain, at your own expense, insurance coverage that we require and to meet the other insurance-related obligations, all of which are described in greater detail in Section IX.H in the Franchise Agreement. All insurance policies must name us as an additional insured party. You will obtain and maintain the minimum insurance as described in the Confidential Operations Manual.

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 and Section I of the ADA	Items 6 and 11
(b) Pre-opening purchases/leases	Sections IX.A of the Franchise Agreement	Item 8
(c) Site development and other pre-opening requirements	Sections III of the Franchise Agreement	Items 6, 7, 11

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
(d) Initial and ongoing training	Sections XIII.A and B of the Franchise Agreement	Item 11
(e) Opening	Section IX.A of the Franchise Agreement	Item 11
(f) Fees	Section VI of the Franchise Agreement and Section IV of the ADA	Items 5 and 6
(g) Compliance with standards and policies/operating manual	Sections IX.D and XV of the Franchise Agreement	Item 11
(h) Trademarks and proprietary information	Sections X of the Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Section IX.D of the Franchise Agreement	Item 16
(j) Warranty and customer service requirements	Section IX.D of the Franchise Agreement	Item 16
(k) Territorial development and sales quotas	Section II of the Franchise Agreement and Section II.A of the ADA	Item 12
(l) Ongoing product/service purchases	Section XIV of the Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Section IX.L of the Franchise Agreement	Item 11
(n) Insurance	Section IX.H of the Franchise Agreement	Items 6 and 8
(o) Advertising	Section VII of the Franchise Agreement	Items 6 and 11
(p) Indemnification	Section XVII.B of the Franchise Agreement	Item 6
(q) Owner's participation/management/ Staffing	Section IX.G of the Franchise Agreement	Items 11 and 15
(r) Records and reports	Section IX.M of the Franchise Agreement	Item 6
(s) Inspections and audits	Section IX.I of the Franchise Agreement	Items 6 and 11
(t) Transfer	Section XVI of the Franchise Agreement and Section VI of the ADA	Item 17
(u) Renewal	Section V.C of the Franchise Agreement	Item 17
(v) Post-termination obligations	Sections XIII.C of the Franchise Agreement	Item 17
(w) Non-competition covenants	Sections XI and XII of the Franchise Agreement	Item 17
(x) Dispute Resolution	Section XVIII of the Franchise Agreement and Section VIII of the ADA	Item 17

ITEM 10
FINANCING

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

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

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

Before you open the Restaurant, we will:

(1) Designate your Territory and Catering Area (Franchise Agreement - Sections II.B and C and Exhibit I.)

(2) Approve or disapprove a site for your Restaurant. We do not currently own sites for leasing to franchisees. (Franchise Agreement – Section III) You are responsible for investigating the suitability of the site and having any leases or sale contract for the site reviewed and approved by your attorney.

We will provide you with our site selection criteria for a Bandana's Bar-B-Q restaurant. The site must meet our criteria for demographic characteristics: traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; foot traffic; daytime business population; size; appearance; and other physical and commercial characteristics. We will approve or disapprove a location you propose within 30 days after receiving your description of the site and all demographic information we require in order to evaluate the site. We will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to assist in designating the location, although we will not conduct site selection activities for you.

If you intend to lease a site, you will submit a copy of the proposed lease to us, within 30 days of our consent to the site. Within 10 days of execution of the lease, you shall provide us a copy of the executed lease. The lease must include substantially the terms in the Addendum to Lease which is Exhibit II of the Franchise Agreement. You must also sign a Collateral Assignment of Lease which is Exhibit III of the Franchise Agreement whereby you agree to assign your rights to the lease to us in the event of a termination or expiration of this Agreement or a default under the lease.

If you intend to own the site, you will furnish to us proof of ownership or an executed sale contract within 90 days after we consent to the site. You shall 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 for the term of the Franchise Agreement.

(3) Provide suggestions for layout and design of the Restaurant (Franchise Agreement – Section VIII.E);

We will make a suggestion for the layout and design of your Restaurant. Any such suggestion 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 shall 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. You will construct the Restaurant in accordance with specifications and plans prepared by you based upon our standards, subject to our right to consent. The cost of plans and specifications shall be borne by you. Our consent shall be limited to review of such plans to assess compliance with our design standards for Bandana's Bar-B-Q restaurants, including such items 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.

(4) Provide approved suppliers or specification for the equipment, products and services you need to equip your Restaurant (Franchise Agreement – Section XIV);

We do not provide any equipment, products or services directly, but only provide you with the names of approved suppliers and the written specification for these items. We do not deliver or install any of these items.

(5) Provide an initial training program at the BQ School in order to learn barbecuing techniques and operations systems in order to operate the Restaurant for you or your Principal Owner and up to 2 designated managers. This training is described in greater detail later in this Item 11 (Franchise Agreement – VIII).

(6) Loan you a copy of the Confidential Operations Manual (Franchise Agreement - Section XV);

This Confidential Operations Manual, which may be in a format determined by us (i.e., in writing, on CD-Rom, via electronic media through a secure website, etc.) ("Manual") is confidential and remains our property. You will operate your Restaurant in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manual which are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments thereto, all of which are a part of the Manual.

You must treat the Manual, any other manuals or written materials provided by us or our affiliates for use in the operation of the Restaurant, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place within the Restaurant. It must be returned to us upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from or revisions to the Manual which you have to comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit H to this disclosure document. The Manual is over 325 pages in length.

Time for Opening your Restaurant.

We estimate that the typical length of time between signing of the Franchise Agreement and the opening of a Bandana's Bar-B-Q restaurant is between 6 and 12 months. Factors affecting the length of time usually include obtaining a satisfactory site, zoning and governmental requirements, including obtaining all required licenses for the sale of food and alcoholic beverages, financing arrangements, building improvements, and purchase and installation of equipment, fixtures, and signs. 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 are required to use your best efforts to cure any of these delays and any of these delays in opening shall only be for a period of days equal to the number of days during which the events actually prevent completion. You must notify us of any delay promptly. If you fail to open the Restaurant within 1 year of signing the Franchise Agreement, including if you fail to locate a site for the Restaurant that we approve, then we may terminate the Franchise Agreement.

<u>During the Operation of your Restaurant, we will:</u>

(1) Provide on-site opening assistance, consisting of the Opening Team Members, for a period of 8 days as described in greater detail later in this Item 11 (Franchise Agreement – Section VIII.C).

(2) Furnish you, at your request, with additional guidance and assistance. We reserve the right to charge a reasonable fee (Franchise Agreement - Section VIII.D).

(3) Continue to loan you one copy of the Manual (Franchise Agreement – Section XV).

(4) May provide additional training courses at the BQ School at no charge to you or your employees. (Franchise Agreement – Section XVIII.B).

ADVERTISING

<u>Creative Marketing Fund</u>

You must contribute a monthly Creative Marketing Fee of 0.5% of Weekly Gross Sales to the marketing and creative marketing fund maintained and operated by us (the "Fund"). However, beginning in January 2015 we are not requiring you to pay the Creative Marketing Fee. However, we have the right, in our sole discretion, to require you to pay the Creative Marketing Fee at any time upon written notice to you. We agree that the Creative Marketing Fees received from you will be made available for the payment of all costs associated with the creation, production, distribution, media placement and administration of local, state, regional or national advertising programs and for any taxes incurred on these funds. The Fund is intended to maximize recognition of the Marks and the patronage of the Bandana's Bar-B-Q restaurants. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Bandana's Bar-B-Q restaurants, we do not ensure that the Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Fund contributions by Bandana's Bar-B-Q restaurants operating in that geographic area or that any Bandana's Bar-B-Q restaurant benefits directly or in proportion to its Fund contributions. These funds will be used for advertising on television, radio, direct marketing mailings, the newspaper, the Internet and other media and maintenance and upgrading our website. We have the right to determine the type of advertising and the media in which it will appear. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising and franchise expansion program, consistent with applicable law. We do not have to spend the Fund contributions during any specific time period. Advertising may be handled by the outside advertising agency which we select. We do not spend any funds from the Fund on advertising that is principally a solicitation for the sale of franchises, except that we will use portions of the Creative Marketing Fees towards the costs of any website we may maintain, which website may contain information about our franchising programs. We will not prepare audited financial statements of the Fund; however, we will provide unaudited financial statements upon your request. If we do not use all of the Fund contributions in a particular fiscal year, the remaining contributions will be carried over to the next fiscal year and be included in that year's advertising budget. We are entitled to reimbursement from the Fund to cover our administrative and overhead expenses associated with operating the Fund. All franchisees and any affiliate-owned Bandana's Bar-B-Q restaurants will contribute to the Fund on an equal basis. During our prior fiscal year, none of the money we spent from the Fund.

The Fund is not our asset. The Fund is not a trust. We have a contractual obligation to hold all Fund contributions for the benefit of the contributors and to use the contributions only for their permitted purposes as described above. We have no fiduciary obligation to you for administering the Fund.

We do not have a franchisee advertising advisory council that advises us on advertising policies.

Your Own Advertising.

In addition to your required contributions to the Fund, you must spend for advertising and promotion of your Restaurant an amount equal to or greater than 1.5% of your Weekly Gross Sales per year. You must have proof of your expenditures if we request to review your books and records. You must submit all of your own advertising and sale promotion materials to us or our designated advertising agency for approval before use. If you do not receive written disapproval within 20 days after we or they receive the materials, we will be deemed to have given approval. You are responsible to ensure that all advertising and promotion materials used by you, whether created or consented to by us, comply with applicable laws, including state and local liquor laws. You may 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 may not advertise or use any of the Marks on the Internet except after obtaining our consent. 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. We may require you to place all such electronic advertisements with us or our designated third-party vendor. Further, you may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user or account name, or in the content of any world-wide website, including any social media website (such as LinkedIn, Facebook or Twitter). We maintain and control the web site www.bandanasbbq.com. We may provide contact information for Bandana's Bar-B-Q restaurants, including the Restaurant, on our web site for so long as we determine.

You agree to participate with other Bandana's Bar-B-Q restaurants in placing advertisements in the Yellow Pages and/or other directories including Internet telephone directories, which cover your Territory, and you will pay for your proportionate share of the cost for the Yellow Pages directory advertising or other similar publication. Yellow Pages advertising costs must be paid in addition to the amounts payable to the Fund, but will count towards your own, local advertising requirements. You agree not to distribute individual advertising items (i.e., coupons, circular advertising, etc.) outside of your Territory, unless you use a form of advertising which is not programmed to restrict to the Territory.

Regional Cooperative Advertising.

If we determine that franchisees in a particular geographic area can most efficiently and effectively advertise and promote their business by pooling resources, we have the right to establish an advertising cooperative (a "Cooperative") for that region. If established, you must participate in your local Cooperative. Each Cooperative will commence operation on a date we designate in advance in writing. We may change the composition of, create, dissolve, merge, or re-create a Cooperative and its governing body at any time.

Each Cooperative will be organized for the purposes of producing and conducting general advertising programs and activities for use in and around the applicable geographic area and developing standardized promotional materials for use by the members of the Cooperative. In no event will any Bandana's Bar-B-Q restaurant be required to contribute to more than one Cooperative. Although we specify the area and the Bandana's Bar-B-Q restaurants covered, each Cooperative is owned and controlled by its members.

The governing body of each Cooperative has the authority to establish the contribution rate for its members for up to 1.5% of Weekly Gross Sales per month. You are entitled to one vote for each Bandana's Bar-B-Q restaurant that you own or control that is a member of the Cooperative. We also have one vote for each Bandana's Bar-B-Q restaurant that we own or control that is a member of the Cooperative. Our decision on any issue concerning Cooperative is final. We will contribute to each Cooperative of which we or our affiliates are members on the same basis as required of comparable franchisees within the system. No advertising programs or materials may be used by the Cooperative or furnished to its members, and no advertising or promotional activities may be conducted by the Cooperative, without our prior written approval. Any advertising agency employed by a Cooperative must be approved by us.

The Cooperative will submit to us such statements and reports we may designate or request. We are not required to prepare, and the Cooperatives are not required by us to prepare annual financial statements. Cooperative contributions are not required by us to be spent in the year received. We do have the right to audit a Cooperative or any agency approved to conduct marketing activities for Cooperatives. We may designate a formula for calculating a proration or reduction of the contribution rate for stores in a Cooperative based on media coverage, demographics or other factors.

Grand Opening Advertising.

In addition to the other advertising requirements, you must spend a minimum of $10,000 for grand opening advertising and sales promotions within 90 days of the Restaurant opening. Additionally, you must provide to us, within 120 days after the opening of the Restaurant, proof of your advertising and sales promotion expenditures in the form, and with the detail, including copies of all grand opening advertising materials and receipts, as we request.

COMPUTER SYSTEM

You are required to purchase equipment compatible to run NCR Aloha POS System and NCR Back Office System ("Computer System"). The Front-of-the-House Computer System shall consist of a minimum of three (3) POS units with touchscreens (two containing cash drawers), three POS Software licenses, receipt printers, mag card readers, a kitchen printer & spare, and other hardware. The Back-Office Computer System will consist of a server, router, PC and monitor, switch, and other computer hardware, software and operating systems. The cost of the Computer Systems is approximately $15,000. You will be required to enter into a maintenance agreement with NCR which is currently $5,500 a year.

We may revise our specifications for hardware and software as we determine necessary to meet the needs of the System and there is no contractual limitation on our ability to require the hardware or software to be improved or upgraded. We reserve the right to require different or additional software programs and hardware at any time in the future and you will be responsible for the cost of any new, modified or updated programs and the hardware. We have independent access to information or data in your Computer System. We require the daily polling of information from the Computer System.

The types of business information which will be collected by the Computer System will be sales reports by category, department, menu item, inventory, waiter, cashier, lunch, dinner and hour on a daily, weekly and monthly basis. We will have independent access to information or data in the Computer System. We have no contractual obligation to upgrade or update any hardware or software. We are not obligated to provide or assist you in obtaining the above item or services. In the future, you may be required to change, upgrade or modify the type of computer hardware and software you must use at your expense (i.e. Web-Based reporting solutions). Internet service is required to make your Computer System accessible for web-based solutions.

TRAINING PROGRAMS

We or our representatives or agents will provide training for you or your Principal Owner and up to 2 designated managers at the Bandana's BQ School. Completion of the training to our satisfaction is mandatory for you and 2 designated managers before you open your Restaurant. However, if you will not actually manage your Restaurant, then we will require completion of the training to our satisfaction for the 3 designated managers before you open your Restaurant. If the franchisee currently operates a Bandana's Bar-B-Q restaurant, the training program is not mandatory for the franchisee or those designated managers who have already satisfactorily completed our initial training program, unless we deem it necessary.

The initial training program will take place at BQ School and in an existing Bandana's Bar-B-Q restaurant in the St. Louis, Missouri area for a period of approximately 6 weeks. We do not charge for the initial training program for you and up to 2 designated managers, but you are responsible for wages, travel, and living expenses for you and your employees during training. Prior to opening your Restaurant, you and your designated managers must attend and complete a ServSafe certification training course or equivalent course we approve in addition to other state and locally required courses applicable to your Restaurant. We expect that training will be conducted for you and your employees after the Franchise Agreement has been signed and while the Restaurant is being developed. There currently are no fixed (i.e. monthly or bi-monthly) training schedules. The training programs are given on an as-needed basis.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Orientation and initial kitchen training, including overview of Restaurant operations, recipes and technical skills	2	3	St. Louis, Missouri
Kitchen training, including sanitation, technical skills, kitchen positions, food preparation and management of BOH	1	80	St. Louis, Missouri
Front of the restaurant, including food presentation, service, front positions and functions, and management of FOH	2	30	St. Louis, Missouri
Management training, including management functions, purchasing and inventory, legal compliance, documentation, performance management and systems	31	85	St. Louis, Missouri
Review of training and Bandana's systems	6	2	St. Louis, Missouri
TOTAL	42 Hours	200 Hours	

Note that some subjects may be intermingled and time periods and subject matter may be subject to change. The hours listed for On the Job will typically include more than one subject matter. It is the nature of the restaurant business that all aspects of training are integrated. The above are merely estimates.

The training is coordinated by Scot Coward, Regional Manager & Terrie Schoenhoff, HR Manager and Debbie Zamora, Training Manager. All training is hands on and done at St. Louis area Bandana's Bar-B-Q Restaurants and at the home office.

Scot L. Coward has been in the Hotel and Restaurant industry for over 30 years. Mr. Coward has both owned and worked for many St. Louis area restaurants such as Cowards Restaurants Inc., Houlihans and Blackfinn American Grill to name a few. Scot has been with Bandana's Bar-B-Q for over 8 years. Scot is responsible for the day-to-day operations of all corporately owned Bandana's Bar-B-Q Restaurants.

Terrie Schoenhoff has been with Bandana's Bar-B-Q for 4 years. She has been involved in developing, managing and updating all aspects of Bandana's Bar-B-Q policies and procedures. Terrie is responsible for all hiring, training and development of our Hourly Employees, Managers and General Managers. In addition, Terrie coordinates the Training Teams for all New Restaurant Opening for Bandana's Bar-B-Q.

Debra Zamora joined Bandana's Bar-B-Q in 2022. Debra has been working in Restaurant Training for 15 years and will act as a subject matter expert on all training implements. Debra is involved in developing and updating all aspects of Bandana's Bar-B-Q training platforms, materials, and programs.

At all times you must have at least 2 designated managers (or 3 if you or one of your owners is not involved with the operation of the Restaurant) who have satisfactorily completed our initial training program. If any designated manager of your Restaurant is no longer willing or able to exercise day-to-day control over your Restaurant, you must designate a new designated manager, who must attend our initial training program before this person is designated a designated manager. You are solely responsible for the costs and expenses associated with your designated manager's attendance at this initial training, including all travel, meals and lodging costs and compensation of, and workers' compensation insurance for your new designated manager, however we will not charge a fee for the training.

We may also provide refresher programs to experienced managers. Such programs are not mandatory at this time, but attendance may be required in the future. We will not charge for any training provided after the opening of the Restaurant; however, you are solely responsible for paying the compensation of your trainees as well as your trainees' travel, lodging and personal expenses.

In addition to providing training, we will also send out Opening Team Members to assist you in the opening of your Restaurant. This team will assist you for a period of 8 days. You must pay us (or pay directly) for the Opening Team Expenses as described in Items 5, 6 and 7. If you have a trainer certified by us to conduct opening training, then for any additional Restaurant you develop, we may reduce the number of the Opening Team Members.

ITEM 12
TERRITORY

Franchise Agreement

You must operate your Restaurant at a specific location identified in the Franchise Agreement. You may not conduct business at any site other than the Restaurant. You may not relocate the Restaurant without our written consent that we will not unreasonably withhold. The Territory will be determined when we both agree on the site as described in Exhibit I of the Franchise Agreement ("Territory"). Your Territory will be tailored to your specific site's demographics (there is no minimum geographic territory). Typically, your Territory will be approximately a 3-5-mile radius around your Restaurant unless you are in a densely populated area or a rural area. If you are in a rural area, your Territory may be much larger and if you are in a densely populated area, such as in a downtown metropolitan area, your Territory may be smaller.

So long as the Franchise Agreement is in force and you are not in default under it or any other agreement with us or any affiliate of ours, neither we nor our affiliates will own or operate or franchise or license others to own or operate a Bandana's Bar-B-Q restaurant within the Territory, other than in a Non-Traditional Venues. A "Non-Traditional Venue" is a location that is in a transportation facility, a sporting facility, a shopping mall, an educational facility, a government facility, medical facility, food service facility or a military facility. A Non-Traditional Venue is not considered part of the Territory. Except as limited above in this Item 12, we and our affiliates retain all rights with respect to Bandana's Bar-B-Q restaurants, the System, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate Bandana's Bar-B-Q restaurants in Non-Traditional Venue within your Territory, or own or operate or license others to own or operate Bandana's Bar-B-Q restaurants immediately adjacent to your Territory or anywhere outside of your Territory; (2) the right to operate or license others to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Territory; (3) the right to operate or license others to operate businesses that are not similar to a Bandana's Bar-B-Q restaurant under the Marks in any location, both inside or outside of your Territory; and (4) the exclusive right to offer any products or services (including the products and services you offer at the Restaurant) through other channels of distribution (including grocery stores, the Internet, catalogues and other non-restaurant outlets) both inside and outside of your Territory, and we may promote products bearing the Marks at special events, cooking competitions, fund-raising and charitable events, state and county fairs, athletic contests, etc., through temporary locations and mobile units. We are not required to pay you if we exercise any of the rights specified above inside your Territory.

You will also be granted a catering area within which you are obligated to promote and provide customer catering services in accordance with the provisions in the Manual ("Catering Area"). You may provide catering services to customers outside of the Catering Area (but not pushcart or other similar mobile services) provided that the area does not fall within another Bandana's Bar-B-Q restaurant's catering area, and if it is included in another's catering area in the future, you will immediately cease catering services to such area. We will not be limited in any manner from providing other Bandana's Bar-B-Q restaurants with catering areas contiguous with your Catering Area. We will have no obligation or liability to you with respect to any alleged or actual unpermitted catering by any other franchisee within your Catering Area. If we believe, in good faith, that your Catering Area should be redefined, we may narrow or change your Catering Area upon 60 days prior written notice. You will not be entitled to any compensation for any reduction or change in your Catering Area nor will we be limited in the number of times it may be redefined.

You do not receive the right to acquire additional franchises either within or outside your Territory, but we may consider granting you multiple franchises. You must sign a separate Franchise Agreement for each franchise and each Bandana's Bar-B-Q restaurant.

Although we and our affiliates have the right to do so, neither we nor our affiliates have owned, operated or franchised, and have no plans to own, operate or franchise, other businesses selling similar products or services under trademarks or service marks other than the Marks. 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.

We and our affiliates have the right 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 "Bandana's Bar-B-Q" restaurants operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within your Territory, near your Territory, or near your location).

Continuation of your franchise or your territorial protection is not dependent upon sales quotas, market penetration or opening additional locations; however, your territorial protection is dependent upon your compliance with the Franchise Agreement.

ADA

Under the ADA, you are granted the right to develop and operate Bandana's Bar-B-Q restaurants solely in a specified Development Area, which may be one or more cities, counties, states or some other defined area ("Development Area"). During the term of the ADA, we may not own, operate, franchise or license any other Bandana's Bar-B-Q restaurants in your Development Area, other than in any Non-Traditional Venue which are not included in your Development Area. Until the termination, expiration or transfer of the ADA, you retain your right of exclusivity as long as you comply with the Development Schedule (Attachment B of the ADA). If you fail to meet any of your obligations under the ADA, including compliance with the Development Schedule, or breach any Franchise Agreement signed by you, we may terminate your right to develop, open and operate new Units within the Development Area. However, the termination of the right to develop your Development Area will not terminate any rights granted under any Franchise Agreements then in effect between you and us in which you are in compliance. After the expiration or termination of your ADA, we may own, operate, franchise or license others to operate additional Units anywhere, without restriction, including in your Development Area, except within any Territories under your Franchise Agreement(s) that then remain in effect.

Except as limited above in this Item 12, we and our affiliates retain all rights with respect to Bandana's Bar-B-Q restaurants, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate Bandana's Bar-B-Q restaurants immediately adjacent to your Development Area or outside of your Development Area; (2) the right to operate or license others the right to operate Bandana's Bar-B-Q restaurants in any Non-Traditional Venue within your Development Area; (3) the right to operate or license others to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Development Area; (4) the right to operate or license others to operate businesses that are not similar to a Bandana's Bar-B-Q restaurant under the Marks in any location, both inside or outside of your Development Area; and (5) the right to offer any products or services (including the products and services you offer at your Restaurant) through other channels of distribution (including grocery stores, the Internet and other non-restaurant outlets) both inside and outside of your Development Area, and we may promote products bearing the Marks at special events, cooking competitions, fund-raising and charitable events, state and county fairs, athletic contests, etc., through temporary locations and mobile units. We are not required to pay you if we exercise any of the rights specified above inside your Development Area.

Although we and our affiliates have the right to do so, neither we nor our affiliates have owned, operated or franchised, and have no plans to own, operate or franchise, other businesses selling similar products or services under trademarks or service marks other than the Marks.

You have no options, rights of first refusal or similar rights to acquire additional franchises except as provide in the ADA. 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. Under the ADA, the continuation of the territorial protections which are listed above is dependent upon your compliance with the Development Schedule, as described above.

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the right to operate your Restaurant under the Marks. The Marks are owned by our affiliate, Operating Company. The Marks have been registered on the Principal Register of the United States Patent and Trademark Office ("PTO"). The principal Marks are:

Mark	Registration Date	Registration Number
Bandana's	September 7, 2004	2,880,817
Bandana's Bar-B-Q Smell That Smoke and design	September 12, 2000	2,384,505
Bandana's Bar-B-Q	December 18, 2001	2,519,909
Smell That Smoke	June 17, 2003	2,726,802

All required affidavits or renewal filings have been filed in connection with this registration.

There are no agreements which significantly limit our rights to use or license the use of the Marks in the United States.

We will grant you a nontransferable, non-sublicensable, non-exclusive license to use the Marks at the Restaurant. You must follow our rules when you use the Marks. You cannot use the Marks 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 or in a manner not authorized in writing by us.

There are currently no effective material determinations of the PTO, 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. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

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 will have the sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation or administrative proceedings arising out of such infringement, challenge or claim. 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 interest in any litigation or other proceeding or otherwise to protect and maintain our 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.

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 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

We own no special patents which pertain to the System. We or our affiliates have copyright rights in the Manual, sales material and brochures, and related items used in operating the franchise. We and our affiliates have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating the Restaurant.

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

We need not protect or defend copyrights, although we intend to do so if it is in the System's best interest.

Although neither we nor any of our affiliates have filed an application for a copyright registration for these materials, it has copyright rights and the information is proprietary. Item 11 describes limitations on the use of the Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information in a manner we think is appropriate.

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

The Franchise Agreement provides that you acknowledge that the System and the methods of operation licensed by us for the operation of a Bandana's Bar-B-Q restaurant are proprietary, confidential trade secrets of us and our affiliates, and you agree to maintain the confidentiality of all materials and information lent or otherwise furnished to you by us at all times, including after the termination or expiration of the Franchise Agreement, for any reason.

Further, under the Franchise Agreement, you agree that you shall not, during the term of the Franchise Agreement (other than to the extent necessary to operate the Restaurant) or after its expiration transfer or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those already in the public domain. You also agree to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement.

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

Although you are not required to personally participate in the day-to-day management of the Restaurant, we recommend that you do, and no matter what your participation in management is, you are required to devote your best efforts to the operation of the Restaurant. If you personally participate in the day-to-day operation of the Restaurant, then you must hire at least 2 additional persons to serve as your designated managers, and both you and these designated managers must successfully complete our initial training program. However, if you will not actively participate in the management of your Restaurant, then you must hire at least 3 designated managers, and each of you and the 3 designated managers must successfully complete our initial training program. At all times during the operation of your Restaurant, there must be at least 3 people who have completed our initial training program or are otherwise certified by us to manage a Bandana's Bar-B-Q restaurant. You are required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of your Restaurant.

All your managerial employees must sign a Non-Competition and Confidentiality Agreement in a form we approve. All owners of any entity franchisee and their spouses must also sign a Guaranty and Assumption of Obligations in the form attached to the Franchise Agreement assuming and agreeing to discharge all of your obligations under your Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those goods and services that we have approved. We have the right to change the types of required and/or authorized products and services and you will be notified by a bulletin or Supplement to the Manual. You are prohibited from offering or selling any products or services not authorized or approved by us and from using the premises for any other purpose than the operation of a Bandana's Bar-B-Q restaurant in compliance with the Franchise Agreement. In our discretion, we may approve or deny your request to eliminate some or add other menu items. We may, to the extent permitted by applicable law, set resale prices for the products or services you offer at the Restaurant. You will be required to add such equipment and make such alterations, at your expense, as may be necessary to equip the Restaurant for sale of such products as we may require. You may need to make an additional investment to do so.

To the extent permitted by applicable law, we require you to participate in the gift card or other customer loyalty programs we adopt from time to time, 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. 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.

Other than as described in this Item, we do not impose any 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 and related agreements. You should read these provisions in the agreements attached to this disclosure document.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section V.A of the Franchise Agreement Section III of the ADA	10 years from signing the Franchise Agreement Your development rights begin on the date you sign the ADA and pay the Development Fee and terminate on the earlier of the day you open the last Unit listed in the Development Schedule or the expiration date
b. Renewal or extension	Section V.C of the Franchise Agreement	4 additional terms for 10 years each subject to Section V.C of Franchise Agreement
c. Requirement for franchisee to renew or extend	Section V.C of the Franchise Agreement	Give notice, sign new agreement that may contain terms and conditions materially different from those in your previous franchise agreement such as different fee requirements, sign release, remodel and pay renewal fee
d. Termination by franchisee	Section XIII.B of the Franchise Agreement	If we breach agreement and do not cure or attempt to cure after notice
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Section XIII.A of the Franchise Agreement Sections VII of the ADA	If you don't satisfactorily complete training, don't open within 1 year, or generally if you breach the Franchise Agreement Generally, for a material breach of the ADA
g. "Cause" defined – curable defaults	Section XIII.A of the Franchise Agreement Section VII.A of the ADA	You have 24 hours to cure default which materially impairs the goodwill associated with the Marks, 5 days to cure monetary defaults and failure to operate your Restaurant in full compliance with the Franchise Agreement, and 10 days to cure all others except those listed in Section XIII.A.3 You have 30 days to cure a default of the Development Schedule
h. "Cause" defined – non-curable defaults	Section XIII.A.3 of the Franchise Agreement Section VII.A of the ADA	Non-curable defaults: conviction of a felony, fraud affecting the System, abandonment of your Restaurant, giving insufficient funds checks, material misrepresentations by you in your application, repeated defaults and bankruptcy If you transfer or encumber your rights in violation of the ADA, you or your owners commit a felony or fraud or you are bankrupt or you default under a franchise agreement and do not cure within the applicable cure period
i. Franchisee's obligations on termination/non-renewal	Section XIII.C of the Franchise Agreement Section VII.C of the ADA	Complete de-identification and payment of amounts due including unredeemed gift cards, return materials and Manual, direct transfer of phone and lease if requested No rights to open additional Units; you must continue to operate the Units according to any existing Franchise Agreements that are not terminated

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
j. Assignment of contract by franchisor	Section XVI.A of the Franchise Agreement Section VI.B of the ADA	No restrictions on right to assign No restrictions on right to assign
k. "Transfer" by franchisee-definition	Section XVI.B of the Franchise Agreement Section VI.A of the ADA	Transfer of contract or assets or ownership change Transfer of rights under the ADA
l. Franchisor approval of transfer by franchisee	Section XVI.B of the Franchise Agreement Section VI.A of the ADA	We have the right to approve all transfers We have the right to approve all transfers
m. Conditions for franchisor approval of transfer	Section XVI.B of the Franchise Agreement	Transferee qualifies, transfer fee paid, new franchise agreement signed, training of transferee, release signed
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	After termination we can purchase your personal property at book value
p. Death or disability of 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 of the Franchise Agreement	No involvement in a Competitive Business except as duly licensed by us, and no employment of an employee of any Bandana's Bar-B-Q restaurant or of us or our affiliates or franchisees
r. Noncompetition covenant after the franchise is terminated or expires	Section XII of the Franchise Agreement	No involvement in a Competitive Business except as duly licensed by us for 2 years within Territory and 10 miles of any Bandana's Bar-B-Q restaurant and your Restaurant
s. Modification of agreement	Sections XV and XIX.C of the Franchise Agreement Section IX.L of the ADA	No modification generally but Manual and system subject to change Amendments must be in writing and signed by you and us
t. Integration/merger clause	Sections XV and XIX.C of the Franchise Agreement Section IX.L of the ADA	Only the terms of the franchise agreement are binding. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable Only the terms of the ADA are binding. Any representations or promises outside of the disclosure document and ADA may not by enforceable
u. Dispute resolution by arbitration or mediation	Section XIII of the Franchise Agreement Section VIII of the ADA	Except for certain claims, all disputes must be arbitrated in St. Louis County, Missouri Except for certain claims, all disputes must be arbitrated in St. Louis County, Missouri

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
v. Choice of forum	Section XIX.F of the Franchise Agreement Section IX.G of the ADA	Litigation must be in St. Louis County, Missouri (subject to state law) Litigation must be in St. Louis County, Missouri (subject to state law)
w. Choice of law	Section XIX.F of the Franchise Agreement Section IX.G of the ADA	Missouri law applies (subject to state law) Missouri law applies (subject to state law)

Note: If a state regulator requires us to make additional disclosures related to the information contained in this disclosure document, these additional disclosures are contained in a State SpecificAddendum included in this disclosure document Exhibit C.

ITEM 18
PUBLIC FIGURES

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections or your future income, you should report it to the franchisor's management by contacting Rick White, Bandana's Franchise Systems, LLC, at 16141 Swingley Ridge Road, Suite 205, St. Louis, Missouri 63017, (636) 537-8200.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2022	4	5	+1
	2023	5	6	+1
	2024	6	6	0
Company-Owned*	2022	25	23	-2
	2023	23	21	-2
	2024	21	21	0
Total	**2022**	**29**	**28**	**-1**
	2023	**28**	**27**	**-1**
	2024	**27**	**27**	**0**

* We do not have any company-owned outlets at this time. However, our parent and/or affiliates own and operate Bandana's Bar-B-Q restaurants. These outlets are listed in Exhibit D.

Table 2
Transfer of Outlets from Franchisees
to New Owners (other than the Franchisor)
For Years 2022 to 2024

State	Year	Number of Transfers
Total	**2022**	**0**
	2023	**0**
	2024	**0**

Table 3
Status of Franchised Outlets
For Years 2022 To 2024

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Missouri	2022	3	1	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Illinois	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	**2022**	**4**	**1**	**0**	**0**	**0**	**0**	**5**
	2023	**5**	**1**	**0**	**0**	**0**	**0**	**6**
	2024	**6**	**0**	**0**	**0**	**0**	**0**	**6**

Table 4
Status of Company-Owned Outlets*
For Years 2022 To 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Missouri	2022	17	0	0	1	1	15
	2023	15	0	0	0	1	14
	2024	14	1	0	0	0	15
Illinois	2022	4	1	0	1	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	1	0	3
Indiana	2022	2	0	0	0	0	2
	2023	2	0	0	1	0	1
	2024	1	0	0	0	0	1
Iowa	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Kentucky	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	**2022**	**25**	**0**	**0**	**1**	**1**	**23**
	2023	**23**	**0**	**0**	**1**	**1**	**21**
	2024	**21**	**1**	**0**	**1**	**0**	**21**

* We do not have any company-owned outlets at this time. However, our parent and/or affiliates own and operate Bandana's Bar-B-Q restaurants. These outlets are listed in Exhibit D.

Exhibit D lists the names, addresses and telephone numbers of all of our operating franchisees. Exhibit D 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 transferred, terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a 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.

Table 5
Projected Openings As of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Missouri	0	1	1
Total	0	1	1

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchise organizations associated with our System.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit E are Park Ridge and its subsidiaries' audited consolidated financial statements for its fiscal years ended December 29, 2024, December 31, 2023, and January 1, 2023. Park Ridge operates on a 52-53-week cycle with the fiscal year ending on the last Sunday in December or on the date on which that day of the week falls that is nearest to the last day of that calendar month. Park Ridge has guaranteed our performance with you. A copy of the Guaranty of Performance is included also attached in this Exhibit E.

If unaudited statements are required, these financial statements will be included in Exhibit F.

ITEM 22

CONTRACTS

The following are attached to this disclosure document:

Exhibit A – Franchise Agreement
Exhibit B – Area Development Agreement

ITEM 23
RECEIPT

See Exhibit J.

EXHIBIT A
FRANCHISE AGREEMENT

BANDANA'S FRANCHISE SYSTEMS, LLC
FRANCHISE AGREEMENT

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BANDANA’S FRANCHISE SYSTEMS, LLC
FRANCHISE AGREEMENT

This Franchise Agreement is entered into this __________ day of ________, 20___, by and between BANDANA’S FRANCHISE SYSTEMS, LLC, a Missouri limited liability company (“us,” “our” or “we”), and _____________________________, a ____________ (“you” or “your”).

RECITALS

WHEREAS, our Affiliate, Bandana’s Missouri, L.L.C. (“Operating Company”), licensed us the right to sublicense the Marks and the System in connection with the operation of Bandana’s Bar-B-Q restaurants; and

WHEREAS, you recognize the benefits from being identified with and licensed by us and desire a franchise to establish and operate a Bandana’s Bar-B-Q 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, including Operating Company and Park Ridge Midwest Restaurants, Inc.

B. “Bandana’s Bar-B-Q restaurant” means the Restaurant and any other restaurant operating under the System and Marks, whether owned by us or any Affiliate, or licensed or franchised by us or any Affiliate.

C. “Competitive Business” means any barbequed-themed restaurant or any restaurant in which the gross sales of their barbequed or smoked meats and poultry and related traditional barbeque sides dishes including but not limited to baked beans, coleslaw, potato salad, corn, and fried okra amounts to greater than 25% of the gross sales from all of their food items excluding alcoholic beverages.

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, logos, commercial symbols and all configurations and derivations thereof, as may presently exist, or which may be modified, changed, or acquired by us or our Affiliates, in connection with the operation of the business contemplated by this Agreement. Marks include “Bandana’s”, “Bandana’s Bar-B-Q”, Smell That Smoke” and “Bandana’s Bar-B-Q Smell That Smoke” and design.

F. “Non-Traditional Venue” means a location that is a transportation facility, sporting facility, shopping mall, educational facility, government facility, medical facility, food service facility or military facility.

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 or manager 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 1 of these owners to be the Principal Owner for purposes of this Agreement.

H. “Opening Team Members” means a group of approximately 8-10 of our or our Affiliate’s employees who we will send to your Restaurant to assist you for your grand opening. Typically, this group will consist of a supervisor and such other operating staff members as we determine.

I. “Opening Team Expenses” mean all expenses incurred by the Opening Team Members when they assist you at the grand opening of your Restaurant. These expenses include but are not limited to their travel time, transportation, lodging, meals, laundry and phone service.

J. “Restaurant” means the Bandana’s Bar-B-Q restaurant which is the subject of this Agreement.

K. “System” means a specially developed method of operating a southern-style barbecue restaurant under the Marks using certain procedures and methods, recipes, site evaluation criteria, layouts, accounting methods, advertising, sales and promotional techniques, personnel training, trade secrets and any other matters relating to the operation and promotion of Bandana’s Bar-B-Q restaurants as they may be changed, improved, modified and further developed by us, our parents or our Affiliates from time to time.

L. “Term” (whether or not capitalized) means the Initial Term, any Renewal Term and any continuation of the Initial Term or any Renewal Term, individually and collectively.

M. “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 the inventory, furniture, fixtures, equipment and other operating assets of the Restaurant, other than in ordinary course of business); or (i) any change of control of the Restaurant.

N. “Weekly Gross Sales” means the total amount of all sales of products, services and merchandise sold from, through, or in connection with the Restaurant, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes. Any sales you make at a location away from your Restaurant, including all catering, is included in Weekly Gross Sales. Weekly Gross Sales shall not include rebates or bona fide refunds to customers, or revenue generated by promotional giveaways which are solely for the benefit of recognized charitable organizations and for which all profits generated are received by said charitable organizations.

O. “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; (d) the guarantors of this Agreement; and (e) the Principal Owner. 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 Bandana’s Bar-B-Q restaurant to be located at the site listed in Exhibit I, attached to this Agreement (the “Site”). 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 a Bandana’s Bar-B-Q 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. **Territory**. You are granted an assigned territory, which is described on Exhibit I attached to this Agreement (the “Territory”). The Territory will be determined at the time the Site is agreed to by both parties, and will be specified in Exhibit I, which you and we will initial. So long as this Agreement is in effect and you are not in default, we and our Affiliates will not locate, operate, or grant a license or franchise for another Bandana’s Bar-B-Q restaurant within your Territory other than in a Non-Traditional Venue. A Non-Traditional Venue is not considered part of the Territory, even if it located within the geographic boundaries of the Territory.

C. **Catering Area**. You will also be granted a catering area within which you are obligated to promote and provide customer catering services in accordance with the provisions in the Manual (“Catering Area”). You may provide catering services to customers outside of the Catering Area (but not pushcart or other similar mobile services) provided that the area does not fall within another Bandana’s Bar-B-Q restaurant’s catering area, and if it is included in another’s catering area in the future, you will immediately cease catering services to such area. We will not be limited in any manner from providing other Bandana’s Bar-B-Q restaurant’s with catering areas contiguous with your Catering Area. We will have no obligation or liability to you with respect to any alleged or actual unpermitted catering by any other franchisee within your Catering Area. If we believe, in good faith, that your Catering Area should be redefined, we may narrow or change your Catering Area upon 60 days prior written notice. You will not be entitled to any compensation for any reduction or change in your Catering Area nor will we be limited in the number of times it may be redefined.

D. **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 but not limited to the following:

1. We and our Affiliates may own or operate, or license or franchise others to own or operate, Bandana’s Bar-B-Q restaurants anywhere outside of the Territory and within the Non-Traditional Venues within and outside of the Territory.

2. We and our Affiliates are allowed to own, open, franchise, operate, and/or manage any businesses or restaurants within the Territory or outside of the 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 restaurant within the Territory or outside of the 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 non-restaurant outlets (grocery stores and warehouse clubs) within the Territory or outside of the 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 "Bandana's Bar-B-Q" restaurants operating under the Marks or any other proprietary marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within your Territory or close to your Territory or your Site).

6. We and our Affiliates may sell ourselves, our assets, our Marks or other trademarks or service marks, or our System or any other 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 transactions, 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 association with or identification of "Bandana's Bar-B-Q" 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. <u>LOCATION AND LEASE</u>

A. **<u>Site Selection</u>**. 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. We are not responsible for and do not make any warranty regarding the suitability of the Site. Our consent to a proposed site means only that the proposed site meets our minimum standards for an acceptable location of a Bandana's Bar-B-Q restaurant. You are primarily responsible for investigating the Site and having any leases or sale contract for the Site reviewed and approved by your attorney.

B. **<u>Site Acquisition</u>**.

1. **<u>Our Consent to Lease</u>**. If you intend to lease the Site, you must submit a copy of the proposed lease to us for our consent. Within 10 days of signing the lease, you must provide us with a copy of the executed lease. The term of the lease plus all renewal option period together will equal or exceed the Term of this Agreement. Our consent to the lease means only that 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 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 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. We may recommend or approve leasing agents; however, we are not liable for any acts or omissions of these agents, and any agent will be an independent contractor.

2. **Proof of Ownership**. If you intend to own the Site, within 90 days of us 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 in accordance with Section III.B.1.

C. **Relocation**. So long as you are not in default under the Franchise Agreement, you may relocate the Restaurant within the Territory with our prior written consent. However, the Territory for the relocated Site will be subject to renegotiation. Regardless of the reason for relocating, you agree to pay us a Relocation Fee of $5,000 within 10 days after you receive approval from us to relocate and all costs and expenses of relocating the Restaurant that we incur, including the cost of any demographic or other study of the proposed site.

IV. INITIAL FRANCHISE FEE

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. Our standard initial franchise fee is $40,000 (the "Initial Franchise Fee"). If you have signed an area development agreement with us and paid us a development fee, then the portion of that development fee attributable to signing this Agreement will be applied to the Initial Franchise Fee. For example, if you paid $10,000 as the portion of the Development Fee attributable to this Restaurant, then $10,000 will be applied to the Initial Franchise Fee and you will pay us the balance of $30,000 when you sign this Agreement. The Initial Franchise Fee is not refundable under any circumstances.

V. TERM

A. **Term**. The 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 10 years later ("Initial Term").

B. **Continuation**. If you continue to operate the Restaurant with our express or implied consent following the expiration of this Agreement, the continuation will 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.

C. **Renewal**. You will have the right to renew for 4 additional terms of 10 years each (each a "Renewal Term") if you are in full compliance with the terms of this Agreement and you agree to execute the most current franchise agreement being utilized by us at the time you renew and all ancillary agreements required in that franchise agreement (including a personal guarantee). The most current franchise agreement may contain significantly different terms than this Agreement. In any event, we may, in our discretion, refuse to renew this Agreement if you have been notified of defaults (even if subsequently cured) under this Agreement more than 2 times during the Term or more than 2 times during any renewal term, even if you are not in default at the time of the renewal. You agree to give us not less than 6 nor more than 18 months written notice of your election to renew this Agreement prior to the end of the Term or the then-expiring renewal term. Your failure to give us this notice will be deemed an election not to renew this Agreement. You will also be required to pay us a renewal fee of 50% of the then current initial franchise fee each time you execute the franchise agreement for a Renewal Term. This renewal fee is not refundable under any circumstances. Additionally, you must remodel the Restaurant to meet our then current standards of decor in accordance with the provisions of our Manual 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 and our Affiliates' respective owners, officers, directors, employees, agents, successors and assigns arising under or from this Agreement, any related agreements between you and us or our Affiliates, or any applicable law, rule or regulation.

VI. FEES

A. **Royalty Fee**. Each Wednesday you must pay us a Royalty Fee equal to 5% of the Weekly Gross Sales from the previous week, consisting of Monday through Sunday.

B. **Creative Marketing Fee**. Each Wednesday you must pay us a Creative Marketing Fee of 0.5% of Weekly Gross Sales from the previous week, consisting of Monday through Sunday, which will be deposited into the Creative Marketing Fund described below. We may, in our sole discretion, increase the Creative Marketing Fee; however the increase will be no more than 0.5% per year up to a maximum of 5%.

C. **Technology Fee**. You will pay us a continuing weekly technology fee of $15 (the "Technology Fee") beginning on the day you first open your Restaurant for business and thereafter by Wednesday of every week). We may determine to increase the Technology Fee you are required to pay us, but we cannot increase the Technology Fee more than once every 12 months.

D. **Time and Manner of Payments**. Royalty Fees, Creative Marketing Fees, Technology Fee, and any other amounts due under this Agreement will be paid each by Wednesday unless otherwise stated in this Agreement. However, if any day a payment is due is a legal holiday, the payment will be made on the next day which is not a legal holiday. 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 are refundable. You will comply with the procedures specified in the Manual or as otherwise communicated to you for such EFT program or other manner of payment we establish, and you will perform the acts and sign the documents, including authorization forms that we, our bank, and your bank may require to accomplish such payment methods, 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 or other manner of payment we establish. Failure to maintain adequate funds in the designated account or your failure to pay all amounts due will be considered a breach of this Agreement and grounds for termination. You must also submit all sales and other reports required to be submitted to us by this Agreement, the Manual or as otherwise communicated to you. If you fail to timely report to us, in addition to any applicable late charges, we have the right, but not the obligation, to debit from such your account an estimated amount equal to the fees due and payable to us during the most recent week for which we received reports.

E. **Interest on Late Payments**. If Royalty Fees, Creative Marketing Fees, Technology Fees and/or any other amounts due under this Agreement are overdue, we have the right to charge interest on these overdue amounts equal to the lesser of 1 ½% per month or the maximum legal rate in the jurisdiction where the Restaurant is located. Our right to charge interest is in addition to any other remedies that we may have.

F. **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 , Creative Marketing Fees, and Technology Fees. You cannot withhold any payment to us or our Affiliates on the grounds of non-performance by us of any of our obligations hereunder.

G. **Under-Reporting/Failure to Comply with Reporting Requirements**. If we determine that that you under-reported Weekly Gross Sales, you will reimburse us for the amount of the Royalty Fees and Creative Marketing Fees that would have been due had Weekly Gross Sales been reported accurately, plus interest on those amounts at the rate of the lesser of 1 ½% per month or the maximum legal rate in the jurisdiction where the Restaurant is located. In addition, if the amount of Weekly Gross Sales reported for any calendar year are less than 98% of the actual Weekly Gross Sales for that period or if you fail to furnish financial reports or other information we require or fail to furnish these items on a timely basis, 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.

H. **Late Reporting**. If you fail to send us a report that is due, we can charge you, to the extent permitted by law, a late report fee of $100 plus $100 for each week your report is late.

I. **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's business 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 a state or local government imposes on us or our Affiliates' income.

VII. ADVERTISING

A. **Creative Marketing Fund**. Creative Marketing Fees will be deposited into the Creative Marketing Fund ("Creative Marketing Fund" or "Fund"). Currently we are not requiring you to pay the Creative Marketing Fees, however, we may, in our sole discretion, require payment of the Creative Marketing Fund upon notice to you. The Creative Marketing Fund will be used to provide advertising and promotional activities we deem beneficial to the System. We agree to use the Creative Marketing Fees received from you for the payment of costs associated with the creation, production, distribution, media placement and administration of local, state, regional or national advertising programs we may develop or have developed, upgrading and maintaining our website and for any taxes incurred on these funds. The Fund is intended to maximize recognition of the Marks and the patronage of the Bandana's Bar-B-Q restaurants generally. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Bandana's Bar-B-Q restaurants, we do not ensure that the Fund expenditures in or affecting any geographic area will be proportionate or equivalent to the Fund contributions by Bandana's Bar-B-Q restaurants operating in that geographic area or that any particular Bandana's Bar-B-Q restaurant will benefit directly or in proportion to its Fund contributions. We have the right to determine the type of advertising and the media in which it will appear. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising and promotional activities, consistent with applicable law. We do not have to spend the advertising funds during any specific time period. Advertising may be handled by an outside advertising or marketing agency which we select.

Unaudited financial statements of the Fund will be made available to you on your reasonable request. If we do not use all of the funds deposited in the 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 are entitled to reimbursement from the Fund to cover our administrative and overhead expenses associated with operating the Fund. The Fund is not our asset. The Fund is not a trust. We have a contractual obligation to hold all 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 Creative Marketing Fund.

B. **Your Own Advertising**. In addition to the Creative Marketing Fee and your grand opening advertising requirements described below, you must spend at least 1.5% of your Weekly Gross Sales per year on your own advertising. You must provide proof of your advertising and sales promotion expenditures in such form, with such detail and including copies of such advertising and materials and receipts as we request. We must consent to 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 consented to your use of them. We may, to the extent permitted by applicable law, set resale prices for the products or services you offer at the Restaurant.

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.

C. **Yellow Pages; Internet Directories**. You agree to participate with other Bandana's Bar-B-Q restaurants in placing advertisements in the applicable Yellow Pages and/or other directories we require, including Internet telephone directories, and to pay your proportionate cost for this type of directory advertising. In the event the Restaurant is the only Bandana's Bar-B-Q restaurant located within the geographic area covered by the directory, we may require you to advertise in this directory without any cost sharing arrangement. Yellow Page advertising costs must be paid in addition to the amounts payable to the Advertising Fund, but will count towards the minimum required amount you must spend for your own advertising, as described above.

D. **Grand Opening Advertising**. In addition to the other advertising requirements described above, you must spend a minimum of $10,000 for grand opening advertising and sales promotions within 90 days of the Restaurant opening. Additionally, you will provide us, within 120 days after the opening of the Restaurant, proof of your advertising and sales promotion expenditures in such form, with such detail, and including copies of such advertising and materials and receipts as we request.

E. **Cooperative Advertising**. If a regional advertising cooperative ("Cooperative"-) has been or is in the future established for an area that includes your Restaurant, you shall become a member of such Cooperative when you open for business or within 30 days after the date on which the Cooperative commences operation, whichever is later. In no event shall your Restaurant be required to contribute to more than one Cooperative. The Cooperative advertising fee cannot be more than 1.5% of your Weekly Gross Sales and may be applied against the requirement for your own advertising set forth in Section VII.B. above.

Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, we designate in writing. Each Cooperative shall be organized for the purposes of producing and conducting general advertising programs and activities for use in and around the applicable geographic area and developing standardized promotional materials for use by the members of the Cooperative. Each Bandana's Bar-B-Q restaurant that is a member of a Cooperative shall have one vote on all matters to be voted on by the Cooperative's membership. Our Affiliate-owned and our company-owned Bandana's Bar-B-Q restaurants shall make contributions to the Cooperative of which it is a member, if any, on the same basis as required of comparable Bandana's franchisees. A Cooperative may only employ advertising agencies that have been approved by us. Each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the governing body of the Cooperative, subject to the limits set forth in the preceding paragraph. You shall make your contributions to the Cooperative on the date and in the manner designated by the Cooperative. You shall also submit such statements and reports as may be designated, from time to time, by us or the Cooperative. The Cooperative shall submit to us such statements and reports as we may designate or request from time to time.

VIII. OUR GENERAL DUTIES

A. **Initial Training**. We will provide an initial training program at our Bandana's School for Bar-B-Q ("BQ School") for the operation of a Bandana's Bar-B-Q restaurant using the System and Marks for the Principal Owner and up to 2 designated managers. The initial training program is furnished after this Agreement is signed and prior to the opening of the Restaurant. The Principal Owner and your designated managers must successfully complete a responsible beverage server training course we approve in addition to other state and locally required courses applicable to the Restaurant. The training program will be furnished at such time and place as we may designate. You will pay all wages, transportation, lodging, meals and other expenses incurred by you and your employees in attending this program. At least 2 designated managers and your Principal Owner must attend and satisfactorily complete the training program before opening the Restaurant. Satisfactory completion of the training program is, however, no assurance of the success of the Restaurant. If you currently operate a Bandana's Bar-B-Q restaurant, the initial training program will not be mandatory or provided unless we deem it necessary.

B. **Subsequent Training**. You must have all of your new designated managers who are not initially trained pursuant to this Agreement attend BQ School and complete the courses to our satisfaction. If your designated managers or Principal Owner no longer operate the Restaurant, we require your replacement managers or another Principal Owner to attend training at the BQ School. We may also provide refresher programs to experienced employees or managers. We do not charge a fee for any subsequent training we may offer or require, however, you must pay the compensation of the trainees as well as such trainees' travel, lodging and personal expenses during any subsequent training.

C. **Opening Assistance**. We will provide Opening Team Members to visit your Restaurant and provide you assistance at the grand opening for a period of 8 days. If you currently operate a Bandana's Bar-B-Q restaurant, the Opening Team Members may be decreased or eliminated based on what we feel is necessary.

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 a restaurant design package, including a sample layout for the interior of a typical Bandana's Bar-B-Q restaurant with a set of typical preliminary plans, equipment and décor specifications.

IX. YOUR GENERAL DUTIES

A. **Restaurant Opening and Construction**. You agree to begin operation of the Restaurant within 1 year after the date of this Agreement. You will construct and equip the Restaurant according to the specifications prepared by you and subject to our right to consent. 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 specifications and standards for Bandana's Bar-B-Q 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. The opening of the Restaurant may 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 completion will only be for a period of days equal to the number of days during which such event actually prevents completion.

B. **Use of Name and System**. You agree that during the term of this Agreement, you will operate, advertise and promote the Restaurant under the name "Bandana's Bar-B-Q" without prefix or suffix and to 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.

C. **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 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 including a liquor license. 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. Any such information we do provide to you, whether as part of the Manual or otherwise, is for general information purposes only and may not be applicable to your Restaurant. Such information is not to be construed as legal advice. Within 5 days of your receipt of each health and/or food safety inspection report you receive from the governing municipality, you must forward a copy of this/these reports to us.

D. **Standards of Operation**. The Restaurant must conform with the mandatory standards relating to signage, color scheme, appearance, hours of operation, cleanliness, sanitation, size of food item portions, menus, methods of preparation, employee uniforms, type of equipment and decor as designated by us. You must use all computer hardware and software ("Computer System") we require. We may revise our specifications for hardware and software as we determine necessary to meet the needs of the franchise system and there is no contractual limitation on our ability to require the hardware or software to be improved or upgraded. We reserve the right to require different or additional software programs and hardware at any time in the future and you will be responsible for the cost of any new, modified or updated programs and the hardware. We have independent access to information or data in your Computer System. We may require the daily polling of information from the Computer System.

Unless we give you our prior consent, you must offer all menu items and other products and services required by us in our 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 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 services offered by all Bandana's Bar-B-Q 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 $200 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 that all parties desire certainty in this matter and agree that the damages provided here are reasonable and constitute liquidated damages and not a penalty.

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 its customers. We may, to the extent permitted by applicable law, set the prices for the products or services you offer at the Restaurant. Each manager you employ must satisfactorily complete our initial training program at BQ School. 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 and agrees to meet such minimum standards as we may establish from time to time in the Manual.

To the extent permitted by applicable law, we require you to participate in the gift card or other customer loyalty programs we adopt from time to time, 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. 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.

E. **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. You will be solely responsible for having your employees attend any locally required alcohol serving course, such as ServSafe or TIPS.

F. **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.

G. **Actual Participation**. You recognize the importance of the Principal Owner's and/or designated manager's participation in the management of the Restaurant and that the Principal Owner's and/or designated 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 or a designated manager who has satisfactorily completed our initial training program at BQ School 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. Whether or not participating in the day-to-day management of the Restaurant, 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 designated manager are required to sign an agreement regarding confidentiality and covenants not to compete which is set forth in the Manual.

H. **Insurance**. You will at all times maintain at your sole expense commercial general liability insurance, liquor liability insurance, property insurance and business interruption insurance in conjunction with the operation of the Restaurant. You will obtain and maintain the minimum insurance as set forth below:

General liability insurance with coverage of a minimum of at least $1,000,000 per occurrence and $2,000,000 aggregate coverage

Liquor liability insurance with coverage of at least $2,000,000 per occurrence if your Bandana's Bar-B-Q serves any alcoholic beverages.

Automobile insurance for your catering vehicle shall have coverage of at least $500,000 per occurrence.

Property insurance with replacement cost coverage, business interruption insurance with coverage of at least $300,000 per occurrence.

Building insurance with coverage of at least replacement cost with umbrella liability insurance with coverage of at least $3,000,000 per occurrence.

Any and all insurances required by local, State and Federal laws, i.e., worker's compensation insurance, etc. The coverage shall commence when you first take possession of the Restaurant, comply with the requirements of the lease for the Restaurant and include coverage for such risks, and in such amounts, and subject to such policy limits and deductible amounts as we shall determine from time to time. In addition, we may, in our discretion, require as a condition to approval of any supplier that such supplier include us and you as additional named insureds on such supplier's product liability insurance.

Regardless of the amounts set forth above, it is your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement, so that coverage, including but not limited to any policies that are on a "claims made" basis, which through the purchase of an extended reporting endorsement (i.e., "tail" insurance) will be in effect for acts or omissions that occurred prior to the termination of the policy and are reported within a 24 month period following the end of the policy period. We may, from time to time, in our sole discretion, make such changes in minimum policy limits, coverage, and endorsements as we may determine. You agree to comply with any of these changes, at your sole cost and expense. All general liability insurance policies will provide that we must receive 30 days prior written notice of any termination, expiration or cancellation of the insurance policy. Each insurance policy maintained by you for your Restaurant must: (a) name you as the first named insured; (b) must name us, and our parent, subsidiaries, affiliates, successors, and assigns as additional insureds; (c) include a waiver of the insurer's right of subrogation against any additional insureds; and (d) provide coverage for your indemnification obligations under this Agreement. Each year you must provide us with a certificate or other evidence of your compliance with our insurance requirements. If you fail to maintain such insurance, we may procure such insurance on your behalf and will be entitled to reimbursement from you of our costs to do so, in addition to any other rights and remedies we may have under this Agreement. However, we are not obligated to obtain such insurance on behalf of you. Regardless of the amounts set forth above, it will be your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement. You recognize that the levels of insurance described above are merely a minimum requirement. You should determine if additional insurance is necessary through consultation with your advisors. Your failure to maintain coverage will not relieve you of any contractual responsibility or obligation or liability under this Agreement.

I. **Inspections**. You must permit our representatives or agents 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 audit the business operations, including all books and records. 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. 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 Bandana's Bar-B-Q 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.

J. **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 document 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 will permit us to utilize such information as we deem necessary.

K. **Innovations**. All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning a Bandana's Bar-B-Q 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. However, if this provision is found to be invalid or unenforceable, you and your principals grant to us a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of the idea, concept, technique or material.

L. **Vending Machines**. No vending machines, juke boxes, gum or candy machines, pinball machines, video games, rides, ATMs or other mechanical or electrical devices or games may be installed or operated in or on the premises of the Restaurant other than as may be approved by us in writing.

M. **Remodeling**. We may require you to make capital expenditures to remodel the Restaurant to reflect our then current standards for Bandana's Bar-B-Q restaurants. Compliance with these standards may be an ongoing obligation of yours, and may be a condition of our consenting to a of this Agreement or our consenting to a Transfer.

N. **Financial Reports**. You will maintain and preserve for at least 5 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 shall participate and actively supply us with the weekly sales information from your Aloha POS system for each business week as polled from the POS system with expenses and costs in accordance with the accounting internal controls specified in the Manual. No later than 30 days following the end of each four week accounting period, you shall provide us with "compilation report" financial statements, including a statement of profit and loss and a balance sheet reflecting the financial condition of the Bandana's Restaurant as of the last day of the preceding four week accounting period prepared by you, in the form specified by us in the Manual, and certified by you or your owner to be true and correct. You also shall deliver to us within 90 days of the end of your fiscal year, financial statements, including a balance sheet, a statement of profit and loss and a statement of changes in financial position. In addition, you must provide us with all applicable federal, state, city income and sales tax returns within 21 days after filing to the extent such returns relate to the Restaurant. You shall also provide us with any additional reports we may reasonably request.

O. **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 or they 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.

P. **Maintenance of the Restaurant.** You must maintain your Restaurant (including exterior and interior) and all fixtures, equipment, furnishing and signs in the highest degree of cleanliness, orderliness, sanitation and repair and in accordance with the Manual or otherwise communicated to you. You may not make any material alternations, additions, replacements or improvements to your Restaurant without our prior written consent. Compliance with these standards may be an ongoing obligation of yours, and may be a condition of our consenting to a renewal of this Agreement, or our consenting to a Transfer of this Agreement. Mandatory specifications, standards and operating procedures described by us in the Manual, or otherwise communicated to you in writing, constitute provisions of this Agreement as if fully set forth in this Agreement. Renewal. You are solely responsible for all maintenance and repairs of your equipment in the Restaurant.

X. PROPRIETARY MARKS

A. **Right to Use Marks**. You acknowledge that the Marks are valid service and/or trademarks, which are licensed to us by our Affiliate. 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. 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 or 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**. You will not use any of the Marks or the name "Bandana's" 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 website.

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. You will pay the costs associated with any change in the Marks we make, and you will make these changes promptly. Neither we nor our Affiliates will have any liability or obligation with respect to any required modification, substitution, addition or discontinuance of the use of any Mark.

E. **Use of Marks on the Internet**. You acknowledge that our Affiliate, Operating Company, is the lawful, rightful and sole owner of the *www.bandanasbbq.com* Internet address (URL), and you unconditionally disclaim any ownership interest in that or any similar Internet address. You will not maintain a world-wide website, or social media (e.g., LinkedIn, Facebook or Twitter) account or user name, or any other presence, or otherwise advertise on the Internet, or any other public computer network, in connection with the Restaurant, without our prior written consent or in the manner we approve. You agree not to register any Internet address name under any Internet domain, class or category that contains the word "Bandana's" or any abbreviation, acronym or variation of that word. 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 and our Affiliates retain the sole right to determine the content on any website we create. You agree that we may provide contact information for your Restaurant on any website we 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 5 days after our request, dismantle any frames and links between your web pages and any other websites.

XI. TRADE SECRETS

You acknowledge that the trade secrets, information, ideas, research, methods, 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, are and will remain our sole and exclusive property. We are providing or revealing these items to you in trust and confidence. Any and all information, knowledge and know-how not generally known in the business about the System ingredients, recipes, methods of preparation of food and beverage products, specifications, standards, methods, procedures, sales and marketing materials, knowledge of the System and experience in operating a Bandana's Bar-B-Q restaurant and other information or material which we may designate as confidential ("Confidential Information and Trade Secrets") are deemed confidential for purposes of this Agreement. You acknowledge that if the System and the Manual would be used by other persons, firms or corporations, it would give them a substantial competitive advantage which is presently enjoyed by us and our franchisees. You will not, during the term of this Agreement, or after the Transfer or the expiration or termination of the Term of this Agreement for any reason, communicate or divulge to anyone or use any Confidential Information and Trade Secrets, nor will you disclose, use or divulge in whole or in part any Confidential Information and Trade Secrets, unless such information is generally known and in the public domain, and except to the extent necessary to operate the Restaurant. All of your employees will exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all Confidential Information and 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 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 ours (except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

B. **Non-Competition After Term**. For 2 years after the Transfer, or 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 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 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 cover the area within a 10-mile radius of the Restaurant and the area within a 10-mile radius of any Bandana's Bar-B-Q 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 Sections XI and XII will not impair your or their ability to obtain employment commensurate with 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 would effectively foreclose us from selling other franchises and you could be unjustly enriched and unfairly derive benefit from our goodwill and/or the training you receive from us. Moreover, our franchisees and the Bandana's Bar-B-Q restaurants could be severely disadvantaged if you compete against them using the Marks, System or other Confidential Information and Trade Secrets. We intend to restrict your activities under Sections XI and XII of this Agreement only to the extent necessary for the protection of our, our Affiliates' and our 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 determines the business, time or geographic limitations contained in this Agreement to be illegal, invalid or unenforceable, then you agree that the court so holding will be permitted to reduce the limitation necessary to render such restriction enforceable by the court. We will have the right to reduce the scope of any covenant contained in Sections XI or XII without your consent, effective immediately upon receipt by you of our written notice; and you will comply with any reduced covenant. 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 or 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" or "our" was defined in this Agreement to include such entity.

XIII. DEFAULT AND TERMINATION

A. **Termination By Us**.

1. **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 exists if you or any guarantor of this Agreement:

(1) Do not substantially perform all of the lawful terms, conditions, and obligations of this Agreement, or the material 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 3 months of so losing possession; or

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

(4) Misrepresent Weekly 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 5 days; or

(6) Misuse the Marks or Confidential Information and Trade Secrets, 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 Section 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 3 consecutive days without justifiable cause; or

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

(11) Surrender or transfer control of the operation of the Restaurant (including entering into a management arrangement with any person not a party to this Agreement), or make an unauthorized direct or indirect Transfer.

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 the Term of this Agreement immediately upon written notice to you.

2. **10 Days' Opportunity to Cure**. 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 12 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 30 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 the Term of this Agreement upon written notice to you, effective 30 days after the date we gave you notice of the 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, with notice to you, 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) the giving of more than 2 no account or insufficient funds checks to us or our Affiliates within a 12 month period, or receipt of any similar notice when utilizing any EFT payment; (f) the repeated failure or refusal to comply with the lawful provisions of this Agreement (i.e. 2 or more times in any 12 month period), whether or not the repeated failures or refusals are corrected after notice; (g) your making or having made any material misrepresentation or omission in the application for this franchise; or (h) any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law.

B. **Termination by You**. You must notify us in writing of any failure of us to perform any of our obligations pursuant to this Agreement. You may terminate the Term of this Agreement only if we materially default in our performance of any terms and conditions in this Agreement, you give us written notice within 30 days of this material default and we fail to cure this material default within 60 days of our receipt of your written notice of default.

C. **Consequences of Termination**. Upon a Transfer, or the expiration or termination of the Term of this Agreement for any reason whatsoever, all of your rights under this Agreement 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 our present or former franchisee at or with respect to the premises.

2. You will immediately discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of our business, any Bandana's Bar-B-Q restaurant or the System, and return any Confidential Information and Trade Secrets or other copyrighted materials, including the Manual, to us.

3. If we request, you will assign your telephone numbers, white and yellow page telephone references and advertising to us or any of our designees, including any other Bandana's Bar-B-Q restaurant.

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

5. You will pay us the total balance of all unredeemed gift cards sold from your Restaurant.

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

7. 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 Site demised by the lease or sublease and expel you from the Site, 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 Bandana's Bar-B-Q restaurants. In the event you fail or refuse to comply with the requirements of this Section XIII.C.6., 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 Section XIII.C.6. at your expense. You agree to pay us this expense upon demand.

8. 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. 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.

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

Neither the 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, or terminate your obligations that, by their nature, survive the Transfer, or the termination or expiration of the Term of this Agreement. Furthermore, the Transfer, or the termination or expiration of the Term of this Agreement will be without prejudice to our rights against you; and in the event of a termination which is the result of your 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 the Term of this Agreement, but not upon an approved Transfer pursuant to Section XVI.B, we will have the right, but not the obligation, to purchase any or all of your equipment, inventory, supplies and other personal property used in connection with the operation of the Restaurant. The purchase price for such property will be the book value less any liens. We will have 30 days after the determination of such value, to exercise our rights granted by this Section XIII.D., and we will have an additional 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 will be free to otherwise sell or dispose of the personal property used in connection with the operation of the Restaurant.

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 and our agents and Affiliates to operate the Restaurant for so long as we deem necessary and practical. 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. Nothing in this Section XIII.E. is intended to require us to operate the business in the event of your inability, and the rights described in this Section XIII.E. may be exercised or not exercised in our sole and absolute discretion.

XIV. SOURCES OF PRODUCTS

You will purchase all products, services, supplies, and equipment and materials required for the operation of the Restaurant that meet our specifications from manufacturers, suppliers or distributors designated by us, or from other suppliers we approve who meet our specifications. Specification of a supplier may be conditioned on requirements relating to frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contributions, or other consideration to us, our Affiliates or the Creative Marketing Fund, and may be temporary, in each case in our reasonable discretion. 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. Some of the approved suppliers may be affiliated with us.

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. We may also require you to pay a reasonable fee based on the cost of the test made by us or by an independent testing laboratory designated by us. 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 30 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 alternative suppliers of a given item which in our reasonable judgment would prevent our effective supervision of suppliers. We may require your supplier to sign a confidentiality agreement.

XV. MANUAL AND CHANGES

We will loan you for the duration of this Agreement and any renewal 1 copy of our Manual. The Manual may cover such items as recipes, food preparation techniques, approved suppliers, general business methods, merchandising, financial reporting requirements, confidentiality agreements, plans and specification requirements, and other proprietary aspects of the System. 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 cannot be photocopied, reproduced, or disseminated without our written consent. You shall equip the Restaurant with furniture, fixtures, signs and equipment including computer equipment and use the computer software as required in the Manual which we may change or modify 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 or different furniture, fixtures, equipment and signs. 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 other 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 Bandana's Bar-B-Q 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 Section XV.

You will at all time 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 OF INTEREST

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, which we will not unreasonably withhold. Any consent by us will not operate as consent to any future such Transfer, and no future such Transfer will be valid without our prior written consent to that specific Transfer. Any attempted Transfer in violation of this Section XVI.B. 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 monetary 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 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 our established standards for new franchisees, is of good moral character, has a good credit rating, sufficient financial resources to operate the business and competent qualifications. Neither the transferee nor any of its direct or indirect owners or affiliates operates, has an ownership interest in or performs services for a Competitive Business. The transferee must execute the most current franchise agreement for the state in which the Restaurant is located, which may include terms and conditions that are different from the terms and conditions in 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 of no more than 50% of the then-current Initial Franchise Fee. The transfer fee is paid in lieu of the Initial Franchise Fee required in the franchise agreement that will be signed by the transferee.

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 designated manager, must successfully 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 Bandana's Bar-B-Q restaurants.

10. **Continuing Liability**. If we approve an assignment of this Agreement, we will have the discretion to require you and the guarantors to remain liable for the full and faithful performance of the obligations of the assignee.

11. **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 designated manager or new Principal Owner has, or within 30 days will have, satisfactorily completed the initial training program; provided that no transfer fee will be charged on a Transfer pursuant to this Section XVI.C. But 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 Section 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 XVI.D. 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. Neither we nor you 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 we be liable for any act, omission, debt, or other obligation of yours. To the fullest extent permitted by law, you (for yourself and your employees, agents, subcontractors, successors and assigns) agree, at your sole cost and expense, to indemnify, defend and hold harmless, and to reimburse on demand us, and all entities related to us and our 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 yours or your 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 Restaurant; (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 Indemnitors are joint and several.

This indemnification must 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.

XVIII. ARBITRATION

A. Except as provided elsewhere in this Agreement, all controversies, disputes or claims between us and you arising from this Agreement or the franchise relationship set forth in this Agreement will be submitted to binding arbitration conducted in the St. Louis, Missouri Metropolitan Area (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then-current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. For purposes of this XVIII.A., if any dispute that names, involves or includes us, you, the guarantors of this Agreement or any of their respective affiliates, officers, directors, agents, brokers or employees, such persons or entities will also be included in and made party to the arbitration proceeding.

B. The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section XVIII. An arbitration award or decision entered in any other case (whether or not we were a party) will not be binding on us in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

C. The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, we and you will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. Except as provided in Section XVIII.A. above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. Notwithstanding the foregoing, the obligation of this Section XVIII to arbitrate will not be binding with respect to claims relating to our Marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by either party for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the *status quo* or prevent irreparable injury pending resolution by arbitration of the actual dispute between the parties.

XIX. MISCELLANEOUS PROVISIONS

A. **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 Bandana's Bar-B-Q restaurant, but the waiver in favor of any other franchisee or Bandana's Bar-B-Q restaurant will not prevent us from enforcing the requirements against you, all other franchisees and all other Bandana's Bar-B-Q restaurants.

B. **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.

C. **Entire Agreement**. This Agreement, including all Exhibits attached, 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.

D. **Notice**. All notices required under this Agreement will be in writing and will be given: (i) if hand delivered on the day of deliver; (ii) 3 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 listed on the signature page of this Agreement or at such other address as either party will specify in a notice to the other party.

E. **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.

F. **Governing Law and Jurisdiction**. You acknowledge that this Agreement was accepted in the State of Missouri. You acknowledge that it has 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 questions (and only that provision) will be interpreted and construed under the laws of the state where the Restaurant is located. Matters controlled by arbitration will be governed by the United States Arbitration Act (9 U.S.C. §1, et. seq.). Except for any matters subject to arbitration, we may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of Missouri, 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 these Missouri courts. If you institute any action arising out of or relating to this Agreement, which is not subject to arbitration, that action must be brought in the Circuit Court of the County of St. Louis, Missouri, unless that court will not accept jurisdiction over the case. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement. 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.

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

H. **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 renew, assignment or Transfer.

I. **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.

J. **Receipt of the FDD**. You acknowledge receipt of our franchise disclosure document ("FDD") 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 7 days to review them.

K. **Joint and Several Liability**. If you are comprised of 2 or more persons, the obligations and liabilities to us of each of these persons will be joint and several.

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

M. **Survival**. Your obligations regarding Confidential Information and 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 the Transfer or the termination or expiration of the Term of this Agreement.

N. **Attorneys' Fees**. In the event of any court or arbitration proceeding, the non-prevailing party will reimburse the prevailing party for all of the prevailing party's costs and expenses, including reasonable accounting, paralegal, expert witness and attorneys' fees which are incurred before, at trail and at all appellate levels, even if not taxable as court costs, in addition to any other relief to which such party or parties may be entitled.

O. **Payments from You**. We have the sole discretion to apply any payments by you to any of your past due indebtedness for Royalty Fees, Creative Marketing Fees, Technology Fees, expenses, purchases from us or our Affiliates, interest or any other indebtedness you may owe us or our Affiliates. Neither we nor any of our Affiliates are required to accept payments after they have become due or to extend credit or otherwise to finance your operation of the Restaurant. If you are in default under this Agreement or if you have failed to pay all amounts due us or our Affiliates when due, we and our Affiliates may require you to pay for all purchases on a C.O.D. basis by cashier's check, or may refuse to make further sales to you.

P. **Limitation of Legal Actions**.

1. YOU (AND YOUR OWNERS) EACH WAIVE, TO THE FULLEST EXTENT

PERMITTED BY LAW, THE RIGHT TO OR CLAIM FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU.

2. 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.

3. ANY DISAGREEMENT BETWEEN YOU (AND YOUR GUARANTORS AND OWNERS) 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 (AND YOUR GUARANTORS AND OWNERS) WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, OWNERS, 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.

4. 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 OR ARBITRATION 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.

Q. **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.

R. **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.

S. **Third Party Beneficiary**. Operating Company is a third-party beneficiary to this Agreement and has the right to assume any of our responsibilities, duties or functions in the event that the agreement between Operating Company and us expires or is terminated for any reason. Furthermore, Operating Company will have the right, but not the obligation, to enforce your compliance with any provision of this Agreement.

T. **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.

XX. YOUR WARRANTIES AND REPRESENTATIONS

A. **YOU 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 HAVE BEEN ADVISED TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE**

REGARDING THIS FRANCHISE. YOU UNDERSTAND THAT YOU MAY SUSTAIN LOSSES AS A RESULT OF THE OPERATION OR THE CLOSING OF THE BUSINESS. YOU 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 REPRESENT TO US THAT YOUR SIGNATURE ON AND PERFORMANCE OF THIS AGREEMENT DOES NOT VIOLATE OR CONSTITUTE A BREACH OF THE TERMS OF ANY OTHER AGREEMENT OR COMMITMENT TO WHICH YOU, YOUR GUARANTORS OR ANY OF YOUR AFFILIATES ARE A PARTY.**

C. **UNDER APPLICABLE U.S. LAW, INCLUDING WITHOUT LIMITATION EXECUTIVE ORDER 13224, SIGNED ON SEPTEMBER 23, 2001 (THE "ORDER"), WE 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. FINALLY, 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.**

XXI. CAVEAT

THE SUCCESS OF YOUR 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 YOUR RESTAURANT AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATION OR WARRANTY ON OUR BEHALF. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE READ AND COMPLETED THE QUESTIONNAIRE, A COPY OF WHICH IS ATTACHED TO THIS AGREEMENT AS EXHIBIT V.

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.

XXII. NON-LIABILITY OF OUR AFFILIATES

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

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

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

Bandana's Franchise Systems, LLC	**FRANCHISEE**: _________________________
By: ______________________________ Rick White, COO	By: ____________________________________
Address: 16141 Swingley Ridge Road St. Louis, MO 63017	Address: __________________________ __________________________

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement"), by Bandana's Franchise Systems, LLC ("BFS") in favor of ____ ("FRANCHISEE"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally guarantees to BFS, 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 Transfers 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 incurs to BFS, its successors, assigns, affiliated entities, parent corporation, 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 BFS and its Affiliates. Each of the undersigned waives:

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

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

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

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

(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 he may be entitled.

Each of the undersigned consents and agrees that:

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

(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; and

(3) such liability will not be contingent upon or conditioned upon the pursuit by BFS 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 BFS 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, which will be continuing and irrevocable during the term of the Agreement.

If BFS 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 BFS 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 also recognize that certain disputes relating to the Franchise Agreement are to be resolved by arbitration and hereby consent to such arbitration in accordance with the terms of the Franchise Agreement. Further, undersigned GUARANTORS also hereby consent to the applicability of the venue, governing law and jurisdiction provisions in the Franchise Agreement. The terms contained in the Agreement and this Guaranty and Assumption of Obligations 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.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

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

The Site of your Restaurant will be:

Your Territory will be: ____ exclusive of any Non-Traditional Venues.

<u>EXHIBIT II</u>

LEASE PROVISIONS

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

<u>ADDENDA TO LEASE</u>

This lease addenda entered into this _____ day of ___________, 20_____, by and between ____________________ ("FRANCHISEE") and ____ LANDLORD") for the premises located at ____ in the City of ___________________, State of _________________;

WHEREAS, FRANCHISEE has executed a Franchise Agreement ("Franchise Agreement") with Bandana's Franchise Systems, LLC ("BFS"), and as part of the Franchise Agreement, the lease ("Lease") for the franchised Bandana's Bar-B-Q 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 Addenda, LANDLORD and FRANCHISEE hereby agree as follows:

1. LANDLORD agrees that FRANCHISEE cannot assign the Lease or renew, amend or extend the term of the Lease without the prior written consent of BFS.

2. LANDLORD agrees to furnish BFS 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 BFS thirty (30) days advance written notice or such intent, specifying in such notice all defaults that are the basis of the proposed termination. BFS will have, after the expiration of the period during which FRANCHISEE may cure such default, an additional fifteen (15) days (or if there is no cure period, at least fifteen (15) days) to cure, at its sole option, any such defaults. BFS, or an affiliate of BFS, 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, BFS or its designee will have the option, but not the obligation, to assume the obligations of FRANCHISEE 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 BFS 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 contained in the Lease.

4. BFS will have the right to enter the premises to make any reasonable modification or reasonable alteration necessary to protect BFS's interest in its proprietary marks. LANDLORD agrees that in such event BFS will not be liable for trespass or any other crime or tort. Further, BFS 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 BFS 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 BFS.

6. Upon request of BFS, the LANDLORD will provide BFS 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 BFS at the following address, or at such other address as may be designated by BFS in writing: Rick White, Bandana's Franchise Systems, LLC at 16141 Swingley Ridge Road, Suite 205, St. Louis, MO 63017.

8. BFS will be a third-party beneficiary of this Addenda to Lease 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 Addenda to Lease and the Lease, this Addenda to Lease will govern.

FRANCHISEE	**LANDLORD**
______________________________	______________________________
By:___________________________	By:___________________________

EXHIBIT III

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, ___________________________ a ____________________ ("FRANCHISEE"), hereby assigns, transfers and sets over unto Bandana's Franchise Systems, LLC, a Missouri limited liability company ("BFS"), all of FRANCHISEE'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, BFS has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless BFS takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of FRANCHISEE thereunder.

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

Upon a default by FRANCHISEE under the Lease or a default or expiration under the franchise agreement by and between FRANCHISEE and BFS for a Bandana's Bar-B-Q restaurant (the "Franchise Agreement"), or in the event of a default by FRANCHISEE under any document or instrument securing the Franchise Agreement or any other agreement between FRANCHISEE and BFS or BFS's affiliates, BFS will have the right, and is hereby empowered, to take possession of the premises demised by the Lease, expel FRANCHISEE therefrom, and, in such event, FRANCHISEE will have no further right, title or interest in the Lease.

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

BFS: Bandana's Franchise Systems, LLC

By: _____________________________
Rick White, COO

FRANCHISEE:

By: _____________________________
Name: ___________________________
Title: ____________________________

EXHIBIT IV

IRREVOCABLE POWER OF ATTORNEY

That ______________________________________ ("FRANCHISEE") does hereby irrevocably constitute and appoint Bandana's Franchise Systems, LLC ("BFS"), 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 BFS, are necessary or advisable for the sole purpose of assigning to BFS all of FRANCHISEE's right, title and interest in and to any and all telephone numbers used in connection with the Bandana's Bar-B-Q restaurant located at _______________________________ and all related Yellow Pages, White Pages 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 BFS, are necessary or advisable for the sole purpose of assigning to BFS all of FRANCHISEE's right, title and interest in and to any Internet and website name pages, domain name listings, and registrations that contain BFS's proprietary trademarks, or any of them, in whole or in part, hereby granting unto BFS full power and authority to do and perform any and all acts and things which, in the sole discretion of BFS, 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 BFS 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 BFS will be required to ascertain the authority of BFS, nor be responsible in any way for the proper application of funds or property paid or delivered to BFS. Any person, firm or corporation dealing with BFS will be fully protected in acting and relying upon a certificate of BFS that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and FRANCHISEE will 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 BFS will be deemed to include such a certificate on the part of BFS, whether or not expressed. This paragraph will survive any termination of this Power of Attorney.

This Power of Attorney will terminate 2 years following the expiration or termination of the term of that certain Franchise Agreement dated of even date herewith by and between BFS and FRANCHISEE. But such termination will not affect the validity of any act or deed that BFS 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 will 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 the foregoing instrument was executed 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

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Bandana's Franchise Systems, LLC, ("us", "our" or "we") and you are preparing to enter into a Franchise Agreement for the operation of a Bandana's Bar-B-Q franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have 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 Bandana's Bar-B-Q Franchise Disclosure Document (the "FDD") that we 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 Bandana's Bar-B-Q 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. Were you given the opportunity to discuss the benefits and risks of operating a Bandana's Bar-B-Q franchise with an attorney, accountant, or other professional advisor, and do you understand those risks?
Yes ___ No ____

8. 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 ____

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn or that any of Bandana's Bar-B-Q Restaurants earn in operating the business other than what is discussed in Item 19 of the FDD?
Yes ___ No ____

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the business?
Yes ___ No ____

11. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?
Yes ___ No ____

12. I understand that this franchise business may be impacted by other risks, including those outside your or our control such as economic, political or social disruption, including pandemics. In addition, I understand that the aforementioned risks and any preventative or protective actions that federal, state, and local governments may take in response may result in a period of business disruption, reduced customer demand, and reduced operations for a Bandana's Bar-B-Q restaurant. The extent to which an event impacts the Bandana's Bar-B-Q system will depend on precise occurrences which are highly uncertain and which we cannot predict.
Yes ____ No____

* * *

Please understand that your responses to these questions are important to us and that we 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 you or the business and any of your representatives who had discussions with us or any of our officers, agents, or employees. The responses from those people are also included by you above.

Dated on _________________, 20_____.

FRANCHISE APPLICANT

Name: _________________________________

Signature: _______________________________

EXHIBIT B
AREA DEVELOPMENT AGREEMENT

BANDANA'S FRANCHISE SYSTEMS, LLC
AREA DEVELOPMENT AGREEMENT

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BANDANA'S FRANCHISE SYSTEMS, LLC
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("Agreement") is made and entered into as of the _____ day of __________________, 20_____, by and between BANDANA'S FRANCHISE SYSTEMS, LLC, a Missouri limited liability company ("we", "us" or "our"), and ___________________________, a _____________ ("you" and "your").

PREAMBLE

We are engaged in the business of franchising "Bandana's Bar-B-Q Restaurant" under the Marks and Systems as more fully described in the Bandana's Franchise Systems, LLC's Franchise Agreement, which may be amended from time to time ("Franchise Agreement"); and

You are aware of the benefit derived from being identified with and franchised by us in order to use the Marks and System as more fully described in the Franchise Agreement; and

You have simultaneously executed a Franchise Agreement pertaining to the first Bandana's Bar-B-Q Restaurant ("First Unit"), which you agree to open or have opened within the time specified in the Franchise Agreement; and

You desire to obtain area development rights to establish and operate additional Bandana's Bar-B-Q Restaurant franchises ("Subsequent Units") from us within a specific geographical area and according to a specific time schedule; and

The capitalized terms under this Agreement will have the same meaning as those same capitalized terms under the Franchise Agreement.

NOW, the parties agree as follows:

I. TERRITORIAL EXCLUSIVITY

A. **Development Area.** According to the terms and conditions in this Agreement, we grant to you and you accept the right, during the term of this Agreement, to establish and operate franchise units of Bandana's Bar-B-Q Restaurants (each referred to as a "Unit" and collectively referred to as the "Units") in the area, which we refer to as the "Development Area" other than in a Non-Traditional Venue as described in Attachment B during the term of this Agreement. A "Non-Traditional Venue" is a location that is in a transportation facility, a sporting facility, a shopping mall, an educational facility, government facility or a military facility. A Non-Traditional Venue is not considered part of the Development Area. So long as you are not in default under this Agreement or any other agreement with us or our affiliates, neither we nor our affiliates will operate or grant a franchise to any other person or entity to operate a Bandana's Bar-B-Q Restaurant within the Development Area. The boundaries of your Development Area shall not change regardless of political reorganization or changes.

Until the termination, expiration or Transfer (as defined below) of this Agreement, you retain your development rights as long as you comply with the Development Schedule (as defined below). If you fail to meet any of your obligations under this Agreement, including compliance with the Development Schedule, or if you breach any Franchise Agreement executed by you pursuant to this Agreement, we may terminate this Agreement along with your right to develop, open and operate new Units within the Development Area, but the termination of this Agreement and the right to develop your

Development Area will not terminate any rights granted under the Franchise Agreements then in effect between you and us in which you are in compliance. After the expiration or termination of this Agreement, we may own, operate, franchise or license others to operate additional Units anywhere, without restriction, including in your Development Area, except for within any Territories under your Franchise Agreement(s) which remain in effect.

B. **The Rights We Retain in the Development Area.** Except as limited by Section I.A. above, we and our affiliates retain all rights with respect to Bandana's Bar-B-Q Restaurants, the Marks, the System, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate Bandana's Bar-B-Q Restaurants immediately adjacent to your Development Area, anywhere outside of your Development Area and/or within Non-Traditional Venues located within or outside of your Development Area; (2) the right to operate or license other to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Development Area; (3) the right to operate or license other to operate businesses that are not similar to a Bandana's Bar-B-Q Restaurants under the Marks in any location, both inside or outside of your Development Area; and (4) the right to offer any products or services (including the products and services you offer at your Units) through other channels of distribution (including grocery stores, the Internet and other non-restaurant outlets) both inside and outside of your Development Area and we may promote products bearing the Marks at special events, athletic contests, etc., and through temporary locations and mobile units. We are not required to pay you if we exercise any of the rights specified above inside your Development Area.

II. DEVELOPMENT OBLIGATIONS

A. **Development Schedule.** You will construct, equip, open and operate within the Development Area the number of Units set forth in Section IV below within each of the time periods described in Attachment B attached to this Agreement ("Development Schedule"). You must execute a Franchise Agreement as described in Section V.A. below and pay the remaining balance of the Initial Franchise Fee due for each of the Subsequent Units within the time periods described in the Development Schedule. Further, you must open each Unit within the time period described in the Franchise Agreement applicable to each Unit and in the Development Schedule. You will at all times faithfully and diligently comply with the obligations imposed by this Agreement and under the Franchise Agreement for each Unit.

B. **Force Majeure/Time of Essence.** It is of material importance to us that you timely perform all obligations under this Agreement and the Franchise Agreement for each Unit. Should you be unable to meet the Development Schedule solely as the result of force majeure, which includes strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law (including our inability to deliver a Franchise Disclosure Document), and which you could not have avoided by the exercise of due diligence, the Development Schedule will be extended by the amount of time during which such force majeure existed.

III. TERM. The term of this Agreement will start on the date this Agreement is signed by both parties and you have paid us the Development Fee. Unless terminated earlier according to the terms of this Agreement, the term of this Agreement and all area development rights granted in this Agreement will expire at the earlier of the opening of the last Unit listed in the Development Schedule or the expiration date listed on Attachment B. There is no right to renew this Agreement.

IV. DEVELOPMENT FEE. In exchange for the rights granted under this Agreement, you will pay us a Development Fee of $10,000 multiplied by the number of proposed Subsequent Units you want to open. The amount of the Development Fee is set forth in Attachment B. You will pay us the

Development Fee when you sign this Agreement. The portion of the Development Fee attributable to each Subsequent Unit will be credited against the Initial Franchise Fee due under each separate Franchise Agreement for each applicable Subsequent Unit. You will be required to pay the balance of the Initial Franchise Fee due under each Franchise Agreement when you sign the applicable Franchise Agreement.

For example, if you wish to open 4 Units, you will sign a Franchise Agreement and pay us an Initial Franchise Fee of $40,000 for the first Unit, and sign a Development Agreement for the 3 Subsequent Units and pay us a Development Fee of $30,000 ($10,000 X 3 Subsequent Units = $30,0000). When you sign the Franchise Agreement for each Subsequent Unit, $10,000 will be applied to the Initial Franchise Fee you owe and you will pay the balance of $30,000 ($40,000-$10,000 = $30,000).

You recognize that we have 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 in this Agreement. For this reason, no part of the Development Fee is refundable, even if you fail to proceed with the development of Units under this Agreement.

V. FRANCHISE AGREEMENT

A. **Signing the Franchise Agreement.** Within the times specified in the Development Schedule, you must execute a Franchise Agreement for each Subsequent Unit and pay the balance of the Initial Franchise Fee owed under that Franchise Agreement. You will execute a Franchise Agreement in the form of Attachment A subject to any changes or modifications required by any applicable laws or, at our option, the then current form of Franchise Agreement. In no event will you be required to sign a Franchise Agreement until such time as we have complied with any applicable waiting periods according to law.

B. **Complying with the Franchise Agreement.** After you sign a Franchise Agreement, you will fully comply with all of the terms contained in the Franchise Agreement, including paying all of the fees required by that Franchise Agreement in a timely manner. HOWEVER, YOU DO NOT OBTAIN ANY RIGHTS AS A FRANCHISEE FOR A PARTICULAR LOCATION UNTIL A FRANCHISE AGREEMENT IS SIGNED BY YOU AND US AND YOU HAVE PAID US THE BALANCE OF THE INITIAL FRANCHISE FEE. You must submit all proposals for sites to us for our consent. We have the right, in our absolute discretion, to withhold our consent to any site you propose. Our consent to the site is no assurance of success.

C. **Our Discretion.** You acknowledge that all Units must be developed and operated according to our standards. You agree and recognize that we may refuse to grant a Franchise Agreement for a Subsequent Unit if we believe, in our reasonable judgment, that you do not have sufficient financial resources and 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. We may take into account, among other things, your past performance and financial success of your existing Units. In order to assist us in making such a determination, you must provide us, upon our request, the financial and other information regarding your existing Unit(s) and the proposed Subsequent Unit. Our approval, however, is not deemed to be a warranty of your financial or other ability to develop and operate the proposed Subsequent Unit(s).

D. **Marks.** You acknowledge that we are not granting you any right to use the Marks under this Agreement. Any rights you receive regarding the use of the Marks arises from the Franchise Agreement you signed or will sign and you may only used the Marks pursuant to the terms of that Franchise Agreement.

VI. ASSIGNABILITY

A. **By You.** We have granted these development rights 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 of any interest in this Agreement, or in your ownership ("Transfer"), without our prior written consent. Any consent by us will not operate as a consent to any future such Transfer, and no future such 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. We will not unreasonably withhold our consent to such a Transfer, provided that the following conditions are satisfied:

(a) You have substantially performed the obligations and duties under this Agreement and any other agreements between you and us; and

(b) You must pay us all amounts due to us and our affiliates under this Agreement and all other agreements between you and us; and

(c) You must pay a non-refundable transfer fee in the amount of $5,000 for each undeveloped Subsequent Unit, which amount will not be applied to the Initial Franchise Fee that will be due when the Unit is developed; and

(d) You and all of your officers, directors, shareholders (as well as guarantors under this Agreement) will execute a general release (in the form approved by us) of any and all claims which you have or may have against us and our affiliates and our respective officers, directors, employees and agents arising out of the franchise relationship, to the extent permitted by applicable law; and

(e) The proposed transferee meets our established standards for new area developers (including experience, character, skill, aptitude, business ability, and financial capability), is of good moral character, has a good credit rating and sufficient financial resources to operate the business; and

(f) The proposed transferee and/or the transferee's managers will successfully complete and pass the training course then in effect for our franchisees and area developers, or otherwise demonstrate to our satisfaction, sufficient ability to operate and manage the Units and perform the obligations of this Agreement; and

(g) The proposed transferee assumes all of your obligations and liabilities (however, such assumption will not relieve you of any such obligations and liabilities); and

(h) The purchase price or terms of the sale are, in our judgment, economically feasible to the proposed transferee (however, our approval is no assurance that the sale is on economically reasonable terms); and

(i) We may, in our absolute discretion, require that the Transfer include the assignment of all of the undeveloped Subsequent Units.

B. **By Us.** This Agreement is fully assignable, in whole or in part, by us, without your consent. Upon our assignment, we are relieved of all liability under this Agreement and all rights and obligations will accrue to our successor or assignee.

C. **No Subfranchising.** You will not offer, sell, or negotiate the sale of Bandana's Bar-B-Que Restaurant franchises to any third party, either in your name or on our behalf or otherwise subfranchise, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting you the right to do so.

VII. DEFAULT AND TERMINATION

A. **Default by You.** Upon written notice to you, we may terminate this Agreement for cause, but without providing you an opportunity to cure, in the event of any material breach of this Agreement by you. Material breach, as used in this Section VII, will include, among other things, the following:

(a) Any attempt by you to sell, assign, Transfer in violation of the terms of this Agreement;

(b) Your failure to develop each of the Units within the Development Schedule set forth in this Agreement;

(c) Your bankruptcy, insolvency or general assignment for the benefit of creditors;

(d) Any material breach by you or your affiliate of any Franchise Agreement or other agreement between you or your affiliates and us or our affiliates which is not cured within the applicable cure period in that agreement; or

(e) You or your owners commit or are convicted of a felony, fraud or crime of moral turpitude which we believe my adversely affect the System or goodwill associated with the Marks.

B. **Rights on Termination, Expiration or Assignment.** Upon expiration, assignment or termination, for any reason, of this Agreement, all of your rights regarding the Development Area will cease and any remaining rights you may have to open any Subsequent Unit will cease. We will be entitled to establish, or to license others to establish, restaurants using the Marks and System in the Development Area, subject to the provisions in any existing Franchise Agreements you or your affiliates have with us relating to the Assigned Territory defined in those Franchise Agreements. You or your affiliates will continue to operate Bandana's Bar-B-Que Restaurants according to the signed Franchise Agreements between you or your affiliates and us, if such Franchise Agreements have not been terminated. A default and termination under this Agreement does not constitute a default and termination under any Franchise Agreement between you or your affiliates and us.

VIII. ARBITRATION

A. Except as provided elsewhere in this Agreement, all controversies, disputes or claims between us and you arising from this Agreement will be submitted to binding arbitration conducted in the St. Louis, Missouri Metropolitan Area (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then-current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. For purposes of this paragraph, if any dispute that names, involves or includes us, you, the guarantors of any Franchise Agreement you enter into pursuant to a Unit developed under this Agreement or any of their respective affiliates, officers, directors, agents, brokers or employees, such persons or entities will also be included in and made party to the arbitration proceeding.

B. The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section VIII. An arbitration award or decision entered in any other case (whether or not we were a party) will not be binding on us in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

C. The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, we and you will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, termination or expiration of this Agreement. Except as provided in Section VIII.A. above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. Notwithstanding the foregoing, the obligation of this Section VIII to arbitrate will not be binding with respect to claims relating to our trademarks, service marks, patents, or copyrights; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by either party for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the *status quo* or prevent irreparable injury pending resolution by arbitration of the actual dispute between the parties.

IX. MISCELLANEOUS

A. **Notices.** 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 (3) 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, addressed to the address listed on the signature page of this Agreement or at such other address as either party will specify in a notice to the other party.

B. **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 the Agreement will continue in effect as if the Agreement had been signed with the invalid portion modified or eliminated.

C. **Non-Waiver.** Neither party'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, will be deemed a waiver, nor will it impair 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 the 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 Unit, but the waiver in favor of any other franchisee or Unit will not prevent us from enforcing the requirements against you, all other franchisees and all other Units.

D. **Remedies.** The remedies available to us are non-exclusive and nothing stated in this Agreement will act to prevent our pursuit of any other rights or remedies arising due to termination of this Agreement which may otherwise become available to us in law or equity.

E. **Attorney's Fees.** If any civil action, arbitration 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 will be entitled to recover from the other party or parties, reasonable attorneys' fees, taxes, court costs and all other expenses, even if not taxable as court costs, in addition to any other relief to which such party or parties may be entitled.

F. **Approval And Guarantees Of Shareholders, Partners Or Members.** If you are a corporation, partnership or limited liability company, all shareholders, partners or members (and their shareholders, partners or members if they are an entity) will guarantee each Franchise Agreement for a Unit.

G. **Choice Of Law.** You acknowledge that this Agreement was accepted in the State of Missouri. You acknowledge 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 the principals of conflict of laws. If, however, any provision of this Agreement would not be enforceable under the laws of Missouri, and if the Development Area is located outside of Missouri and the provision would be enforceable under the laws of the State in which the Development Area is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the State where the Development Area is located. We may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of Missouri, and you and your guarantors irrevocably submit to this jurisdiction and waive any objection to the application of Missouri law or to the jurisdiction or venue in those Missouri courts. If you institute any action arising out of or relating to this Agreement, which is not subject to arbitration, such suit must be brought in the Circuit Court of St. Louis County, Missouri, unless said court will not accept jurisdiction over the case.

The provisions of this Agreement which conflict with any applicable law will (only to the extent not in accordance with applicable law) be ineffective, and instead, we will comply with the applicable law respecting each of these matters. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement. We are not, however, precluded from contesting the validity, enforceability, or applicability of any state laws or regulations in any action relating to this Agreement or to its rescission or termination.

H. **Non-Liability Of Our Affiliates.** We are the only entity obligated to you under this Agreement. You may not look to any of our affiliates or related companies, other business entities or individuals for performance of this Agreement.

I. **Limitation of Legal Actions.**

1. 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.

2. 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.

3. ANY DISAGREEMENT BETWEEN YOU (AND YOUR GUARANTORS AND OWNERS) 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 (AND YOUR GUARANTORS AND OWNERS) WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, OWNERS, MANAGERS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

4. 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 1 YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

J. **Receipt of the FDD.** 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 7 days to review them.

K. **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 in this Agreement refer to whatever number or gender the context requires; if more than one party or person is referred to as you, their obligations and liabilities will be joint and several. Headings are for reference purposes and do not control interpretation.

L. **Entire Agreement.** This Agreement, including all Attachments attached, 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 we made in the franchise disclosure document that was furnished to you in connection with our offer to grant you a franchise to develop the Units. No amendment or modification to this Agreement will be binding on either party unless written and fully executed.

X. 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 in all dealings with the public as an independently owned business. Neither we nor you 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 we be liable for any act, omission, debt, or other obligation of yours. To the fullest extent permitted by law, you (for yourself and your employees, agents, subcontractors, successors and assigns) agrees, at your sole cost and expense, to indemnify, defend and hold harmless, and to reimburse on demand, us, all entities related to us and our 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 you or your employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns ("Indemnitors"), including (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 by this Agreement; (ii) any breach by the Indemnitors or 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 Indemnitors are joint and several.

This indemnification must 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. REPRESENTATIONS AND ACKNOWLEDGMENTS/CAVEAT

YOU 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 HAVE BEEN ADVISED TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE REGARDING THE FRANCHISE AND THE DEVELOPMENT RIGHTS GRANTED HEREIN. YOU UNDERSTAND THAT YOU MAY SUSTAIN LOSSES AS A RESULT OF THE OPERATION OR THE CLOSING OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT. YOU 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. WE DO NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THIS BUSINESS VENTURE. YOU REPRESENT AND ACKNOWLEDGE THAT YOU HAVE MADE AN INDEPENDENT INVESTIGATION OF US AND OUR OPERATIONS AND YOU ACKNOWLEDGE THAT YOU HAVE ENTERED INTO THIS AGREEMENT SOLELY IN RELIANCE UPON SUCH INDEPENDENT INVESTIGATION. THIS AGREEMENT IS EFFECTIVE ONLY ONCE YOU AND WE BOTH SIGN THE AGREEMENT.

YOU REPRESENT TO US THAT YOUR SIGNATURE ON AND PERFORMANCE OF THIS AGREEMENT DOES NOT VIOLATE OR CONSTITUTE A BREACH OF THE TERMS OF ANY OTHER AGREEMENT OR COMMITMENT TO WHICH YOU, YOUR GUARANTORS OR ANY OF YOUR OR THEIR AFFILIATES ARE A PARTY.

UNDER APPLICABLE U.S. LAW, INCLUDING WITHOUT LIMITATION EXECUTIVE ORDER 1224, SIGNED ON SEPTEMBER 23, 2001 (THE "ORDER"), WE 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. FINALLY, 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.

NO PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT AN AUTHORIZED OFFICER OF OURS BY A WRITTEN DOCUMENT. NO REPRESENTATIONS AS TO PROJECTIONS, FINANCIAL PERFORMANCE, POTENTIAL SUCCESS, FUTURE PROFITS, PROMISES, GUARANTEES OR WARRANTIES OF ANY KIND ARE AUTHORIZED TO BE MADE BY US OR OUR AFFILIATES OR REPRESENTATIVES.

YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED, READ AND UNDERSTAND THIS AGREEMENT AND ITS ATTACHMENTS; THAT YOU HAVE HAD AN OPPORTUNITY TO ASK US ALL QUESTIONS RELATING TO THIS AGREEMENT AND THE SYSTEM, AND THAT WE HAVE ANSWERED ALL YOUR QUESTIONS TO YOUR SATISFACTION.

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

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

BANDANA’S FRANCHISE SYSTEMS, LLC

By: ________________________________
Rick White, COO
Address:
16141 Swingly Road, Suite 205
St. Louis, MO 63017

AREA DEVELOPER

By:_________________________________
________________, ____________
Address:
____
____

ATTACHMENT A

FORM OF FRANCHISE AGREEMENT

ATTACHMENT B (ADA)

DEVELOPMENT AREA, DEVELOPMENT FEE, DEVELOPMENT SCHEDULE AND EXPIRATION DATE

Development Area

The Development Area is:
____
____
____
exclusive of any Non-Traditional Locations.

Development Fee

Number of Units: ________

Amount of the Development Fee: _________

Development Schedule

Unit Number	Date Franchise Agreement must be executed and Initial Franchise Fee paid	Date Restaurant Must Be Opened

Expiration Date

The expiration date is _______________.

EXHIBIT C
STATE SPECIFIC ADDENDA

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Franchisee Acknowledgment / Compliance Certification:

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

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   Illinois law governs the Franchise Agreement.

   Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

   Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

   Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

   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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	**FRANCHISEE:**
BANDANA'S FRANCHISE SYSTEMS, LLC	______________________________
By: ______________________________ Its: Date: ____________________________	By: ______________________________ Its: Date: ____________________________

EXHIBIT D
LIST OF FRANCHISEES

ILLINOIS

502 IAA Dr.
Bloomington, IL 61701
Telephone: 309-662-7427
Franchisee: G/JAMN, LLC

MISSOURI

2336 Missouri Blvd
Jefferson City, MO 65109
Telephone: (573) 634-7427
Franchisee: Dockboys II, LLC

1015 S. Jefferson Street
Lebanon, MO 65536
Telephone: (417)991-3044
Franchisee: Harris Foods, LLC

4315 Highway 54
Osage Beach, MO 65065
Telephone: (314) 574-9178
Franchisee: Dockboys, LLC

Rolla
1705 Martin Springs Dr
Rolla, MO 65401
573-426-3331

2909 West Broadway Blvd
Sedalia, MO 65301
Telephone: (660) 851-0610
Franchisee: Dockboys III, LLC

AFFILIATE-OWNED BANDANA'S BAR-B-Q RESTAURANTS:

ILLINOIS

Collinsville
#4 Commerce Dr
Collinsville, IL 62234
618-344-4476

Fairview Heights
4608 North Illinois St
Fairview Heights, IL 62208
618-222-2060

Mount Vernon
308 S. 44th St.
Mt. Vernon, IL 62864
618-315-6550

IOWA

Cedar Rapids
3707 1st Avenue SE
Cedar Rapids, IA 52402
319-435-5555

INDIANA

Evansville
6636 Logan Drive
Evansville, IN 47715
812-401-9922

KENTUCKY

Paducah
5004 Hinkleville Road
Paducah, KY 42001
270-908-4280

MISSOURI

Arnold
1220 Big Bill Rd
Arnold, MO 63010
636-282-3328

Cape Girardeau
156 Vantage Drive
Cape Girardeau, MO 63701
573-519-3009

Columbia
3405 Clark Lane
Columbia, MO 65201
573-256-2229

Fenton
1160 South Hwy Dr
Fenton, MO 63026
636-305-8855

Florissant
8234 A North Lindbergh
Florissant, MO 63033
314-837-6000

Manchester
14141 Manchester Rd
Manchester, MO 63021
636-386-1133

Maryland Heights
12222 Dorsett Rd
Maryland Heights, MO 63043
314-439-1123

Mid Rivers Express
6163 Mid Rivers Mall Dr
St Peters, MO 63304
636-928-9999

O'Fallon
3446 Pheasant Meadows Dr
O'Fallon, MO 63368
636-240-8859

St. Ann
10800 Pear Tree Ln. 2
St. Ann, MO 63074
314-426-9955

St. Joseph
4225 Frederick
St. Joseph, MO 64506
816-671-1166

St. Peters
4155 Veterans Memorial Pkwy
St. Peters, Missouri 63376
636-441-4483

Sunset Hills
11750 Gravois Rd
St. Louis, MO 63127
314-849-1162

Troy
70 Front Street
Troy, MO 63379
636-238-3168

Wentzville
1 Ruggeri Dr
Wentzville, MO 63385
636-887-4050

FRANCHISEES WHICH LEFT THE SYSTEM

(The list of franchisees which have been terminated, cancelled, not renewed, transferred or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Application Date.) If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchised system.

None

EXHIBIT E
AUDITED FINANCIAL STATEMENTS

Park Ridge Midwest Restaurants, Inc. and Subsidiaries D/B/A Bandana's Bar-B-Q

Consolidated Financial Statements

Years Ended December 29, 2024 and December 31, 2023

WIPFLI

WIPFLI

Independent Auditor's Report

To the Stockholders of
Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q
Chesterfield, Missouri

Opinion

We have audited the accompanying consolidated financial statements of Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q (the "Company"), which comprise the consolidated balance sheets as of December 29, 2024 and December 31, 2023, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the fiscal years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 29, 2024 and December 31, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States (''GAAP'').

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Wipfli LLP

Wipfli LLP

St. Louis, Missouri
March 10, 2025

Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q

Consolidated Balance Sheets

As of	December 29, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,258,215	$ 6,330,287
Accounts receivable	88,715	113,896
Inventories	214,549	201,370
Prepaid expenses	201,926	330,604
Notes receivable - current portion	145,185	174,451
Total current assets	6,908,590	7,150,608
Property, equipment, and leasehold improvements, net	3,549,329	2,979,127
Other assets		
Notes receivable - less current portion	1,275,026	1,377,947
Goodwill	14,301,752	14,301,752
Deposits	32,209	41,417
Operating right-of-use assets	4,687,285	4,675,834
Total other assets	20,296,272	20,396,950
TOTAL ASSETS	$ 30,754,191	$ 30,526,685

Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q

Consolidated Balance Sheets (Continued)

As of	December 29, 2024	December 31, 2023
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 703,365	$ 414,390
Due to related parties	-	20,850
Accrued liabilities		
Payroll and related expenses	657,778	716,903
Gift certificates	34,902	39,361
Other	287,061	387,767
Operating lease liabilities - current portion	1,249,395	1,528,470
Total current liabilities	2,932,501	3,107,741
Long Term Liabilities		
Deferred franchise revenue	18,923	22,923
Operating lease liabilities - long-term portion	3,464,430	3,193,120
Total long-term liabilities	3,483,353	3,216,043
Total liabilities	6,415,854	6,323,784
Stockholders' equity		
Common stock, no par value, 1 million shares authorized; 100,000 shares issued and outstanding	100,000	100,000
Additional paid-in capital	17,438,452	17,438,452
Retained earnings	6,799,885	6,664,449
Total stockholders' equity	24,338,337	24,202,901
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 30,754,191	$ 30,526,685

See Independent Auditor's Report.

Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q

Consolidated Statements of Operations

Years ended	December 29, 2024	December 31, 2023
Total gross sales	$ 32,832,674	$ 35,311,522
Discounts and refunds	(583,473)	(687,740)
Sales, net	32,249,201	34,623,782
Cost of sales		
Food and beverage costs	9,157,986	10,172,874
Labor and benefits costs	10,055,259	10,413,541
Total cost of sales	19,213,245	20,586,415
Gross profit	13,035,956	14,037,367
Restaurant operating expenses	6,077,261	5,963,158
Return of profit before restaurant occupancy expenses	6,958,695	8,074,209
Restaurant occupancy expenses	2,115,207	2,225,690
Restaurant operating profit	4,843,488	5,848,519
Corporate expenses	3,213,039	3,521,637
Corporate occupancy expenses	117,067	118,927
Other income, net	924,345	1,635,833
Net income	$ 2,437,727	$ 3,843,788

See Independent Auditor's Report.

Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q

Consolidated Statements of Changes in Stockholders' Equity

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
Balances at January 1, 2023	$ 100,000	$ 17,438,452	$ 5,545,661	$ 23,084,113
Distributions	-	-	(2,725,000)	(2,725,000)
Net income	-	-	3,843,788	3,843,788
Balances at December 31, 2023	100,000	17,438,452	6,664,449	24,202,901
Distributions	-	-	(2,302,291)	(2,302,291)
Net income	-	-	2,437,727	2,437,727
Balances at December 29, 2024	$ 100,000	$ 17,438,452	$ 6,799,885	$ 24,338,337

See Independent Auditor's Report.

Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q

Consolidated Statements of Cash Flows

Years ended	December 29, 2024	December 31, 2023
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Net income	2,437,727	$ 3,843,788
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	509,283	505,959
Loss on disposal of property, equipment, and leasehold improvements	20,528	48,893
Gain on sale of store	-	(976,394)
Non-cash lease expense	1,583,857	1,544,331
Changes in operating assets and liabilities:		
Accounts receivable	25,181	9,438
Inventory	(13,179)	23,181
Prepaid expenses	128,678	(173,219)
Deposits	9,208	850
Accounts payable	288,975	(390,102)
Due to related parties	(20,850)	6,035
Accrued liabilities	(159,831)	219,626
Gift certificates	(4,459)	(51,279)
Deferred franchise revenue	(4,000)	(4,000)
Operating lease liabilities	(1,603,073)	(1,434,120)
Net cash flows from operating activities	3,198,045	3,172,987
Cash flows from investing activities:		
Issuance of notes receivable	-	(17,500)
Repayment of notes receivable	132,187	299,377
Purchase of property, equipment, and leasehold improvements	(1,100,013)	(528,199)
Proceeds from sale of property, equipment, and leasehold improvements	-	8,866
Net cash flows from investing activities	(967,826)	(237,456)
Cash flows from financing activities:		
Distributions to stockholders - dividends	(2,302,291)	(2,725,000)
Net cash flows from financing activities	(2,302,291)	(2,725,000)
Net changes in cash and cash equivalents	(72,072)	210,531
Cash and cash equivalents, beginning of year	6,330,287	6,119,756
Cash and cash equivalents, end of year	$ 6,258,215	$ 6,330,287

See Independent Auditor's Report.

Note 1: Summary of Significant Accounting Policies

Nature of Business

Park Ridge Midwest Restaurants, Inc. (a Florida corporation) and *Subsidiaries d/b/a Bandana's Bar-B-Q,* (collectively referred to as the Company or Bandana's) was incorporated on August 6, 2007 and owns and operates barbeque restaurants in Missouri, Illinois, Indiana, Iowa and Kentucky. Bandana's corporate offices are located in Chesterfield, Missouri. Bandana's opened their first restaurant in Arnold, Missouri in 1996, and as of December 29, 2024, Bandana's operated 21 company-owned restaurants. In addition to Company-owned restaurants, Bandana's has six franchise restaurants located in Osage Beach, Missouri; Jefferson City, Missouri; Sedalia, Missouri; Lebanon, Missouri; Rolla, Missouri; and Bloomington, Illinois.

"Smell That Smoke" is the signature theme that Bandana's has used to promote the smoke cooked meats that have become Bandana's specialty, along with the various barbeque sauces created by the founders of Bandana's.

Principles of Consolidation

The consolidated financial statements include the accounts of *Park Ridge Midwest Restaurants, Inc.* (Park Ridge) and its wholly-owned subsidiaries, *Bandana's Missouri, LLC* (Bandana's Missouri) (a Missouri limited liability company), *Gravois Bar-B-Q Holding, LLC* (Gravois Bar-B-Q) (a Missouri limited liability company), and *Bandana's Franchise Systems, LLC* (Bandana's Franchise) (a Missouri limited liability company), which is a wholly-owned subsidiary of Bandana's Missouri.

All significant inter-company accounts and transactions have been eliminated in the consolidated financial statements.

Fiscal Year-End

Bandana's operates on a 52-53-week cycle with the fiscal year ending on the last Sunday in December or on the date on which that day of the week falls that is nearest to the last day of that calendar month. The fiscal years ended December 29, 2024 and December 31, 2023 each contained 52 weeks.

Limited Liability Company

Bandana's Missouri and Gravois Bar-B-Q are both Missouri limited liability companies whose single member consists of Park Ridge. Bandana's Franchise's single member consists of Bandana's Missouri. These entities are collectively referred to as the "L.L.C's." These L.L.C's operate under respective agreements that provide for, among other things, the continuation of the respective entity for a perpetual term, unless terminated as provided for in the operating agreements. In addition, as provided for in the respective operating agreements, all profits and losses are allocated to the member, distributions and additional capital contributions are allocated to or received from member and the member is not liable for any debts of the respective L.L.C's.

Note 1: Summary of Significant Accounting Policies (Continued)

VIE Not Consolidated Under Common Control

In accordance with Accounting Standards Update 2018- 17 issued by the Financial Accounting Standards Board (FASB), a private company may elect, when certain conditions are satisfied, not to consolidate entities under common control with private company entities. The Company has met the conditions of ASU 2018-17 and, accordingly elects to omit the consolidation of Park Ridge Midwest Realty, LLC . See Note 11 for details of transactions and/or balances with these entities.

Use of Estimates in Consolidated Financial Statements

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include all highly liquid debt instruments with a maturity of three months or less. The Company also includes credit card receivables in cash as deposits in transit. At December 29, 2024 and December 31, 2023, the Company had $265,859 and $314,423, respectively, of credit card receivables included in cash.

Cash and cash equivalents also include short-term marketable certificates of deposit with an original maturity of three months or less that are measured at fair value on a recurring basis. At December 29, 2024, the fair value and cost of these certificates of deposit was $2,000,113 and $0, respectively. No certificates of deposit were held at December 31, 2023. The fair value of these certificates of deposit is determined using a market approach. Observable inputs, such as current market interest rates for similar maturities, are used to estimate the fair value. Significant assumptions include the stability of the interest rates and the creditworthiness of the issuing bank. Consequently, these are considered Level 2 fair value measurements within the fair value hierarchy.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Company places substantially all of its cash with major financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to the federally insured limits. At various times throughout the fiscal years ended December 29, 2024 and December 31, 2023, the cash balances may have exceeded the federally insured limits. Management does not believe the solvency of the financial institutions is a significant risk to cash balances above the federally insured limits.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Credit Policy

Accounts receivable for catering events, rebates, royalties, activity with franchisees, affiliate companies (companies related through common ownership), officers and employees arise in the normal course of business. The Company grants credit terms in the normal course of business based upon credit application approval and does not require collateral or other security to support its receivables. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of current expected credit losses. The estimate of the allowance for credit losses is based off each receivable's individual credit terms, historical loss experience, and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. The Company uses an aging method to estimate allowance for credit losses. Management assesses collectibility by pooling receivables with similar risk characteristics and evaluate receivables individually when specific customer balances no longer share those characteristics. An allowance for credit losses was not considered necessary at December 29, 2024 and December 31, 2023.

Inventories

Inventories consisting of food, beverages and supplies are carried at the lower of cost or net realizable value. Cost is determined using the first-in-first-out (FIFO) method.

Property, Equipment, and Leasehold Improvements

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 – 39 years or, in the case of leasehold improvements, over the length of the lease or life of the asset, whichever is shorter. Acquisitions of property, equipment and leasehold improvements, in excess of $5,000, that have a useful life greater than one year, are capitalized. Maintenance and repair costs are charged to expense as incurred.

The Company amortizes any leasehold improvements associated with leases under common control over the useful life of those improvements, regardless of the lease term, as long as the Company continues to control the use of the underlying asset through the lease. The Company has leasehold improvements related to common control leases with an unamortized balance totaling $794,436 and $731,612 at December 29, 2024 and December 31, 2023, respectively. Certain useful lives may exceed the existing term of the lease. As of December 29, 2024, the remaining lease terms were 1-9 years, and the remaining useful life of the leasehold improvements is 1-9 years.

Note 1: Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Leasehold Improvements (Continued)

The Company reviews their long-lived assets periodically to determine potential impairment by comparing the carrying value of those assets with the estimated future undiscounted cash flows expected to result from the use of assets, including cash flows from disposition. Should the sum of the expected future undiscounted cash flows be less than the carrying value, the Company would recognize an impairment loss at that time. No impairment loss was recognized during the years ended December 29, 2024 and December 31, 2023.

Leases

The Company is a lessee in multiple noncancelable operating leases. If the lease contract provides the Company the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increase (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred. Variable payments that are based on additional measurements outside of an index or rate are recorded in the period incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the Company's incremental borrowing rate. However, the Company has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of the lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes, the Company has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease-term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Company recognizes short-term lease cost on a straight-line basis over the lease term.

The Company made an accounting policy election to not separate the lease and non-lease components of a contract and its associated non-lease components.

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncement

In March 2023, the FASB issued Accounting Standard Update (ASU) No. 2023-01, Leases (Topic 842): *Common Control Arrangements*. ASU No. 2023-01 is for leases under common control, which allows the Company to use the written terms and conditions of common control arrangements in determining whether a lease exists, and the subsequent accounting for the leases (including lease classification). The Company adopted this guidance for the year-ended December 29, 2024, with modified retrospective application to January 1, 2023 with no cumulative-effect adjustment.

Notes Receivable

A promissory note was issued by the Company on August 29, 2016. The original amount owed on the promissory note was $359,946. During the fiscal year ended December 29, 2024, the promissory note was amended to extend the maturity date and payment terms. This note has a stated interest rate of 7% and has monthly payments of $2,000, including interest and principal, due until the note matures in September 2026. The promissory note is secured by the personal guarantee of the franchisee and equipment, furniture and fixtures, and other assets sold to the franchisee. As of December 29, 2024 and December 31, 2023, the balance of the note was $40,020 and $65,768, respectively.

A promissory note was issued by the Company on December 31, 2022 in the amount of up to $500,000. The original amount owed on the promissory note was $481,447, including a $20,000 advance in cash, with a stated interest rate of 5% and has monthly payments of $5,325, including interest and principal, due until the note matures in January 2033. The promissory note is secured by the personal guarantee of the franchisee and equipment, furniture and fixtures, and other assets sold to the franchisee. As of December 29, 2024 and December 31, 2023, the balance of the note is $425,475 and $463,590, respectively.

A promissory note was issued by the Company on October 9, 2023 in the amount of up to $1,035,000. The note has a stated interest rate of 7% and has monthly payments of $12,000, including interest and principal, due until the note matures in November 2033. The promissory note is secured by the personal guarantee of the franchisee and equipment, furniture and fixtures, and other assets sold to the franchisee. As of December 29, 2024 and December 31, 2023, the balance of the note was $954,716 and $1,023,040.

Interest income on the notes receivable was $93,738 and $38,999 for the years ended December 29, 2024 and December 31, 2023, respectively.

Goodwill

The Company has classified as goodwill the excess of the purchase price over the fair value of assets acquired during the initial acquisition of the business. Pursuant to the requirements of FASB ASC 350, *Intangibles- Goodwill and Other*, the Company does not amortize goodwill. ASC 350 requires that goodwill be reviewed for impairment annually, or when events or circumstances occur indicating that goodwill might be impaired, at an appropriate reporting unit level. The Company has determined that it has one reporting unit under ASC 350.

Note 1: Summary of Significant Accounting Policies (Continued)

Goodwill (Continued)

Management considers impairment of intangible assets, primarily goodwill, based on qualitative and quantitative measures on an annual basis and as applicable when events or circumstances that could reduce fair value below carrying value occur. Based on management's analysis, management believes that there has been no impairment in the carrying value of its goodwill at December 29, 2024 and December 31, 2023.

Revenue Recognition

The Company's revenues are recorded in two primary categories: restaurant operations and franchise operations. Restaurant operations (which comprises most of the Company's revenues) and franchise revenue are recognized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606 *Revenue from Contracts with Customers* (ASC 606). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

Restaurant Operations Revenue

The Company's restaurant revenue comprises retail sales at company-operated restaurants. Sales by company-operated restaurants are recognized when food and beverage items are sold. Company restaurant sales are reported net of sales taxes collected from guests that are remitted to the appropriate taxing authorities.

Gift Certificate Revenue

During the normal course of operations, Bandana's will sell/issue gift certificates that can be used for food and beverage purchases at any of the Bandana's restaurants. Upon the sale of gift certificates management records a contract liability for the balance of the gift certificate less an estimate for the amount of breakage, or percentage of historically non-redeemed gift certificates. Gift certificate revenue is recognized at the point in time in which gift cards are redeemed.

Gift certificates sold/issued at franchisee restaurants, which are not recorded on the consolidated financial statements, are redeemable at any Bandana's restaurant, including company-owned restaurants; however, gift certificates sold/issued by a franchisee and redeemed at a company-owned restaurant are charged back to the franchisee. Gift certificates sold/issued by a Company-owned restaurant and redeemed at a franchisee are charged back to the Company-owned restaurant that sold/issued the gift certificate. The amount of gift certificates issued by franchisees which are not recorded on the consolidated financial statements that have not been redeemed as of December 29, 2024 and December 31, 2023 amounted to approximately $38,115 and $165,760, respectively. Per the franchise agreement, franchises are required to remit the value of their unredeemed gift certificates to the Company should they cease operations.

As of December 29, 2024, December 31, 2023, and January 1, 2023, contract liabilities for gift certificates issued by Company-owned restaurants totaled $34,902, $39,361 and $90,640, respectively.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Franchise Revenue

The Company franchises the Bandana's restaurant concepts. The franchise arrangement is documented in the form of a franchise agreement.

The transaction price in a standard franchise arrangement consists of an initial franchise fee, franchise agreement renewal fees, continuing franchise fees (royalties) and advertising fees. The Company recognizes the primary components of the transaction price as follows:

- Under ASU 2021-02 the Company recognizes initial franchise fees associated with the pre-opening activities (as described in Note 10) at the time of initial store opening.

- Franchise agreement renewal fees are not associated with pre-opening activities and are recognized as revenue ratably on a straight-line basis over the term of the renewed franchise agreement. As these fees are typically received in cash at or near the beginning of the renewed franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time. As of December 29, 2024, December 31, 2023, and January 1, 2023, contract liabilities for deferred franchise revenue was $18,923, $22,923, and $26,923, respectively.

- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's reported sales occur. Depending on the timing within a fiscal period, the revenue results in either what is considered a contract asset (unbilled receivable) or, once billed, accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the date of store openings, the franchise term, or the month of reported sales by the franchisee.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

During the fiscal years ended December 29, 2024 and December 31, 2023, royalty fees totaled $459,748 and $416,081, respectively, and were recorded as other income in the consolidated statements of operations. Although the Company reserves the right to charge an advertising fee to the franchisees, the Company elected to not charge this fee during the years ended December 29, 2024 and December 31, 2023. As a result, no revenue has been recorded related to the advertising fee for either year in the accompanying consolidated statements of operations.

Note 1: Summary of Significant Accounting Policies (Continued)

Advertising and Promotional Costs

Advertising and promotional costs are charged to expense in the fiscal year in which the costs are incurred. During the fiscal years ended December 29, 2024 and December 31, 2023, the Company incurred $245,498 and $267,406, respectively, of advertising costs.

Franchise Costs

Franchise costs are expensed as incurred.

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code and comparable state regulations to be an S-Corporation. In lieu of corporate income taxes, the stockholders of an S-Corporation are taxed on their proportionate share of the Company's taxable income. Accordingly, no provision or liability for income taxes has been included in the consolidated financial statements.

Bandana's Missouri, Gravois Bar-B-Q, and Bandana's Franchise are disregarded entities for purposes of federal state and local income taxes. For the fiscal years ended December 29, 2024 and December 31, 2023, their income tax information is included with *Park Ridge Midwest Restaurants, Inc*.

The Company has assessed its federal and state tax positions and does not believe it has any material uncertain tax positions requiring recognition or disclosure in accordance with GAAP.

Subsequent Events

The Company has evaluated subsequent events through March 10, 2025, which is the date the consolidated financial statements were available to be issued.

Note 2: Revenue Recognition

In general, the Company's revenue streams are impacted by the geographic and economic characteristics of its restaurant operations which are located throughout the Midwest. The Company has further disaggregated revenue between food, soft drinks, beverage, and catering revenues, which depicts the four main revenue streams within the restaurant operations.

The following table disaggregates the Company's restaurant gross operating revenue by major revenue stream for the fiscal years ended December 29, 2024 and December 31, 2023:

	December 29, 2024	December 31, 2023
Food	$ 27,522,004	$ 29,514,849
Soft drinks	2,291,761	2,610,293
Beverage	392,899	487,553
Catering	2,575,109	2,640,266
Other	50,901	58,561
Total	$ 32,832,674	$ 35,311,522

Revenue recognized at a point in time when a customer is served totaled $30,257,565 and $32,671,256 for the years ended December 29, 2024 and December 31, 2023, respectively. Revenue recognized over time as the service is provided totaled $2,575,109 and $2,640,266 for the years ended December 29, 2024 and December 31, 2023, respectively.

Note 3: Other Income, Net

Other income, net in the accompanying consolidated statements of income for the years ended December 29, 2024 and December 31, 2023 consisted of the following:

	December 29, 2024	December 31, 2023
Franchise royalty income	$ 459,748	$ 416,081
Loss on disposal of property, equipment, and leasehold improvements	(20,528)	(48,893)
Gain on sale of store	-	976,394
Interest income	344,301	183,285
Other miscellaneous income	140,824	108,971
Total	$ 924,345	$ 1,635,838

Note 4: Accounts Receivable

Opening and closing balances for accounts receivable arising from contracts with customers include:

	December 29, 2024	December 31, 2023
Catering receivables	$ 15,247	$ 16,376
Rebates and other receivables	65,451	90,131
Royalties receivable	8,017	7,389
Total	$ 88,715	$ 113,896

As of December 29, 2024 and December 31, 2023, accounts receivable are considered to be fully collectible; accordingly, no allowance for credit loss has been recorded. The accounts receivable balance as of January 1, 2023 was $121,348.

Note 5: Inventories

Inventories consist of the following as of:

	December 29, 2024	December 31, 2023
Food	$ 128,582	$ 108,603
Beverages	29,816	32,504
Supplies	56,151	60,263
Total	$ 214,549	$ 201,370

As of December 29, 2024 and December 31, 2023, none of the Company's inventory was deemed obsolete, and therefore, no reserve for obsolescence has been recorded.

Note 6: Store Sales and Closings

During the fiscal year ended December 29, 2024 , the Company closed a Company-owned restaurant located in Carbondale, Illinois.

During the fiscal year ended December 31, 2023, the Company sold the restaurant located in Rolla, Missouri for a note receivable and for a gain of $976,394, as described in Note 1.

Note 7: Property, Equipment, and Leasehold Improvements, Net

Property, equipment, and leasehold improvements, at cost, consist of the following:

	December 29, 2024	December 31, 2023
Land	$ 586,672	$ 586,672
Buildings	975,000	975,000
Leasehold improvements	6,093,408	5,521,542
Restaurant equipment	2,188,754	2,159,924
Vehicles	716,363	684,842
Furniture and fixtures	1,220,574	1,101,903
Computer hardware and software	215,186	200,907
Total property, equipment, and leasehold improvements	11,995,957	11,230,790
Less: Accumulated depreciation	(8,446,628)	(8,251,663)
Net property, equipment, and leasehold improvements	$ 3,549,329	$ 2,979,127

Depreciation expense for property, equipment, and leasehold improvements for the fiscal years ended December 29, 2024 and December 31, 2023, amounted to $509,283 and $505,959, respectively.

Note 8: Operating Leases

The Company leases buildings for it's company-owned restaurants under agreements classified as operating leases. The majority of building lease agreements are with third parties, however, the Sunset Hills restaurant is leased from Gravois Bar-B-Q and six other restaurant properties are leased from an entity related through common ownership (see Note 11). The terms of the respective leases range from one to twenty years and the leases include, among other things, provisions for renewals, cancellations and rental charges based upon a percentage of sales exceeding specified amounts. The majority of the leases entered into include one or more options to renew. The renewal terms can extend the lease term from one to twenty-five years. The exercise of lease renewal options is at the Company's sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments plus, for many of the Company's leases, variable payments. The Company's leases require it to make variable payments for the building's property taxes and maintenance. These variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Note 8: Operating Leases (Continued)

Components of lease expense were as follows for the years ended:

	December 29, 2024	December 31, 2023
Lease cost		
Operating lease cost	$ 1,757,139	$ 1,841,026
Variable lease cost	421,587	443,730
Total lease cost	$ 2,178,726	$ 2,284,756

Supplemental cash flow information related to leases is as follows for the years ended:

	December 29, 2024	December 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating leases	$ 1,776,355	$ 1,730,815
Right-of-use assets obtained in exchange for new, modified, and termed operating lease liabilities	$ 1,595,308	$ 138,264

Supplemental balance sheet information related to leases is as follows:

	December 29, 2024	December 31, 2023
Weighted-average remaining lease term - in years - Operating leases	5.03	3.7
Weighted-average discount rate - Operating leases	2.81 %	1.39 %

Note 8: Operating Leases (Continued)

Maturities of lease liabilities are as follows as of December 29, 2024:

2025	$ 1,361,635
2026	992,078
2027	865,121
2028	659,710
2029	541,653
Thereafter	664,401
Total lease payments	5,084,598
Less imputed interest	(370,773)
Total	$ 4,713,825

Note 9: Employee Benefit Plan

The Company sponsors a qualified, contributory 401(k) savings plan covering eligible employees who have completed one year of service and are 21 years of age or older, except for members of a collective bargaining unit and non-resident aliens. Per terms of the plan, the Company may elect in its sole discretion to make matching contributions in an amount and allocation formula as determined by the Company. The accrued matching contribution was $11,225 for the year ended December 31, 2023. There was no accrued matching contribution for the year ended December 29, 2024.

Note 10: Franchise Operations and Franchise Agreement Commitments

In exchange for granting exclusive rights for the Bandana’s restaurant operations, Bandana’s Franchise agrees to provide to the franchisees, among other things, an initial franchise term that expires on the earlier of the tenth anniversary of the commencement of the franchise’s lease, two renewal periods of ten years or such shorter periods as such franchise’s lease remains in effect, one copy of the Bandana’s Confidential Operations Manual, a standard menu format, operational training personnel, an initial supply of business and reporting forms and inspections performed by Bandana’s Franchise to enhance uniformity and quality control.

Note 11: Related-Party Transactions

For the fiscal years ended December 29, 2024 and December 31, 2023, rents paid under multiple operating lease agreements to Park Ridge Midwest Realty, an affiliate company related through common ownership, totaled $385,429 and $444,233, respectively. The leases entered into typically have a 5 year lease period with options to renew. See Note 8 for recognition of these operating leases under common control. There were no amounts payable to Park Ridge Midwest Realty for the years ended December 29, 2024 and December 31, 2023.

Note 12: Commitments and Contingencies

Contingencies

The Company accrues for costs related to contingencies when a loss is probable, and the amount is reasonably determinable. Disclosure of contingencies is included in the consolidated financial statements when it is at least reasonably possible that a material loss or an additional material loss in excess of amounts already accrued may be incurred.

The Company is subject to claims in the ordinary course of business. Legal contingencies have a high degree of uncertainty. The Company reserves when exposures from such contingencies can be reasonably estimated and become probable. The reserves reflect management's estimate of the probable cost of ultimate resolution of the matters and are revised accordingly as facts and circumstances change, and ultimately, when matters are brought to closure.

In the opinion of management, the ultimate outcome of such claims, when and if they arise, should not have a material adverse effect on the Company's financial condition, results of operations, or liquidity. The Company has not recorded any contingent liabilities as of December 29, 2024 and December 31, 2023.

Significant Vendors and Concentrations of Credit Risk

During each of the fiscal years ended December 29, 2024 and December 31, 2023, one vendor accounted for 65% and 71% of total purchases and 82% and 89% of total accounts payable at December 29, 2024 and December 31, 2023, respectively.

Stockholders' Agreement

Park Ridge and its stockholders have entered into a Stockholders' Agreement (Agreement) that includes, among other things, the right of stockholders to purchase equity securities in Park Ridge before such equity securities are offered to other parties and the right of first refusal to purchase the stock of a stockholder that is transferring / selling their interest in Park Ridge. In addition, upon death of a stockholder, stockholders have the right to buy the deceased stockholder's interests; otherwise, that right will be exercised by Park Ridge. In addition, the purchase price of these transactions is to be set forth in the written notice to transfer and the purchase is to be paid in cash or, at the option of the purchasing party, to be paid in cash of no less than 25% and a promissory note that is not to exceed 75% of the total purchase. The promissory note shall include interest at the rate as published from time to time in the Wall Street Journal as being the base rate on corporate loans posted by at least 75% of the nation's thirty largest banks plus 1% per annum. The note is to be repaid in installments and on such terms as agreed upon by the parties involved.

Self-Insured Health Plan

On December 1, 2013, the Company implemented a self-insured health plan. Eligible participating employees are subject to certain deductibles and limitations. For the fiscal years ended December 29, 2024 and December 31, 2023, the Company's individual stop loss limit per participating employee is $80,000. The Company did not have an aggregate stop-loss limit. The Company has accrued $20,000 and $99,500 as an accrued liability for claims incurred but not reported for the fiscal years ended December 29, 2024 and December 31, 2023.

Park Ridge Midwest Restaurants, Inc. and Subsidiaries D/B/A Bandana's Bar-B-Q

Consolidated Financial Statements

For the Years Ended December 31, 2023 and January 1, 2023

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Independent Auditor's Report

To the Stockholders of
Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q
Chesterfield, Missouri

Opinion

We have audited the accompanying consolidated financial statements of Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and January 1, 2023, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the fiscal years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and January 1, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States (''GAAP'').

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Wipfli LLP

Wipfli LLP

St. Louis, Missouri
March 20, 2024

Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q

Consolidated Balance Sheets

As of	December 31, 2023	January 1, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,330,287	$ 6,119,756
Accounts receivable	108,497	121,348
Inventory	201,370	224,551
Prepaid expenses	330,604	157,385
Notes receivable - current portion	174,451	336,536
Other current assets	5,399	1,987
Total current assets	7,150,608	6,961,563
Property, equipment, and leasehold improvements, net	2,979,127	3,025,186
Other assets		
Notes receivable - less current portion	1,377,947	510,804
Goodwill	14,301,752	14,301,752
Deposits	41,417	42,267
Operating right-of-use asset	4,675,834	6,220,165
Total other assets	20,396,950	21,074,988
TOTAL ASSETS	$ 30,526,685	$ 31,061,737
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 414,390	$ 804,492
Due to related parties	20,850	14,815
Accrued liabilities	1,104,670	885,044
Gift certificates	39,361	90,640
Operating lease liability - current portion	1,528,470	1,615,893
Total current liabilities	3,107,741	3,410,884
Long-term liabilities:		
Deferred franchise revenue	22,923	26,923
Operating lease liability - long-term portion	3,193,120	4,539,817
Total long-term liabilities	3,216,043	4,566,740
Total liabilities	6,323,784	7,977,624
Stockholders' equity:		
Common stock, no par value, 1 million shares authorized; 100,000 shares issued and outstanding	100,000	100,000
Additional paid-in capital	17,438,452	17,438,452
Retained earnings	6,664,449	5,545,661
Total stockholders' equity:	24,202,901	23,084,113
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 30,526,685	$ 31,061,737

See Independent Auditor's Report.

Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q

Consolidated Statements of Operations

Years ended	December 31, 2023	January 1, 2023
Total gross sales	$ 35,311,522	$ 37,258,195
Discounts and refunds	(687,740)	(759,860)
Sales, net	34,623,782	36,498,335
Cost of sales		
Food and beverage costs	10,172,874	10,753,618
Labor and benefits costs	10,413,541	10,886,473
Total cost of sales	20,586,415	21,640,091
Gross profit	14,037,367	14,858,244
Restaurant operating expenses	5,963,282	6,417,623
Return of profit before restaurant occupancy expenses	8,074,085	8,440,621
Restaurant occupancy expenses	2,225,690	2,248,690
Restaurant operating profit	5,848,395	6,191,931
Corporate expenses	3,521,513	3,095,810
Corporate occupancy expenses	118,927	101,009
Other income, net	1,635,833	832,375
Net income	$ 3,843,788	$ 3,827,487

See Independent Auditor's Report.

Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q

Consolidated Statements of Changes in Stockholders' Equity

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
Balances at January 2, 2022	$ 100,000	$ 17,438,452	$ 6,073,180	$ 23,611,632
Distributions	-	-	(4,355,006)	(4,355,006)
Net income	-	-	3,827,487	3,827,487
Balances at January 1, 2023	100,000	17,438,452	5,545,661	23,084,113
Distributions	-	-	(2,725,000)	(2,725,000)
Net income	-	-	3,843,788	3,843,788
Balances at December 31, 2023	$ 100,000	$ 17,438,452	$ 6,664,449	$ 24,202,901

See Independent Auditor's Report.

Park Ridge Midwest Restaurants, Inc. and Subsidiaries d/b/a Bandana's Bar-B-Q

Consolidated Statements of Cash Flows

Years ended	December 31, 2023	January 1, 2023
Cash flows from operating activities:		
Net income	3,843,788	$ 3,827,487
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	505,959	566,629
Loss on disposal of property, equipment, and leasehold improvements	48,893	11,174
Gain on sale of store	(976,394)	(417,595)
Operating right of use amortization	1,544,331	1,713,967
Changes in operating assets:		
Accounts receivable	12,851	(2,744)
Other assets	(3,413)	(1,987)
Inventory	23,181	32,697
Prepaid expenses	(173,219)	(13,032)
Other accounts receivable	-	719,016
Deposits	850	997
Changes in operating liabilities:		
Accounts payable	(390,102)	251,379
Due to related parties	6,035	(694)
Accrued liabilities	219,626	(3,921,050)
Gift certificates	(51,279)	(110,498)
Deferred franchise revenue	(4,000)	(4,000)
Operating lease obligations	(1,434,120)	(1,817,255)
Net cash flows from operating activities	3,172,987	834,491
Cash flows from investing activities:		
Issuance of notes receivable	(17,500)	(264,920)
Repayment of notes receivable	299,377	52,518
Purchase of property, equipment, and leasehold improvements	(528,199)	(178,902)
Net cash flows from investing activities	(237,456)	(391,304)
Cash flows from financing activities:		
Distributions to stockholders	(2,725,000)	(4,355,006)
Net cash flows from financing activities	(2,725,000)	(4,355,006)
Net changes in cash and cash equivalents	210,531	(3,911,819)
Cash and cash equivalents, beginning of year	6,119,756	10,031,575
Cash and cash equivalents, end of year	6,330,287	$ 6,119,756

See Independent Auditor's Report.

Note 1: Summary of Significant Accounting Policies

Nature of Business

Park Ridge Midwest Restaurants, Inc. (a Florida corporation) and *Subsidiaries d/b/a Bandana's Bar-B-Q,* (collectively referred to as the Company or Bandana's) was incorporated on August 6, 2007 and owns and operates barbeque restaurants in Missouri, Illinois, Indiana, Iowa and Kentucky. Bandana’s corporate offices are located in Chesterfield, Missouri. Bandana’s opened their first restaurant in Arnold, Missouri in 1996, and as of December 31, 2023, Bandana’s operated 21 company-owned restaurants. In addition to company-owned restaurants, Bandana’s has six franchise restaurants located in Osage Beach, Missouri; Jefferson City, Missouri; Sedalia, Missouri; Lebanon, Missouri; Rolla, Missouri; and Bloomington, Illinois.

“Smell That Smoke” is the signature theme that Bandana’s has used to promote the smoke cooked meats that have become Bandana’s specialty, along with the various barbeque sauces created by the founders of Bandana’s.

Principles of Consolidation

The consolidated financial statements include the accounts of *Park Ridge Midwest Restaurants, Inc.* (Park Ridge) and its wholly-owned subsidiaries, *Bandana’s Missouri, LLC* (Bandana’s Missouri) (a Missouri limited liability company), *Gravois Bar-B-Q Holding, LLC* (Gravois Bar-B-Q) (a Missouri limited liability company), and *Bandana’s Franchise Systems, LLC* (Bandana’s Franchise) (a Missouri limited liability company), which is a wholly-owned subsidiary of Bandana’s Missouri.

All significant inter-company accounts and transactions have been eliminated in the consolidated financial statements.

Fiscal Year-End

Bandana’s operates on a 52-53-week cycle with the fiscal year ending on the last Sunday in December or on the date on which that day of the week falls that is nearest to the last day of that calendar month. The fiscal years ended December 31, 2023 and January 1, 2023 contained 52 and 53 weeks, respectively.

Limited Liability Company

Bandana’s Missouri and Gravois Bar-B-Q are both Missouri limited liability companies whose single member consists of Park Ridge. Bandana’s Franchise’s single member consists of Bandana’s Missouri. These entities are collectively referred to as the “L.L.C’s”. These L.L.C’s operate under respective agreements that provide for, among other things, the continuation of the respective entity for a perpetual term, unless terminated as provided for in the operating agreements. In addition, as provided for in the respective operating agreements, all profits and losses are allocated to the member, distributions and additional capital contributions are allocated to or received from member and the member is not liable for any debts of the respective L.L.C’s.

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates in Consolidated Financial Statements

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company's revenues are recorded in two primary categories: restaurant operations and franchise operations. Restaurant operations (which comprises most of the Company's revenues) and franchise revenue are recognized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606 – *Revenue from Contracts with Customers* (ASC 606). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

Restaurant Operations Revenue

The Company's restaurant revenue comprises retail sales at company-operated restaurants. Sales by company-operated restaurants are recognized when food and beverage items are sold. Company restaurant sales are reported net of sales taxes collected from guests that are remitted to the appropriate taxing authorities.

Gift Certificate Revenue

During the normal course of operations, Bandana's will sell/issue gift certificates that can be used for food and beverage purchases at any of the Bandana's restaurants. Upon the sale of gift certificates management records a contract liability for the balance of the gift certificate less an estimate for the amount of breakage, or percentage of historically non-redeemed gift certificates. Gift certificate revenue is recognized at the point in time in which gift cards are redeemed.

Gift certificates sold/issued at franchisee restaurants are redeemable at any Bandana's restaurant, including company-owned restaurants; however, gift certificates sold/issued by a franchisee and redeemed at a company-owned restaurant are charged back to the franchisee. Gift certificates sold/issued by a company-owned restaurant and redeemed at a franchisee are charged back to the company-owned restaurant that sold/issued the gift certificate. The amount of gift certificates issued by franchisees that have not been redeemed as of December 31, 2023 and January 1, 2023 amounted to approximately $165,760 and $143,849, respectively. Per the franchise agreement, franchises are required to remit the value of their unredeemed gift certificates to the Company should they cease operations.

As of December 31, 2023, January 1, 2023, and January 2, 2022, contract liabilities for gift certificates totaled $39,361, $90,640 and $201,138, respectively.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Franchise Revenue

The Company franchises the Bandana's restaurant concepts. The franchise arrangement is documented in the form of a franchise agreement. Upon the initial adoption of Topic 606, the franchise arrangement between the Company as the franchisor and the franchisee as the customer required the Company to perform various activities to support the brand (described further in Note 10) that did not directly transfer goods and services to the franchisee, but instead represented a single performance obligation, which was the transfer of the franchisee license. The intellectual property subject to the franchise license was considered symbolic intellectual property as it did not have significant standalone functionality, and substantially all the utility was derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company were considered highly interrelated with the franchise license and as such were considered to represent a single performance obligation.

In January 2021, FASB issued a practical expedient, Accounting Standards Update (ASU) 2021-02 *Franchisors - Revenue from Contracts with Customers (Subtopic 952-606)*, which permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license. These services include site selection assistance, building plans and specifications, management training and opening assistance, loan of operations manual, and managed care assistance. As such, initial franchise fees are not deemed to be single performance obligations and do not need to be recognized over the life of the agreement. The effects of ASU 2021-02 did not have a material impact on the consolidated financial statements for the years ended December 31, 2023 and January 1, 2023.

The transaction price in a standard franchise arrangement consists of an initial franchise fee, franchise agreement renewal fees, continuing franchise fees (royalties) and advertising fees. The Company recognizes the primary components of the transaction price as follows:

- Under ASU 2021-02 the Company recognizes initial franchise fees associated with the pre-opening activities (as described in Note 10) at the time of initial store opening.

- Franchise agreement renewal fees are not associated with pre-opening activities and are recognized as revenue ratably on a straight-line basis over the term of the renewed franchise agreement. As these fees are typically received in cash at or near the beginning of the renewed franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time. Deferred franchise revenue was $26,923 at January 2, 2022.

- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's reported sales occur. Depending on the timing within a fiscal period, the revenue results in either what is considered a contract asset (unbilled receivable) or, once billed, accounts receivable on the balance sheet.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Franchise Revenue (Continued)

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the date of store openings, the franchise term, or the month of reported sales by the franchisee.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

During the fiscal years ended December 31, 2023 and January 1, 2023, royalty fees totaled $416,081 and $349,032, respectively, and were recorded as other income in the consolidated statements of operations. Although the Company reserves the right to charge an advertising fee to the franchisees, the Company elected to not charge this fee during the years ended December 31, 2023 and January 1, 2023. As a result, no revenue has been recorded related to the advertising fee for either year in the accompanying consolidated statements of operations.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include all highly liquid debt instruments with a maturity of three months or less. The Company also includes credit card receivables in cash as deposits in transit. At December 31, 2023 and January 1, 2023, the Company had $314,423 and $346,866, respectively, of credit card receivables included in cash.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Company places substantially all of its cash with major financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to the federally insured limits. At various times throughout the fiscal years ended December 31, 2023 and January 1, 2023, the cash balances may have exceeded the federally insured limits. Management does not believe the solvency of the financial institutions is a significant risk to cash balances above the federally insured limits.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable for catering events, rebates, royalties, activity with franchisees, affiliate companies (companies related through common ownership), officers and employees arise in the normal course of business. The Company grants credit terms in the normal course of business based upon credit application approval and does not require collateral or other security to support its receivables. The beginning balance of accounts receivable, net as of January 2, 2022, was $118,604. Beginning January 2, 2023, the carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of current expected credit losses. The estimate of the allowance for credit losses is based off each receivable's individual credit terms, as well as, the bad debt write-offs experienced in the past and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. For accounts receivable and notes receivable, the Company uses an aging method to estimate allowance for credit losses. Management assesses collectibility by pooling receivables with similar characteristics and evaluate receivables individually when specific customer balances no longer share those characteristics. After this assessment, there was no credit losses or allowance for credit losses noted during the year ended December 31, 2023. There was also no allowance for the year ended January 1, 2023. There were no write offs, cumulative adjustment for adoption of ASU 2013-16 or provision for credit losses noted during the year ended December 31, 2023.

Inventory

Inventory consisting of food, beverages and supplies are carried at the lower of cost or net realizable value. Cost is determined using the first-in-first-out (FIFO) method.

Property, Equipment, and Leasehold Improvements

Property, equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 – 39 years or, in the case of leasehold improvements, over the length of the lease or life of the asset, whichever is shorter. Acquisitions of property, equipment and leasehold improvements, in excess of $5,000, that have a useful life greater than one year, are capitalized.

Smallwares include items such as silverware, utensils, glassware and plates. Originally, smallwares were capitalized but not depreciated. In October 2015, the Company began depreciating the capitalized smallwares balances in the amount of $100 per store, per period. Subsequent replacement items are expensed when purchased. All remaining capitalized smallwares became fully depreciated during the year ended January 2, 2022.

The Company reviews their long-lived assets periodically to determine potential impairment by comparing the carrying value of those assets with the estimated future undiscounted cash flows expected to result from the use of assets, including cash flows from disposition. Should the sum of the expected future undiscounted cash flows be less than the carrying value, the Company would recognize an impairment loss at that time. No impairment loss was recognized during the fiscal years ended December 31, 2023 and January 1, 2023.

Note 1: Summary of Significant Accounting Policies (Continued)

Notes Receivable

During the fiscal year ended December 31, 2023, the Company had four outstanding balances for a promissory notes issued by the Company. Three were in connection with the sale of three of the Company's restaurant locations to franchisees. A fourth promissory note issued during the year ended January 1, 2023 was in connection with distributions receivable and paid in full during the year ended December 31, 2023.

One promissory note was issued by the Company on August 29, 2016. The original amount owed on the promissory note was $359,946. During the fiscal year ended December 27, 2020, the promissory note was amended to extend the maturity date. This note has a stated interest rate of 5% and has monthly payments of $5,000, including interest and principal, due until the note matures in February 2025. The promissory note was secured by the personal guarantee of the franchisee and equipment, furniture and fixtures, and other assets sold to the franchisee. As of December 31, 2023 and January 1, 2023, the balance of the note was $65,768 and $120,973, respectively.

The second promissory note was issued by the Company on December 31, 2022 in the amount of up to $500,000. The original amount owed on the promissory note was $481,447, including a $20,000 advance in cash, with a stated interest rate of 5% and has monthly payments of $5,325, including interest and principal, due until the note matures in January 2033. The promissory note was secured by the personal guarantee of the franchisee and equipment, furniture and fixtures, and other assets sold to the franchisee. As of December 31, 2023 and January 1, 2023, the balance of the note was 463,590 and 481,447, respectively.

The third promissory note was issued by the Company on October 9, 2023 in the amount of up to $1,035,000. The note has a stated interest rate of 7% and has monthly payments of $12,000, including interest and principal, due until the note matures in November 2033. The promissory note was secured by the personal guarantee of the franchisee and equipment, furniture and fixtures, and other assets sold to the franchisee. As of December 31, 2023, the balance of the note was $1,023,040.

The fourth promissory note was issued by the Company on January 1, 2023 in the amount of $244,920. The note is to be paid as a deduction to 2023 distributions and the balance was paid in full during the year ended December 31, 2023.

Goodwill

The Company has classified as goodwill the excess of the purchase price over the fair value of assets acquired during the initial acquisition of the business. Pursuant to the requirements of FASB ASC 350, *Intangibles- Goodwill and Other*, the Company does not amortize goodwill. ASC 350 requires that goodwill be reviewed for impairment annually, or when events or circumstances occur indicating that goodwill might be impaired, at an appropriate reporting unit level. The Company has determined that it has one reporting unit under ASC 350.

Note 1: Summary of Significant Accounting Policies (Continued)

Goodwill (Continued)

Management considers impairment of intangible assets, primarily goodwill, based on qualitative and quantitative measures on an annual basis and as applicable when events or circumstances that could reduce fair value below carrying value occur. Based on management's analysis, management believes that there has been no impairment in the carrying value of its goodwill at December 31, 2023 and January 1, 2023.

Advertising Costs

Advertising costs are charged to expense in the fiscal year in which the costs are incurred. During the fiscal years ended December 31, 2023 and January 1, 2023, the Company incurred $180,591 and $91,247, respectively, of advertising costs.

Franchise Costs

Franchise costs are expensed as incurred.

Income Taxes

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S-Corporation. In lieu of corporate income taxes, the stockholders of an S-Corporation are taxed on their proportionate share of the Company's taxable income. Accordingly, no provision or liability for income taxes has been included in the consolidated financial statements.

Bandana's Missouri, Gravois Bar-B-Q, and Bandana's Franchise are disregarded entities for purposes of federal state and local income taxes. For the fiscal years ended December 31, 2023 and January 1, 2023, their income tax information is included with *Park Ridge Midwest Restaurants, Inc*.

The Company implemented FASB ASC 740-10, *Income-Taxes – Overall*. Included in this is a requirement under *Accounting for Uncertainty in Income Taxes* that realization of an uncertain income tax position must be "more likely than not" (i.e., greater than 50% likelihood of receiving a benefit or expense) before it should be recognized in the consolidated financial statements. Further, the code section prescribes the benefit or expense to be recorded in the consolidated financial statements as the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. The code section also clarifies the consolidated financial statement classification of potential tax-related penalties and interest and sets forth new disclosures regarding unrecognized tax benefits or expense. 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 fiscal years ended December 31, 2023 and January 1, 2023.

Note 1: Summary of Significant Accounting Policies (Continued)

Leases

If the lease contract provides the Company the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increase (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the Company's incremental borrowing rate. However, the Company has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of the lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

Recently Adopted Accounting Pronouncement

Current Expected Credit Losses

ASU 2016-13, *Financial Instruments-Credit Losses* requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of operations will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. The Company adopted ASU No. 2016-13 on January 2, 2023. The net impact to retained earnings would have been immaterial, thus no adjustment was made to retained earnings. Results for the year ended December 31, 2023, are presented under Accounting Standards Codification (ASC) 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. See Accounts Receivable for changes to accounting policies.

Subsequent Events

The Company has evaluated subsequent events through March 20, 2024, which is the date the consolidated financial statements were available to be issued.

Note 2: Revenue Recognition

ASC 606 requires that entities disclose disaggregated revenue information in categories (such as type of good or service, geography, market, type of contract, etc.) that depict how the nature, amount, timing, and uncertainty of revenue and cash flow are affected by economic factors. ASC 606 explains that the extent to which an entity's revenue is disaggregated depends on the facts and circumstances that pertain to the entity's contracts with customers and that some entities may need to use more than one type of category to meet the objective for disaggregating revenue.

In general, the Company's revenue streams are impacted by the geographic and economic characteristics of its restaurant operations which are located throughout the Midwest. The Company has further disaggregated revenue between food, soft drinks, beverage, and catering revenues, which depicts the four main revenue streams within the restaurant operations.

The following table disaggregates the Company's restaurant gross operating revenue by major revenue stream for the fiscal years ended December 31, 2023 and January 1, 2023:

	December 31, 2023	January 1, 2023
Food	$ 29,514,849	$ 31,530,131
Soft drinks	2,610,293	2,607,109
Beverage	487,553	546,639
Catering	2,640,266	2,509,312
Other	58,561	65,004
Total	$ 35,311,522	$ 37,258,195

Note 3: Other Income, Net

Other income, net in the accompanying consolidated statements of income for the years ended December 31, 2023 and January 1, 2023 consisted of the following:

	December 31, 2023	January 1, 2023
Franchise royalty income	$ 416,081	$ 349,032
Loss on disposal of property, equipment, and leasehold improvements	(48,893)	(11,174)
Gain on sale of store	976,394	417,595
Interest income	183,285	18,760
Other miscellaneous income	108,966	58,162
Total	$ 1,635,833	$ 832,375

Note 4: Accounts Receivable

Accounts receivable are as follows as of:

	December 31, 2023	January 1, 2023
Catering receivables	$ 16,376	$ 18,200
Rebates and other receivables	84,732	96,271
Royalties receivable	7,389	6,877
Total	$ 108,497	$ 121,348

As of December 31, 2023 and January 1, 2023, accounts receivable are considered to be fully collectible; accordingly, no allowance for credit loss has been recorded. The accounts receivable balance as of January 2, 2022 was $118,604.

Note 5: Inventory

Inventories consist of the following as of:

	December 31, 2023	January 1, 2023
Food	$ 108,603	$ 110,650
Beverages	32,504	36,069
Supplies	60,263	77,832
Total inventory	$ 201,370	$ 224,551

As of December 31, 2023 and January 1, 2023, none of the Company's inventory was deemed obsolete, and therefore, no reserve for obsolescence has been recorded.

Note 6: Store Sales and Closings

During the fiscal year ended December 31, 2023 , the Company sold the restaurant located in Rolla, MO for a note receivable and for a gain of $976,394, as described in Note 1.

During the fiscal year ended January 1, 2023, the Company closed restaurants located in Rock Hill, MO and Lebanon, MO. The Company sold the Lebanon, MO restaurant for the note receivable and for a gain of $427,595, as described in Note 1.

Note 7: Property, Equipment, and Leasehold Improvements, Net

Property, equipment, and leasehold improvements, at cost, is as follows as of:

	December 31, 2023	January 1, 2023
Land	$ 586,672	$ 586,672
Buildings	975,000	975,000
Leasehold improvements	5,521,542	5,551,036
Restaurant equipment	2,159,924	2,261,118
Vehicles	684,842	655,532
Furniture and fixtures	1,101,903	1,134,677
Computer hardware and software	200,907	241,205
Total property, equipment, and leasehold improvements	11,230,790	11,405,240
Less: Accumulated depreciation	(8,251,663)	(8,380,054)
Net property, equipment, and leasehold improvements	$ 2,979,127	$ 3,025,186

Depreciation expense for property, equipment, and leasehold improvements for the fiscal years ended December 31, 2023 and January 1, 2023, amounted to $505,959 and $566,629, respectively.

Note 8: Operating Leases

The Company leases all of its restaurant facilities under agreements classified as operating leases. The Sunset Hills restaurant is leased from Gravois Bar-B-Q and six other restaurant properties are leased from an entity related through common ownership. The terms of the respective leases range from one to twenty years and the leases include, among other things, provisions for extensions, cancellations and rental charges based upon a percentage of sales exceeding specified amounts. The majority of the leases entered into include one or more options to renew. The renewal terms can extend the lease term from one to twenty-five years. The exercise of lease renewal options is at the Company's sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

Operating leases are included in the following asset and liability accounts on the Company's Balance Sheet: operating right-of-use asset, operating lease liability - current portion, and a long-term operating lease liability.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Note 8: Operating Leases (Continued)

Components of lease expense were as follows for the year ended December 31, 2023:

	December 31, 2023	January 1, 2023
Lease cost		
Operating lease cost	$ 1,841,026	$ 1,809,126
Variable lease cost	18,596	18,628
Total lease cost	$ 1,859,622	$ 1,827,754

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2023:

	December 31, 2023	January 1, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating leases	$ 1,915,029	$ 1,912,413
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 138,264	$ 279,358

Supplemental balance sheet information related to leases is as follows as of December 31, 2023:

	December 31, 2023	January 1, 2023
Weighted-average remaining lease term - in years - Operating leases	3.7	4.7
Weighted-average discount rate - Operating leases	1.39 %	1.39 %

Maturities of lease liabilities are as follows as of December 31, 2023:

2024	$ 1,542,331
2025	1,189,291
2026	729,107
2027	523,952
2028	322,864
Thereafter	427,905
Total lease payments	4,735,450
Less imputed interest	(13,860)
Total	$ 4,721,590

Note 9: Employee Benefit Plan

The Company sponsors a qualified, contributory 401(k) savings plan covering eligible employees who have completed one year of service and are 21 years of age or older, except for members of a collective bargaining unit and non-resident aliens. Per terms of the plan, the Company may elect in its sole discretion to make matching contributions in an amount and allocation formula as determined by the Company. The accrued matching contribution was $11,225 for the year ended December 31, 2023. There was no accrued matching contribution for the year ended January 1, 2023.

Note 10: Franchise Operations and Franchise Agreement Commitments

In exchange for granting exclusive rights for the Bandana's restaurant operations, Bandana's Franchise agrees to provide to the franchisees, among other things, an initial franchise term that expires on the earlier of the tenth anniversary of the commencement of the franchise's lease, two renewal periods of ten years or such shorter periods as such franchise's lease remains in effect, one copy of the Bandana's Confidential Operations Manual, a standard menu format, operational training personnel, an initial supply of business and reporting forms and inspections performed by Bandana's Franchise to enhance uniformity and quality control.

Note 11: Related-Party Transactions

For the fiscal years ended December 31, 2023 and January 1, 2023, rents paid to an affiliate company related through common ownership totaled $444,233 and $422,745, respectively.

Note 12: Commitments and Contingencies

Contingencies

The Company accrues for costs related to contingencies when a loss is probable, and the amount is reasonably determinable. Disclosure of contingencies is included in the consolidated financial statements when it is at least reasonably possible that a material loss or an additional material loss in excess of amounts already accrued may be incurred.

The Company is subject to claims in the ordinary course of business. Legal contingencies have a high degree of uncertainty. The Company reserves when exposures from such contingencies can be reasonably estimated and become probable. The reserves reflect management's estimate of the probable cost of ultimate resolution of the matters and are revised accordingly as facts and circumstances change, and ultimately, when matters are brought to closure.

In the opinion of management, the ultimate outcome of such claims, when and if they arise, should not have a material adverse effect on the Company's financial condition, results of operations, or liquidity. The Company has not recorded any contingent liabilities as of December 31, 2023 and January 1, 2023.

Note 12: Commitments and Contingencies (Continued)

Significant Vendors and Concentrations of Credit Risk

During each of the fiscal years ended December 31, 2023 and January 1, 2023, one vendor accounted for 71% of total purchases and 89% and 64% of total accounts payable at December 31, 2023 and January 1, 2023, respectively.

Stockholders' Agreement

Park Ridge and its stockholders have entered into a Stockholders' Agreement (Agreement) that includes, among other things, the right of stockholders to purchase equity securities in Park Ridge before such equity securities are offered to other parties and the right of first refusal to purchase the stock of a stockholder that is transferring / selling their interest in Park Ridge. In addition, upon death of a stockholder, stockholders have the right to buy the deceased stockholder's interests; otherwise, that right will be exercised by Park Ridge. In addition, the purchase price of these transactions is to be set forth in the written notice to transfer and the purchase is to be paid in cash or, at the option of the purchasing party, to be paid in cash of no less than 25% and a promissory note that is not to exceed 75% of the total purchase. The promissory note shall include interest at the rate as published from time to time in the Wall Street Journal as being the base rate on corporate loans posted by at least 75% of the nation's thirty largest banks plus 1% per annum. The note is to be repaid in installments and on such terms as agreed upon by the parties involved.

Self-Insured Health Plan

On December 1, 2013, the Company implemented a self-insured health plan. Eligible participating employees are subject to certain deductibles and limitations. For the fiscal years ended December 31, 2023 and January 1, 2023, the Company's individual stop loss limit per participating employee is $80,000 and $75,000, respectively. The Company did not have an aggregate stop-loss limit. The Company has accrued $99,500 and $20,000 as an accrued liability for claims incurred but not reported for the fiscal years ended December 31, 2023 and January 1, 2023.

Note 13: Reclassification

Certain reclassifications have been made to the 2022 consolidated financial statements to conform to the 2023 presentation. The change had no effect on the 2023 results of operations.

EXHIBIT G
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.

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner (Agent) North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT H
TABLE OF CONTENTS OF MANUAL

EXHIBIT I

RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (the "General Release") is made by the undersigned (hereinafter "Releasor(s)") for the benefit of Bandana's Franchise Systems, LLC, a Missouri limited liability company (hereinafter, "Franchisor"), on this ____ day of __________, 20____.

RECITALS:

WHEREAS, Releasor is a Bandana's Bar-B-Q franchisee and operates a Bandana's Bar-B-Q [restaurant] [development business] pursuant to that certain [franchise agreement] [area development agreement] dated ___________________ (the "Agreement");

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor's consent to _________________________ in connection with the 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 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 Agreement, the foregoing release shall not apply to any liability under applicable franchise state law.

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: _________________________________

____

____

____

EXHIBIT J

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT
(Your Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Bandana's Franchise Systems, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, we must provide this disclosure document to you at your 1st personal meeting to discuss the franchise or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. 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 this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Bandana's Franchise Systems, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit G.

The name, principal business address and telephone number of each franchise seller offering the franchise: Rick White, Bandana's Franchise Systems, LLC, at 16141 Swingley Ridge Road, Suite 205, St. Louis, Missouri 63017, (636) 537-8200 and ____
____

Issuance Date: May 1, 2025

I have received a disclosure document dated May 1, 2025, that included the following Exhibits:

A. Franchise Agreement
B. Area Development Agreement
C. State Specific Addendum
D. List of Franchisees
E. Audited Financial Statements
F. Unaudited Financial Statements
G. List of State Agencies/Agents for Service of Process
H. Table of Contents of Manual
I. Release
J. Receipt

_________________	_________________________	____________________
Date	Signature	Printed Name
_________________	_________________________	____________________
Date	Signature	Printed Name

Please keep this copy of the Receipt for your records.

RECEIPT
(Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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H. Table of Contents of Manual
I. Release
J. Receipt

________________	______________________	__________________
Date	Signature	Printed Name
________________	______________________	__________________
Date	Signature	Printed Name

Please sign this copy of the Receipt, date your signature and return it to Rick White, Bandana's Franchise Systems, LLC, at 16141 Swingley Ridge Road, Suite 205, St. Louis, Missouri 63017, (636) 537-8200.