

FRANCHISE DISCLOSURE DOCUMENT

BBDOTQ USA, INC.

A New Jersey Corporation
2134 North Central Road
Fort Lee, New Jersey 07024
201-461-4580
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As an Area Representative, you will solicit potential purchasers for our restaurant franchises and provide development and ongoing franchise support services to multi-unit franchises in your defined territory. Each franchisee of a “bb.q Chicken” franchise will license directly from us the right to operate a quick service and express restaurant offering a menu specializing in fresh salads, premium sandwiches, chicken wings, grilled chicken, fried chicken proprietary sauces and spice mixes and sides such as calamari, waffle fries, and coleslaw.

The total investment necessary to begin operation of an area representative franchise is \$318,650 to \$1,212,500. This includes \$300,000 - \$1,000,000 that must be paid to the franchisor.

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 the 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 government 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 Hyongbong Kim at 2134 North Central Road, Fort Lee, New Jersey, 07024, and 201-461-4580

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

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

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

Issuance Date: April 30, 2026

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much 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 C.
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 A 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 bb.q Chicken business in my area?	Item 12 and the "territory" provisions in the area representative 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 bb.q Chicken area representative?	Item 20 and Exhibit C list current and former area representatives. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

Renewal. Your area representative 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 area representative 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 F.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The area representative agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in New Jersey. Out-of-state arbitration, mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in New Jersey than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the area representative agreement even though your spouse has no ownership interest in the franchise. This guarantee will place your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.

Certain states may require other risks to be highlighted. If so, check the State Addenda (if any) to see whether your state requires other risks to be highlighted.

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 B – Area Representative Agreement
 C – List of Area Representatives and Area Representatives Who Have Left the System
 D – Table of Contents of Confidential Operations Manual
 E – State Addenda
 F – List of State Administrators/Agents for Service of Process
 G – General Release
 H – Disclosure Acknowledgment Statement

State Effective Dates
 Receipts

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

The Franchisor

BBDOTQ USA, Inc. (referred to in this Disclosure Document as “BBDOTQUSA”, “we”, “us”, or “our”, and where the context requires also includes our affiliates), was formed as a New Jersey corporation on August 19, 2014. Our principal place of business is 2134 North Central Road, Fort Lee, New Jersey, 07024, and we do business under our corporate name and the Marks as described below. In this Disclosure Document, we refer to the person or entity that will be signing the Area Representative Agreement (defined below) as “you”, “your”, or “area representative”, which includes all owners and partners, if you are a corporation, partnership or other entity.

We do not own or operate any businesses of the type being franchised. We have not offered franchises in any other line of business, and we do not engage in any other business activity. We are a franchisor which promotes and sells franchises for the operation of restaurants known as “bb.q Chicken” (“Restaurant”). We began offering area representative franchises in May 2017. Since August 2014, we have offered unit franchises and multi-unit operator opportunities through a separate Disclosure Document. This Disclosure Document is for the area representative concept only.

Our agents for service of process are listed in Exhibit F.

Our Parents, Predecessors and Affiliates

Our parent company is Genesis BBQ Global Co., Ltd (the “Parent”), a restaurant franchisor and food distributor located at Jungdaero 64, Songpa-GU, Seoul Republic of Korea. Our Parent is the owner of the proprietary marks which it has licensed to us so that we may sublicense them to our area representatives and franchisees.

We have no predecessors, and we have no affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Area Representative Agreement

We offer qualified applicants the right to become a “bb.q Chicken” area representative (“Area Representative”), within a defined geographic area (the “Development Area”). If you qualify to serve as an Area Representative, you will sign our Area Representative Agreement which is attached to this Disclosure Document as Exhibit B. The Area Representative will advertise for new franchisees on our behalf and develop and assist franchisees of ours who are operating within the Development Area, and will use our business systems, formats, methods, specifications, standards, operating procedures, operating assistance, and the proprietary mark “bb.q Chicken” (the “Marks” or “Proprietary Marks”). Area Representatives are not authorized to grant franchises, negotiate sales, or to sign Franchise Agreements with franchisees. The new franchisee will sign an individual Franchise Agreement with us and not the Area Representative. The Area Representative will share in a portion of some of the fees paid to us. In addition, the Area Representative will incur certain expenses to enforce or defend Franchise Agreements or begin eviction proceedings against franchisees in the Development Area. As an Area Representative, you must sign a unit Franchise Agreement to own and operate at least one Restaurant in the Development Area, for which you will pay our then-current initial franchise fee and ongoing fees. The Restaurant you own and operate in the Development Area may not be an express restaurant. The business licensed to an Area Representative is referred to as the “Franchised Business” or “Area Representative Franchised Business”. A prospective Area Representative must consult our Franchise Disclosure Document for franchises and multi-unit operators to determine all of the costs involved in establishing a Restaurant.

You must comply with all federal and state franchise laws (described below). Your right to solicit bb.q Chicken franchisees for locations in your Development Area is non-exclusive. Therefore, we may recruit prospective franchisees and sell franchises for locations in your Development Area. You will still

earn a portion of the initial franchise fee for franchises that we sell in your Development Area. Although we are under no obligation to do so, we intend to turn over to you all of the sales leads that we receive from prospects looking to acquire a bb.q Chicken franchise for a location in your Development Area so that you can pre-qualify the candidate. Because we may not approve a franchisee's location until after we sign the Franchise Agreement, it is possible that you could pre-qualify a franchisee who ultimately selects a site outside of your Development Area and in another Area Representative's Development Area. In that case, you would earn a portion of the initial franchise fee for the sale of that franchise, but the Area Representative in whose area the franchisee opens the Restaurant would receive a portion of the royalty fees and any transfer fees paid on account of that franchisee.

You will (a) be responsible for developing a certain number of franchised Restaurants within the Development Area and within a specific timeframe, and you must solicit, recruit, screen and interview prospective franchisees for us ("solicitation services"); (b) help us identify and secure sites for Restaurants ("site services"); and (c) provide additional operational, training and field support to franchisees both before and after they open their Restaurant ("support services"). We will pay you 40% of the initial franchise fee that we receive from a franchisee who buys a Restaurant franchise in your Development Area subject to the following conditions: (1) you collect preliminary financial and background information, pre-qualify the franchisee using our criteria, and present us with the applicant; (2) both we and the franchisee sign the Franchise Agreement and the franchisee pays us the entire initial franchise fee; (3) the sale is for a new bb.q Chicken Restaurant and is not a resale of an existing Restaurant by another franchisee; (4) there are no outstanding sale contingencies, such as the initial franchise fee being paid into an escrow account; and (5) you are in compliance with the Area Representative Agreement and you are current with your Development Schedule. You will, however, be paid your portion of the initial franchise fee when the outstanding sale contingency is lifted, for example, when the initial franchise fee is released from the escrow account.

You will also earn 40% of the aggregate royalty fees and transfer fees that we receive from our franchisees in your Development Area for performing support services in compliance with the Area Representative Agreement. If you fail to perform support services for any franchisee in your Development Area, we may terminate your Area Representative Agreement, or we may reduce your portion of the royalty fees paid to us by franchisees in the Development Area.

While we rely on you to present us with those applicants whom you pre-qualify using our criteria, we make the final decision on whether we will sell a franchise to the candidates you present. If we approve the candidate, we and the candidate will sign a Franchise Agreement, and you are not a party to that contract.

Market and Competition

You will compete with other franchisors, area representatives, sales brokers and others offering quick-service restaurant franchises. The market for quality quick-service restaurants in general is well developed and intensely competitive.

Industry Regulations

The sale of franchises is governed by rules enacted by the Federal Trade Commission ("FTC"), 16 C.F.R. §§ 436.1 et seq. (the "FTC Rule"). You must comply with the disclosure requirements mandated by the FTC Rule. Further, in the states of California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin we are required to register the Disclosure Document before the offer or sale of any franchise. The Disclosure Document must be registered with the various authorities before the offer or sale of any franchise in that particular state, and the state may require that you register as a subfranchisor or franchise broker. We shall provide you with an electronic copy of our applicable Disclosure Document, which you will use to sell franchises for us.

You must deliver an approved Disclosure Document to each potential franchisee and multi-unit operator prospect before any franchise sale and must comply with the requirements of federal and state

franchise laws. You and your officers, directors, managers and employees are not our agents and may not contractually obligate us unless we specifically authorize you to do so in writing. Area Representatives do not offer franchises or multi-unit operator opportunities for sale in their territories, but instead, their officers and sales employees operate as our salespersons. Accordingly, in most states, you do not separately register a Disclosure Document. Instead, you deliver a salesman disclosure form along with our Disclosure Document for to each prospective franchisee or multi-unit operator. If your state requires that you must separately register as a broker or seller of franchises, we will assist you in preparing your broker application or Disclosure Document, but you must pay the entire cost of preparing your broker application or Disclosure Document and registering as a broker or a subfranchisor.

In addition to complying with federal and state franchising laws, you must comply with the following industry-specific regulations: (a) federal immigration laws, tax laws, unemployment and workers' compensation laws, employment and discrimination laws, disability laws, environmental laws and product labeling laws; and (b) federal, state and local health, building and zoning codes. The details of federal, state, county and local laws and regulations vary from place to place and you must make sure that you are familiar with these laws.

Other Related Business Activities

As discussed above, under a separate Disclosure Document we also offer franchises for the right to establish and operate a Restaurant under the "bb.q Chicken" name offering a menu specializing in fresh salads, premium sandwiches, chicken wings, grilled chicken, fried chicken proprietary sauces and spice mixes and sides such as calamari, waffle fries, and coleslaw. The Restaurants operate under the trade name "bb.q Chicken", and any additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin we designate.

Under a multi-unit operator agreement, the multi-unit operator commits to develop and operate multiple Restaurants in a specific geographic area and according to a negotiated minimum performance schedule.

ITEM 2 **BUSINESS EXPERIENCE**

HYONGBONG KIM: Chief Executive Officer

Mr. Kim has been our CEO since August 2018. From May 2015 to July 2018, Mr. Kim was our General Manager. From June 2014 to April 2015, Mr. Kim was the General Operations Manager of Genesis BBQ Global in Seoul, South Korea. From January 2010 to May 2014, Mr. Kim was the Operations Manager of Genesis BBQ, Co. Ltd in Seoul, South Korea.

JUNSANG LEE: Area Representative

Mr. Lee has been an Area Representative for the State of Texas since April 2018 and has been the Owner of the bb.q Chicken Restaurant located in Carrollton, Texas, since April 2018. Mr. Lee was not employed prior to joining us as an Area Representative.

SHIN KWAK: Area Representative

Mr. Kwak has been an Area Representative for Virginia, Maryland and the District of Columbia since July 2018. He has also been the President of Oikos Roofing and Siding, Inc. in Richmond, Virginia, since November 2007.

JUNG HEE PARK: Area Representative

Mr. Park has been an Area Representative for Colorado since June 2021. He has also been a bb.q Chicken Franchisee in Austin, Texas, since June 2020. Prior to then, Mr. Park was the Owner of a Verizon and Cricket Wireless located in Dallas, Texas, from 2018 to May 2020.

HUY DOAN: Area Representative

Mr. Doan has been an Area Representative with us since June 2023. He has also been a bb.q Chicken Franchisee in Arlington, Texas, since August 2019.

JUN HONG AND, HUNKYUNG KIM: Area Representative

Mr. Hong and Mr. Kim have been a Area Representatives with us since June 2024. Mr. Hong has been a self-employed Restaurateur in Portland, OR, and Mr. Kim has been a self-employed General Contractor in Portland, OR.

DAL KIM AND , LESLIE KIM: Area Representative

Mr. and Mrs. Kim have been Area Representatives since June 2024. They have also been bb.q Chicken franchisees in Orlando, FL since December 2020.

KAY KANG, BONA VOZZI: Area Representative

Mr. Kang and Ms. Vozzi have been Area Representatives since June 2024. Prior to then, they were owners of T-Mobile master dealer and retailer, and franchisees of Gopchang Story in Annandale, VA.

WOO YOUNG LEE, HANNUI LEE AND MYUNG H LEE: Area Representative

Woo Young Lee, Hannui Lee And Myung H Lee have been Area Representatives since June 2024. The team has also been bb.q Chicken franchisee in Metro Atlanta, GA since September 2018.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

If you qualify to become an Area Representative, when you sign our Area Representative Agreement you will pay to us in a lump sum, a non-refundable area representative rights fee ranging from \$300,000 to \$1,000,000. The Initial Fee will depend on many factors including but not limited to, size of the area and potential number of outlets in the area.

There are no other purchases from or payments to us or any affiliate of ours that you must make before your Area Representative Franchised Business opens.

ITEM 6
OTHER FEES

(1) Fees ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Transfer Fee	\$25,000	With request for our consent of transfer	No fee charged for a one-time transfer from individual(s) to a corporate entity formed for convenience of ownership of the franchise
Renewal Fee	100% of the initial fee paid to us	Before renewal	The renewal fee will be equal to the area representative rights fee you paid to us for your initial term.
Promotional Brochures	\$1,000	When billed	You must pay us for the brochures we will provide to you for your use in promoting the sales of franchises to prospects.
Liquidated Damages	\$10,000 for each Restaurant you have not developed as of the date of termination if the Development Schedule has not been completed	Within 15 days of billing	Payable if we terminate your Area Representative Agreement for cause
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement. You must also reimburse us for our legal costs in enforcing or defending the franchise agreements of franchisees in your Development Area.
Area Representative Advertising	\$20,000	Must be spent annually	You must conduct advertising in your Development Area to solicit franchise sales. Payable to approved suppliers
Insurance Premiums	Reimbursement of our costs, plus 10% administrative fee	On demand	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf

(1) Fees ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Additional Assistance	Our then-current per diem rate per trainer, plus expenses Current per diem rate = \$500	When billed	In the event we provide one or more of our representatives to assist you regarding training, development of a franchise or any other matter
Cost of Enforcement or Defense	All costs including attorneys' fees	As invoiced	If we incur expenses to enforce or defend the franchise agreements of franchisees in your Development Area or to commence eviction of franchisees within your Development Area, you will reimburse us for our costs.

Notes:

1. All fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. Except as specifically stated above, the amounts given may be due to changes in market conditions, our cost of providing services and future policy changes. At the present time we have no plans to increase payments over which we have control.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Area Representative Rights Fee ⁽¹⁾	\$300,000	\$1,000,000	Lump Sum	On signing Area Representative Agreement	Us
Laptop Computer	\$0	\$3,000	As Arranged	As Incurred	Suppliers
Telephone, Fax Machine and Office Supplies	\$250	\$5,000	As Arranged	As Incurred	Suppliers
Rent – 3 Months ⁽²⁾	\$0	\$30,000	As Arranged	As Arranged	Landlord
Security Deposit	\$0	\$10,000	As Arranged	As Arranged	Landlord, Utility Companies

Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Leasehold Improvements ⁽²⁾	\$0	\$100,000	As Arranged	As Arranged	Landlord or Contractor
Furniture and Fixtures ⁽³⁾	\$0	\$1,200	As Arranged	As Arranged	Suppliers
Insurance	\$200	\$800	As Arranged	As Arranged	Insurance Companies
Advertising – 3 Months	\$5,000	\$10,000	As Arranged	As Arranged	Suppliers
Travel and Living Expenses to Attend Training ⁽⁴⁾	\$1,000	\$8,000	As Arranged	As Arranged	Airline, Hotel, Restaurants, Etc.
Vehicle ⁽⁵⁾	\$1,200	\$2,500	As Arranged	As Arranged	Suppliers
Filing Fees ⁽⁶⁾	\$0	\$10,000	As Arranged	As Arranged	State Authority
Professional Fees	\$1,000	\$2,000	As Arranged	As Arranged	Attorney, Accountant
Additional Funds – 3 Months	\$10,000	\$30,000	As Arranged	As Arranged	Various
TOTAL⁽⁷⁾	\$318,650	\$1,212,500			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

Notes:

1. **Area Representative Rights Fee.** The area representative rights fee is discussed in Item 5.
2. **Rent/Leasehold Improvements.** The low end of our rent and leasehold improvement estimates assume you will operate the business from a home-based office. The high end of our rent and leasehold improvements estimates assume that you will lease an office in an executive style office suite that has approximately 1,000 to 2,500 square feet of space.

The high end of the leasehold improvements estimate assumes the office space you rent requires some upgrades and/or improvements. The cost of leasehold improvements depends upon the condition and size of the leasehold, the local cost of contract work and the location of the Franchised Business. The estimated figures include remodeling walls, ceilings, floors, and other construction including electrical, plumbing and carpentry work. These amounts will vary based on the condition of the existing leasehold. Many locations are built in existing structures, while many others are new buildouts. You will incur expenditures in this category if you take over space which was occupied by a prior tenant. It is difficult, if not impossible, to estimate what it might cost to improve existing property. Tenant improvement allowances, if any, paid to you may defray a portion of build-out costs.

3. ***Furniture and Fixtures.*** You will need a desk, filing cabinet and office chairs.
4. ***Travel and Living Expenses to Attend Training.*** These are the estimates to attend our training program for Area Representatives.
5. ***Vehicle.*** We anticipate that you will need a vehicle to visit prospective franchisees, view potential sites and to oversee the build-out of franchisee Restaurants. Our estimate includes three months of expenses for gas, maintenance and vehicle payments.
6. ***Filing Fees.*** You may need to register as a sales broker in the state where your Development Area is located.
7. ***Total.*** The estimates included in this Item 7 table represent only the costs associated with opening your Area Representative business and do not reflect the costs to open the one unit franchise you are required to own.

These amounts do not include any estimates for debt service. These are only estimates, and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. We relied on our experience in selling franchises since 2014 to develop these estimates.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment (including point of sales system), décor items, signs and related items we require, all of which must conform to the standards and specifications stated in our Confidential Operations Manual (“Manual”) or otherwise in writing, unless you have first obtained our written consent to do otherwise. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in writing (such as email, bulletins or changes to the Manual) of any changes in the standards and specifications.

You must obtain all equipment (including laptop, smart phone and office equipment) and other products used at the Area Representative Franchised Business solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. We have the right to periodically change our approved suppliers, and we have the right to negotiate price and other terms with our approved suppliers for the benefit of the System. A complete list of our approved products and suppliers will be included in the Manual and is subject to change over time. We will provide you notice in the Manual or otherwise in writing (such as via email) of any changes to the lists of approved products and approved suppliers. There are no goods, supplies, fixtures, equipment, inventory, or real estate for the Area Representative Franchised Business that you currently must buy or lease from us (or an affiliate) or designated suppliers. None of our officers has an ownership interest in any approved supplier relevant to an Area Representative Franchised Business.

We allow you to obtain items from any supplier who can satisfy the requirements for the specific equipment of other products, as provided in the Manual, and, therefore, the supplier would be an approved supplier with no requirement for our approval or revocation. We do not charge fees to purchase from alternate suppliers.

You must deliver a copy of our Disclosure Document for single and multi-unit operator franchises to each prospective franchisee and multi-unit operator. We will provide you with an electronic copy of our Disclosure Document, as well as any updated versions of the Disclosure Document.

We do not negotiate purchase arrangements with suppliers for the benefit of Area Representatives. We are not the only approved supplier. No persons affiliated with us are currently approved suppliers. We do not provide material benefits to you based on your use of designated or approved suppliers. There are no purchasing or distribution cooperatives for Area Representatives. When determining whether to grant new or additional Area Representative franchises, we consider many factors, including compliance with

the above-mentioned requirements. You are not entitled to any portion of any administrative fees, rebates or other payments made to us by approved suppliers for purchases made by franchisees in the Development Area.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent less than 10% of your total purchases and leases of services and products to establish and operate your Area Representative Franchised Business.

During the fiscal year ended December 31, 2025, we did not receive revenue through required equipment purchases with designated suppliers made on behalf of our unit franchisees.

All advertising and promotional materials you wish to use to promote the bb.q Chicken franchises must be approved by us before the materials may be used and may need to be registered with a state agency before the ad can be run. You must submit the proposed materials to us for our review and we will notify you within 30 days whether the materials conform to the standards and requirements prescribed by us and whether the materials, in the opinion of our counsel, must be approved by or submitted to any government agency.

We do not anticipate reviewing or approving the location of your Franchised Business, whether you operate from home, from an executive style office suite or from a bb.q Chicken Restaurant that you own, but we have the right to do so.

You must obtain, before beginning any operations under the Area Representative Agreement, and must maintain in full force and effect at all times during the term of the Area Representative Agreement, at your own expense, an insurance policy or policies protecting you, us, and our respective officers, directors, partners, and employees. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Franchised Business. All policies must be written by a carrier or carriers whom we determine to be acceptable, must name us and our affiliates as additional named insureds, and must provide at least the types and minimum amounts of coverage specified in the Area Representative Agreement or otherwise in the Manual. Additionally, we may designate one or more insurance companies as the required insurance carrier(s). Your insurance policies must provide us with 30 days of advance written notice of any change to or cancellation of your policies. Our required insurance coverages are included in the Manual and are subject to change during the term of your Area Representative Agreement. You must comply with any changes to our insurance requirements.

The Area Representative must carry the following insurance related to its business as an Area Representative: (1) broad form comprehensive general liability coverage against claims for employment practices coverage, bodily and personal injury, death and property damage caused by or occurring in conjunction with the conduct of business by Area Representative and broad form contractual liability coverage (including errors and omissions coverage) under one or more policies of insurance containing minimum liability coverage periodically prescribed by us, but in no event in an amount less than \$2,000,000 aggregate; this insurance will not have a deductible or self-insured retention in excess of \$5,000; and (2) worker's compensation and employer's liability insurance in statutory amounts, unemployment insurance and state disability insurance as required by governing law for Area Representative's employees. If you fail to maintain the required insurance we may, but are not obligated to, obtain insurance on your behalf and you must reimburse all of our expenses plus a 10% administrative fee if we do this.

For the bb.q Chicken you must own and operate, you must also carry the insurance policies that we require under the Franchise Agreement for the Restaurant.

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	Not applicable	Items 8 and 11
b. Pre-opening purchases/leases	Not applicable	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Article 1	Items 8 and 11
d. Initial and ongoing training	Article 3	Item 11
e. Opening	Not applicable	Item 11
f. Fees	Articles 1 and 4	Items 5 and 6
g. Compliance with standards and policies/Manuals	Article 5	Items 11 and 14
h. Trademarks and proprietary information	Article 6	Items 11, 13 and 14
i. Restrictions on products/services offered	Not applicable	Item 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Articles 1 and 5	Item 12
l. Ongoing product/service purchases	Not applicable	Item 8
m. Maintenance, appearance and remodeling requirements	Article 5	Not applicable
n. Insurance	Article 5	Items 6, 7 and 8
o. Advertising	Article 7	Items 6, 8 and 11
p. Indemnification	Article 14	Item 6
q. Owner's participation/management/staffing	Article 5	Item 15
r. Records and reports	Not applicable	Not applicable
s. Inspections and audits	Article 5	Not applicable
t. Transfer	Article 8	Items 6 and 17
u. Renewal	Article 2	Items 6 and 17
v. Post-termination obligations	Article 12	Item 17
w. Non-competition covenants	Article 10	Item 17
x. Dispute resolution	Article 22	Items 6 and 17

Obligation	Section in Agreement	Disclosure Document Item
y. Liquidated damages	Article 12	Item 6

ITEM 10 **FINANCING**

We do not offer, either directly or indirectly, any financing arrangements to you. We do not guarantee your notes, leases or other obligations.

ITEM 11 **FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

Except as listed below, BBDOTQ USA, Inc. is not required to provide you with any assistance.

Pre-Opening Obligations

Before you begin operating under the Area Representative Agreement, we will:

1. Grant you the right to solicit, service and coordinate a specific number of bb.q Chicken Restaurants at locations we approve within your Development Area, provided that you are in full compliance with the terms and conditions contained in the Area Representative Agreement and that you are in full compliance with all of your obligations under the Franchise Agreement for the Restaurant you must own and operate in the Development Area, as well as any other Restaurants you choose to own and operate in the Development Area. (Area Representative Agreement – Article 1.)
2. Provide training to you and up to two additional people in how to solicit, sell and close franchise sales, how to provide on-going operational assistance to the franchisees located with your Development Area, and other aspects of conducting your business beyond that of how to operate a bb.q Chicken Restaurant. (Area Representative Agreement – Section 3.1)
3. Loan to you our Manual. (Area Representative Agreement – Section 3.8)
4. Provide you with an operations manager to train and assist you in the Development Area in the beginning states of your operations for a period of time determined by us. You agree to pay half of the operations manager’s salary and health insurance premiums, and to provide the operations manager with a car and accommodations for his/her use, for the period time the operations manager spends with you. (Area Representative Agreement - Section 3.9)

Continuing Obligations

While you are operating under the Area Representative Agreement, we will:

1. Review all applications for franchises that you forward to us. (Area Representative Agreement – Article 3)
2. Pay to you your 40% share of initial franchise fees, royalty fees and transfer fees. (Area Representative Agreement – Article 4)
3. Provide one of our representatives for a period of up to four days for the opening of your first Restaurant in the Development Area. (Area Representative Agreement – Section 3.1)
4. If your state requires that you must separately register as a broker or seller of franchises, we will assist you in preparing your broker application or Disclosure Document, but you must pay the entire

cost of preparing your broker application or Disclosure Document and registering as a broker or a subfranchisor. (Area Representative Agreement – Section 5.3)

5. We may also periodically inspect your operations and review your sales and training techniques. (Area Representative Agreement – Section 5.7)

Area Representative Advertising (Article 7 of the Area Representative Agreement): In addition to any other marketing requirement under the Franchise Agreement for the Restaurant you must own and operate, you must conduct marketing to solicit the sale of franchises, and you must spend at least \$20,000 annually for this marketing. Any marketing you conduct must be approved by us and may need to be registered with a state agency before the ad may run. You must also submit to us an annual plan by December 1st of every year for the following year's marketing strategy, and you must provide us with verification copies of marketing conducted.

As of the December 31, 2025 fiscal year end, we did not form an advertising fund for Area Representatives. We do not anticipate forming or approving of the formation of any advertising cooperatives for Area Representatives. We are not required to spend any amount on advertising in your area or territory.

Website / Intranet: Websites (as defined below) are considered “advertising” under the Area Representative Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Area Representative Agreement, the term “Website” means an interactive electronic document contained in a network of computers linked by communication software that you operate or authorize others to operate and that refers to the Area Representative Franchised Business, Restaurants, the Proprietary Marks, us, or the System. The term Website includes internet and world wide web home pages.

In connection with any Website, the Area Representative Agreement states that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, solicit franchise sales, or make any use of the Marks through the internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the internet will be through one or more web pages that we establish on our Website.

We will have the right to establish a website or other electronic system providing private and secure communications (such as an intranet) between us, our franchisees, area representatives, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

You are strictly prohibited from soliciting franchise sales or using the Marks on any social and/or networking Websites, such as Facebook, LinkedIn, Pinterest, Instagram or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in the operation of your Area Representative Franchised Business, including prohibitions on you and your employees posting or blogging comments about the Area Representative Franchised Business, Restaurants or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

Advisory Council: We may, in our discretion, form an advisory council comprised of area representatives. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council.

If formed, an advisory council will include our representatives and area representatives who are chosen by us or by other area representatives in the System. If you participate on an advisory council, you will pay any expenses you incur related to your participation, such as travel and living expenses to attend council meetings.

Site Selection and Opening: You may operate the Area Representative Franchised Business from a home-based office, if permitted by your local ordinances, from your first bb.q Chicken Restaurant, or you may choose to lease space in an executive style suite of offices. If you choose to lease space, we estimate that you will need between 1,000 and 2,500 square feet of space. We do not anticipate reviewing or approving the location for your Area Representative Franchised Business, but we have the right to do so.

We estimate that the time from the Area Representative Agreement is signed to the opening of the Area Representative Franchised Business will be approximately two to three months. This time may be shorter or longer depending on the time necessary to obtain the accepted site by lease (if you choose to lease space), to obtain financing, to obtain the permits and licenses for the construction and operation of the Franchised Business, to complete the development of the Franchised Business, including decorating, purchasing and installing furniture, and to complete preparation for operating the Franchised Business, including purchasing equipment and supplies. You must open and begin business within three months after you sign the Area Representative Agreement unless you obtain a written extension of this time period from us.

Training: As an Area Representative, in addition to the training you must attend and satisfactorily complete as a franchisee, you and up to two additional people will experience additional training at our headquarters or a training site designated by us. You must include at least one for the following people, Your General Manager, Operation and Training Manager and Marketing Manager. The length of time each person will spend at this training will vary based on the individual's previous experience. We may have Area Representatives that do not require this specific training. The training for Area Representatives will include how to solicit franchise sales, how to provide on-going operational assistance to the franchisees located within the Development Area, and other aspects of conducting your business beyond that of how to operate a bb.q Chicken Restaurant.

If we determine that you or your personnel must attend the Area Representative training program, you and your personnel must complete the training to our satisfaction not later than two weeks before you begin operating as our Area Representative. There is no set schedule for the Area Representative training program, which depends on the number of new Area Representatives entering the System. We may designate that a third party provide the Area Representative training program. If you fail to complete the training program to our satisfaction, we may elect to terminate the Area Representative Agreement and keep the entire area representative rights fee.

There is no additional fee for the Area Representative training program, but you must pay for your and your trainees' expenses while attending training, including travel, lodging, meals and wages.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
The Franchise Disclosure Document and Disclosure Rules	8	0	Fort Lee, New Jersey
Soliciting for new Franchise Sales	8	0	Fort Lee, New Jersey
Operational Support, Oversight, and Compliance of Franchisees	8	4	Fort Lee, New Jersey

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Accounting and Reporting for Development Agent & core Team	8	4	Fort Lee, New Jersey
Total	32	8	

All training is currently conducted by Hyongbong Kim, our CEO. Each of our instructors has at least three years of experience relevant to the subjects they are teaching. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice.

Confidential Operations Manual: The Table of Contents for our Manual is attached to this Disclosure Document as Exhibit D. Our Manual contains approximately 240 pages.

Computer System: You must have a mobile smartphone a business telephone, an operating fax machine, email address and a laptop computer with current versions of Windows, Microsoft Office and other software required by us. The mobile phone number, the business phone number, the fax number and email address must be given to each franchisee in your Development Area and to us. Your laptop computer will provide you with the following functions: word processing, email and calendars.

You must at all times have a highspeed internet connection. We do not expect to have independent electronic access to the information contained on your computer system, but we reserve the right to require independent access at any time. If we choose to have independent access to your computer system, the types of information we may access and download includes all information relating to prospective franchisees and existing franchisees.

We do not currently designate the type of computer you must have, but it must be a laptop computer. We reserve the right to designate the type of computer you must have for your Area Representative Franchised Business. We expect that the computer system will cost up to \$1,500. You may use an existing computer if it meets our requirements. We do not require you to have a maintenance, updating, upgrading or support contract for your laptop computer. We nor any affiliate of ours is responsible for providing you with any upgrades, updates or maintenance for your laptop computer. We estimate it could cost you up to \$15,000 annually if you choose to have a maintenance, updating, upgrading, or support contract.

We may require you to update and/or upgrade all or a portion of your computer during the term of your Area Representative Agreement, at your expense. The Area Representative Agreement does not limit our ability to require you to update and/or upgrade your computer system or the cost of any update and/or upgrade.

ITEM 12 **TERRITORY**

Under the Area Representative Agreement, we grant you the right to solicit, service and coordinate a number of bb.q Chicken Restaurants in the Development Area that is specified in the Development Schedule in the Area Representative Agreement. The Development Area is typically described in terms of municipal or county boundaries. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions. We use population data from the United States Census bureau in determining the boundaries of your Development Area.

If any non-traditional site (such as mall food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events) is located within the physical boundaries of your Development Area,

then the premises of this non-traditional site will not be included in your Development Area and you will have no rights to this non-traditional site.

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 that we control.

Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for bb.q Chicken Restaurants in the Development Area for you to meet your Development Schedule. You are solely responsible for all of your obligations under the Area Representative Agreement, including the responsibility to assist the franchisees and multi-unit operators you bring into the System to locate and prepare a sufficient number of suitable sites, and we have no obligation to approve sites which do not meet our criteria for you to meet the Development Schedule.

During the term of the Area Representative Agreement, we agree that we will not license any other area representative to operate in the Development Area. However, we do have the right to recruit prospective franchisees and sell franchises for locations in your Development Area and to open our own bb.q Chicken locations in your Development Area.

To maintain your rights under the Area Representative Agreement there must be open and in operation the cumulative number of bb.q Chicken Restaurants stated on the Development Schedule by the dates agreed upon in the Development Schedule. You must own and maintain at least one Restaurant in the Development Area.

In addition, upon completion of the Development Schedule, your rights under the Area Representative Agreement with respect to selling or developing franchises in the Development Area will terminate and we will have the right to operate and to grant to others development rights and franchises to develop and operate bb.q Chicken Restaurants within the Development Area. Your rights and obligations to service the franchisees within the Development Area will continue until the Area Representative Agreement is terminated or expires, according to the terms of the Area Representative Agreement. The Development Area may not be altered unless we and you mutually agree to do so. You are not granted any other option, right of first refusal or similar right to acquire or solicit franchisees for additional bb.q Chicken Restaurants in your Development Area under the Area Representative Agreement. There are no minimum sales goals, market penetration or other contingency that you must meet to keep your rights to your Development Area, except that you must meet your Development Schedule.

ITEM 13 **TRADEMARKS**

The Area Representative Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us. These Marks may be used only in the manner we authorize and only for the operation of your Franchised Business.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

Our Parent has registered the following principal Marks with the U.S. Patent and Trademark Office (“USPTO”):

Mark	Registration Date	Registration Number	Register
	March 27, 2018	5,431,099	Principal

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Marks listed above. Our Parent has licensed the Marks to us so we may sub-license them to our franchisees in a perpetual, non-cancellable trademark license agreement as described in Item 1. Other than one of the parties ceasing to exist, there are no circumstances under which this trademark license agreement may be terminated or modified. If the trademark license agreement is terminated, you will still be able to use the Marks and the System until the end of the term of the Area Representative Agreement. We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise. Our Parent intends to file all affidavits and other documents required to maintain its interests in and to the Marks. We have the right to alter or completely change the marks in the future.

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your principals are not permitted to communicate with any person other than us, our counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity having an interest in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your principals in the proceeding and use of the Marks is in full compliance with the terms of the Area Representative Agreement.

Except as provided above, we are not obligated by the Area Representative Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System.

The license to use the Marks granted in the Area Representative Agreement is non-exclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees and area representatives;
2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and
3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and

any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights: We do not have an ownership interest in any pending or registered patents or copyrights that are material to the franchise.

Confidential Manuals: You must operate the Franchised Business in accordance with the standards and procedures specified in the Manual. One copy of the Manual will be loaned to you by us for the term of the Area Representative Agreement. We may, instead of providing you with a hard copy of the Manual, make our Manual available electronically via a password protected intranet.

You must treat the Manual and any other manuals we create or approve for use in your operation of the Franchised Business, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manual remains our sole property and must be kept in a secure place on the premises of the Franchised Business.

We may revise the contents of the Manual and you must comply with each new or changed standard. You must also insure that the Manual is kept current at all times. If there is a dispute regarding the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

Confidential Information: We claim proprietary rights in certain of our methods of operation which are included in the Manual and which are our trade secrets. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, recipes, and the terms of your agreement with us, are considered confidential. You and each of your principals are prohibited, during and after the term of your Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of your Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business that may be communicated to you or any of your principals or that you may learn about. You and each of your principals may divulge this confidential information only to your employees who must have access to it to operate the Franchised Business. Neither you nor your principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person.

You must have any of your personnel who have received or will have access to confidential information sign our Confidentiality and Non-Competition Agreement which is attached to the Area Representative Agreement as Attachment 4. We will be a third-party beneficiary of each agreement with the independent right to enforce them.

If you, your principals, or employees develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and give us all necessary information, free of charge. You, your principals, and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other Area Representatives.

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

Under the Area Representative Agreement, you must designate people acceptable to us to act as field representatives once there are the requisite number of bb.q Chicken Restaurants located within your Development Area. Until that time, you should personally perform all Area Representative functions. If your relationship with a field representative terminates, you must promptly designate a replacement acceptable to us who will, at your expense and subject to our then-current charges, satisfactorily complete training. You must hire and maintain the number and level of management personnel required for the conduct of business under the Area Representative Agreement and adequate management and supervisory personnel for all Restaurants developed under the Area Representative Agreement. You must make sure that personnel are properly trained to perform their duties.

Your personnel who will have access to our proprietary and confidential information and training must sign our Confidentiality and Non-Competition Agreement which is attached to our Area Representative Agreement as Attachment 4. We will be a third-party beneficiary of each agreement with the independent right to enforce the agreement's terms. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Area Representative Agreement as a "Principal". If you are a married individual, your spouse must sign our Spouse Guaranty which is attached to our Area Representative Agreement as Attachment 3.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Unless we otherwise consent in writing, you are restricted to providing the following services on our behalf in your Development Area: (a) solicit, recruit, screen and interview prospective franchisees for us ("sales services"); (b) help us identify and secure sites for Restaurants ("site services"); and (c) provide additional operational, training and field support to franchisees both before and after they open their Restaurant ("support services"). You will perform these services in accordance with our standards and specifications which will be provided to you in the Manual and other written directives we may give you. We may, at any time, change, delete, add to or modify any of our standards and specifications. These changes, deletions, additions or modifications, which will be uniform for all Area Representatives, may require additional expenditures by you. To protect our common interests, you must operate your Area Representative Franchised Business in strict compliance with the Area Representative Agreement, the Manual, and the directives and other written materials we publish or provide to you.

You must only solicit prospective franchisees and multi-unit operators for franchises that we have approved for sale, must only offer the services that we specify, must not deviate from our standards and specifications without our written consent, and must discontinue offering for sale any franchises, or providing services, that we disapprove of in writing. We may change or add to the types of franchises you are authorized to solicit prospective franchisees for and to whom you may provide services. There are no limits on our right to make these changes.

You must operate your Area Representative Franchised Business in strict conformity with all applicable federal, state, and local constitutions, statutes, regulations, ordinances, and case law. These constitutions, statutes, regulations, ordinances, and laws vary from jurisdiction to jurisdiction.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE AREA REPRESENTATIVE 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	Article in Area Representative Agreement	Summary
a. Length of the franchise term	2	10 years
b. Renewal or extension of the term	2	Renew for one additional consecutive 10-year term
c. Requirements for area representative to renew or extend	2	Provide at least six months prior notice; may not be in default of any provision of the Area Representative Agreement; have complied with all terms and conditions of Area Representative Agreement; sign then-current Area Representative Agreement; sign a general release; comply with then-current qualification and training requirements and pay your expenses such as costs of travel, room, board, and wages for employees to attend training. The term “renewal” means to continue your rights granted under the Area Representative Agreement to operate the franchised business for an additional consecutive term. You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing Area representatives
d. Termination by area representative	Not applicable	You may terminate the Area Representative Agreement on any grounds available by law
e. Termination by franchisor without cause	8	We or the purchaser of the bb.q Chicken franchise system may, at any time, elect to purchase your ongoing compensation and terminate your Area Representative Agreement for an amount equal to five times your compensation from the last twelve months.
f. Termination by franchisor with “cause”	11	We can terminate if you commit any one of several listed violations
g. “Cause” defined – curable defaults	11	Any default that is deemed to be curable, and not included as a non-curable default

Provision	Article in Area Representative Agreement	Summary
h. “Cause” defined – non-curable defaults	11	Unauthorized transfer of Area Representative Agreement, become insolvent or make a general assignment for the benefit of creditors, bankruptcy or bankruptcy petition; filing and consenting of bill in equity or other proceeding or for appointment of receiver or other custodian for you or your business or assets; if you are dissolved; if execution is levied against your business or property, if suit to foreclose any lien or mortgage against your business premises or equipment, or if your real or personal property is sold after levy by any sheriff, marshal or constable; if you are convicted of a felony, crime involving moral turpitude or other crime or offense which has an adverse effect on your business, the System, Proprietary Marks, or the goodwill associated with the Proprietary Marks; uncured defaults; repeated defaults.
i. Area Representative’s obligations on termination/non-renewal	12	Stop operating the Franchised Business; stop providing services or assistance to System franchisees; stop using the Proprietary Marks, any confidential methods, procedures and techniques, signs, equipment, advertising materials, stationery, forms, and other articles which display the Proprietary Marks of the Franchised Business; cancel any assumed name or registration which contain the Marks and provide evidence within 30 days after termination; may not use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks in the future; may not falsely suggest or represent association or connection with us; pay all damages, costs, and expenses incurred by us as a result of default or in obtaining injunctive or other relief; turn over all materials including manuals, records, files, instructions, correspondence, etc. and materials relating to operating the business, and will not retain any copy or records; pay liquidated damages, if applicable.

Provision	Article in Area Representative Agreement	Summary
j. Assignment of contract by franchisor	8	We have the right to transfer or assign the Area Representative Agreement to any person or entity without restriction. However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations
k. “Transfer” by area representative – defined	8	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Area Representative Agreement, the Franchised Business or you (if you are not a natural person)
l. Franchisor approval of transfer by area representative	8	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent
m. Conditions for franchisor approval of transfer	8	You have the right, with our consent to transfer subject to the following conditions: no sale during the first year of the Area Representative Agreement; transferee/assignee must meet our then-current financial and educational requirements; transferee/assignee must attend and complete our training class; all accounts of both transferee/assignee must be paid in full before assignment; you must train transferee/assignee for three months before transfer and for three months after transfer (in addition to the transferee completing our training); you pay transfer fee; transferee/ assignee signs then-current Area Representative Agreement
n. Franchisor’s right of first refusal to acquire area representative’s business	8	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions
o. Franchisor’s option to purchase area representative’s business	8	We or the purchaser of the bb.q Chicken franchise system may, at any time, elect to purchase your ongoing compensation and terminate your Area Representative Agreement for an amount equal to five times your compensation from the last twelve months.
p. Death or disability of area representative	8	Interest must be transferred to an approved party within 12 months

Provision	Article in Area Representative Agreement	Summary
q. Non-competition covenants during the term of the franchise	10	You are prohibited from operating or having an interest in a similar business without our prior written consent
r. Non-competition covenants after the franchise is terminated or expires	10	You and your principals are prohibited for two years from expiration or termination of the Area Representative Agreement from operating or having an interest in a similar business within 20 miles of any Restaurant in the System
s. Modification of the agreement	23	The Area Representative Agreement may not be modified unless mutually agreed to in writing. You must comply with Manual as amended
t. Integration/merger clause	19	Only the terms of the Area Representative Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises made outside the Disclosure Document and Area Representative Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	22	Arbitration within 10 miles of our headquarters (currently Fort Lee, New Jersey), subject to applicable state and federal law
v. Choice of forum	22	Bergen County, New Jersey, subject to applicable state and federal law
w. Choice of Law	21	New Jersey, subject to applicable state and federal law

ITEM 18 **PUBLIC FIGURES**

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

ITEM 19 **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or

representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Hyongbong Kim at 2134 North Central Road, Fort Lee, New Jersey, 07024, and 201-849-4487, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND AREA PRESENTATIVE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2023, 2024, 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Area Representatives	2023	4	5	+1
	2024	5	9	+4
	2025	9	9	0
Company-Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	2023	5	5	+1
	2024	5	8	+4
	2025	9	9	0

Table No. 2
Transfers of Outlets from Area Representatives to New Owners (other than the Franchisor)
For years 2023, 2024, 2025

State	Year	Number of Transfers
All States	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Table No. 3
Status of Area Representatives
For years 2023, 2024, 2025

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
Colorado	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Florida	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Georgia	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Louisiana	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Oregon	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Texas	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Virginia	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Washington	2023	1	0	0	0	0	0	1
	2024	1	1	1	0	0	0	1
	2025	1	0	0	0	0	0	1
Total	2023	4	1	0	0	0	0	5
	2024	5	5	1	0	0	0	9
	2025	9	0	0	0	0	0	9

Table No. 4
Status of Company-Owned Outlets
For years 2023, 2024, 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Total	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2025

States	Area Representatives Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
All States	0	0	0
Total	0	0	0

A list of the names of all area representatives and the addresses and telephones numbers of their Franchised Businesses will be provided in Exhibit C to this disclosure document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every area representative who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Area Representative Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit C to this disclosure document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the bb.q Chicken System.

There are no trademark-specific organizations formed by our franchisees that are associated with the bb.q Chicken System.

ITEM 21 **FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit A are our audited financial statements for the fiscal years ended December 31, 2025, December 31, 2024, and December 31, 2023.

Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

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

- | | | |
|----|-------------------------------------|-----------|
| 1. | Area Representative Agreement | Exhibit B |
| 2. | General Release | Exhibit G |
| 3. | Disclosure Acknowledgment Statement | Exhibit H |

As permitted by state law. 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.

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

**Exhibit A to the
BBDOTQ USA, Inc. Franchise Disclosure Document**

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

BBDOTQ USA, INC.
and its SUBSIDIARIES
December 31, 2025 and 2024

(With Independent Auditors' Report)



BBDOTQ USA, INC. & its Subsidiaries

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Independent Auditors' Report

To the Board of Director and Stockholders of BBDOTQ USA, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of BBDOTQ USA, Inc and its subsidiaries (the 'Company') which comprise the balance sheet as of December 31, 2025 and 2024, and the related statements income and retained deficit and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BBDOTQ USA INC. and its Subsidiaries as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

SCJ CPA GROUP LLC

Ridgefield Park, New Jersey
February 24, 2026

BBDOTQ USA, INC. & its Subsidiaries

Consolidated Balance Sheets

December 31, 2025 and 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash & cash equivalents <i>(Note 2)</i>	\$ 4,478,174	\$ 2,390,828
Accounts receivable - net <i>(Note 2)</i>	4,432,126	6,584,742
Due from related parties <i>(Note 4)</i>	2,541,000	2,016,520
Inventory - net <i>(Note 2)</i>	5,412,436	5,708,945
Prepaid expenses <i>(Note 5)</i>	372,259	249,676
Interest receivable	66,526	30,919
Other receivables <i>(Note 6)</i>	666,311	523,601
Contract assets	-	140,000
Right of assets - short-term	<u>1,061,211</u>	<u>1,064,364</u>
Total Current Assets	19,030,043	18,709,596
PROPERTY AND EQUIPMENT <i>(Note 2)</i>		
Machinery & equipment	1,313,869	1,249,674
Furniture & fixtures	499,598	385,963
Vehicles	453,707	453,707
Leasehold improvements	2,769,399	2,463,826
Construction in progress	<u>774,439</u>	<u>-</u>
	5,811,012	4,553,170
Less: Accumulated depreciation	<u>(1,917,754)</u>	<u>(1,485,199)</u>
Total Property and Equipment	3,893,258	3,067,970
OTHER ASSETS		
Loans to related parties <i>(Note 7)</i>	1,082,745	887,629
Security deposits	737,186	683,657
Deferred tax assets <i>(Note 15)</i>	1,040,369	1,211,397
Right of assets - long-term	6,152,148	7,158,261
Intangible - net <i>(Note 8)</i>	<u>305,215</u>	<u>188,261</u>
Total Other Assets	<u>9,317,663</u>	<u>10,129,205</u>
TOTAL ASSETS	<u>\$ 32,240,963</u>	<u>\$ 31,906,771</u>

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries

Consolidated Balance Sheets

December 31, 2025 and 2024

<u>LIABILITIES & STOCKHOLDER'S EQUITY</u>	<u>2025</u>	<u>2024</u>
CURRENT LIABILITIES		
Accounts payable (<i>Note 11</i>)	\$ 3,491,980	\$ 1,595,961
Accrued expenses	96,575	627,313
Taxes payable	35,983	37,013
Royalty payable (<i>Note 11</i>)	2,552,408	3,567,619
Interest payable	374,248	282,500
Bank loan -short-term	-	70,337
Lease liabilities - short-term (<i>Note 13</i>)	998,395	961,753
Other current liabilities	<u>127,632</u>	<u>84,302</u>
Total Current Liabilities	7,677,221	7,226,798
OTHER LIABILITIES		
Bank loan (<i>Note 9</i>)	431,713	432,448
Lease liabilities - long-term (<i>Note 13</i>)	6,412,567	7,364,224
Loan payable to parent (<i>Note 9</i>)	2,000,000	2,000,000
Tenant security deposit (<i>Note 12</i>)	<u>60,000</u>	<u>-</u>
Total Liabilities	16,581,501	17,023,470
STOCKHOLDER'S EQUITY		
Common stock, no par value; - 5,000,000 shares authorized - 4,250,000 shares issued and outstanding (<i>Note 10</i>)	18,481,561	18,481,561
Additional paid in capital	7,454	7,454
Deficit	(2,829,552)	(3,605,714)
Accumulated other comprehensive income	<u>-</u>	<u>-</u>
	<u>15,659,463</u>	<u>14,883,301</u>
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>\$ 32,240,963</u>	<u>\$ 31,906,771</u>

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries
Consolidated Statements of Income and Deficit
December 31, 2025 and 2024

	2025	2024
REVENUE		
Service and fee revenues	\$ 16,933,010	\$ 15,720,302
Product sales <i>(Note 17)</i>	<u>57,662,252</u>	<u>63,180,448</u>
Total Revenue	<u>74,595,262</u>	<u>78,900,750</u>
COST OF SALES		
Inventories - beginning	5,708,945	6,786,479
Purchases <i>(Note 11)</i>	42,882,089	46,049,707
Duties & freight-in	<u>2,610,017</u>	<u>3,320,658</u>
	51,201,051	56,156,844
Inventories - ending	<u>(5,412,436)</u>	<u>(5,708,945)</u>
Total Cost of Sales	<u>45,788,615</u>	<u>50,447,899</u>
GROSS PROFIT FROM SALES	28,806,647	28,452,851
OPERATING EXPENSES - Schedule	<u>(27,738,561)</u>	<u>(28,261,777)</u>
INCOME FROM OPERATION	1,068,086	191,074
OTHER INCOME & EXPENSES		
Interest income (interest expenses)	(87,025)	(101,937)
Miscellaneous	<u>26,125</u>	<u>(49,966)</u>
Total Other Income & Expenses	<u>(60,900)</u>	<u>(151,902)</u>
INCOME BEFORE PROVISION FOR INCOME TAX	1,007,186	39,172
PROVISION FOR INCOME TAX <i>(Note 2)</i>	<u>(231,024)</u>	<u>(90,301)</u>
Net income	776,162	(51,129)
RETAINED DEFICIT - beginning	<u>(3,605,714)</u>	<u>(3,554,585)</u>
RETAINED DEFICIT - ending	<u><u>\$ (2,829,552)</u></u>	<u><u>\$ (3,605,714)</u></u>

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries

Consolidated Statements of Changes in Shareholder's Equity

December 31, 2025 and 2024

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Total shareholder's equity</u>
Balance at December 31, 2024	\$ 18,481,561	\$ 7,454	\$ (3,605,714)	\$ 14,883,301
Additional capital contributions	-	-	-	-
Net income/(loss)			<u>776,162</u>	<u>776,162</u>
Balance at December 31, 2025	<u>\$ 18,481,561</u>	<u>\$ 7,454</u>	<u>\$ (2,829,552)</u>	<u>\$ 15,659,463</u>

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries

Consolidated Statements of Cash Flow

December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Net Income (loss)	\$ 776,162	\$ (51,129)
Adjustment to reconcile net income (loss) to net cash		
Depreciation & amortization	469,803	402,980
Bad debt expenses	21,075	42,846
Provision for inventory reserves	5,192	12,320
Changes in operating activities:		
Increase/Decrease in accounts receivable	2,131,541	(2,108,010)
Increase/Decrease in due from related parties	(524,480)	(2,016,520)
Increase/Decrease in inventory	291,317	1,065,214
Increase/Decrease in prepaid expenses	(122,583)	(171,458)
Increase/Decrease in interest receivable	(35,607)	(11,878)
Increase/Decrease in contract asset	140,000	(140,000)
Increase/Decrease in deferred tax asset	171,028	56,705
Increase/Decrease in accounts payable	1,896,019	1,792,542
Increase/Decrease in accrued expenses	(530,738)	50,353
Increase/Decrease in taxes payable	(1,030)	(9,627)
Increase/Decrease in royalty payable	(1,015,211)	2,780,651
Increase/Decrease in interest payable	91,748	92,252
Increase/Decrease in unearned revenue	-	(103,250)
Increase/Decrease in other current liabilities	43,329	20,965
Increase/Decrease in right of assets	1,009,266	548,639
Net cash provided by operating activities	4,816,832	2,253,594
Cash flows from investing activities:		
Acquisition/disposition of fixed assets	(1,257,842)	(437,360)
Acquisition/disposition of intangible assets	(154,202)	(173,901)
Increase/Decrease in loans to related parties	(195,116)	(308,836)
Increase/Decrease in other receivables	(142,710)	(198,295)
Increase/Decrease in security deposits	6,471	(274,094)
Net cash used in investing activities	(1,743,398)	(1,392,486)
Cash flows from financing activities:		
Bank loan	(71,072)	(64,040)
Increase/Decrease in lease liabilities	(915,015)	(405,580)
Net cash provided by financing activities	(986,087)	(469,620)
Net increase(decrease) in cash	2,087,346	391,488
Cash, beginning of year	2,390,828	1,999,340
Cash, end of year	\$ 4,478,174	\$ 2,390,828
Supplemental cash flow disclosures :		
- Interest paid	\$ 31,001	\$ 40,024
- Income taxes paid	\$ 24,445	\$ 204,283
- Conversion of AP, royalty payable, due to parent into equity		\$ 14,231,561

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

NOTE 1 – BUSINESS AND ORGANIZATION

BBDOTQ USA, INC. (the "Company") was incorporated under the laws of the State of New Jersey on August 19, 2014. The Company is a majority-owned subsidiary of GENESIS BBQ GLOBAL CO., LTD. (the "Parent Company"), incorporated under the laws of Korea.

The following entities are subsidiaries of BBDOTQ USA, INC. and all accounts are included in the consolidated financial statements.

<u>Name of Entity</u>	<u>Jurisdiction</u>	<u>Date Established</u>	<u>% of Ownership</u>
BBDOTQUSA KTOWN, INC.	New York	January 7, 2016	100%
BBDOTQUSA MIDTOWN, INC.	New York	July 22, 2021	100%
BBDOTQUSA ENGLEWOOD, INC.	New Jersey	February 25, 2022	100%
BBQ Workforce International LLC	New York	July 11, 2023	100%
Reinhart Realty LLC	New Jersey	May 14, 2024	100%

The Company operates as a Franchisor of B.B.Q Chicken. Franchise revenues principally consist of royalties, as well as marketing fees, which are generally based on a percentage of franchise revenue. Franchise revenue also includes initial franchise fees, which are recognized when the Company has substantially completed its performance obligations, typically upon the opening of the franchised unit. The principal business address of the Company is 2134 North Central Road, Fort Lee, NJ 07024.

BBDOTQUSA KTOWN, INC. commenced operation in the State of New York on November 24, 2016, as a full-service restaurant.

BBDOTQUSA MIDTOWN, INC. commenced operation in the State of New York on August 15, 2022, as a full-service restaurant.

BBDOTQUSA ENGLEWOOD INC. commenced operation in the State of New Jersey on May 05, 2023, as a limited-service restaurant.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and all subsidiaries, which are more than 50 percent owned or certain "variable interest entities" under accounting principles generally accepted in the United States of America. Inter-company items and transactions between companies included in the consolidation are eliminated, and unrealized inter-company profits in inventory and other assets are to be eliminated.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Basis of presentation:

The accompanying financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America (US" GAAP").

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The most significant estimates include an allowance for doubtful accounts, inventory valuation and obsolescence, valuation and recoverability of long-lived assets including property and equipment, and income taxes. On a continual basis, management reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand. The company maintains cash in depository accounts at the FDIC insured banks.

Accounts Receivable:

Accounts receivable is presented on the balance sheet net of estimated uncollectible amounts. The Company analyzes the customer creditworthiness, accounts receivable balances, payment history, payment terms, and historical bad debt levels when evaluating the adequacy of its allowance for doubtful accounts. In instances where reserve has been recorded for a particular customer, future sales to the customer are conducted using either cash-on-delivery terms, or the account is closely monitored so that as agreed upon payments are received, orders are released; a failure to pay results in held or canceled orders. Individual uncollectible accounts are written off against the allowance when the collection of the individual accounts appears doubtful. The Company recorded the allowance for doubtful accounts of \$82,177 for the year ended December 31, 2025.

Inventories:

Inventories are stated at cost on the first-in, first-out method. The Company monitors inventory quantities on hand and records write-downs and reserves for excess and obsolete inventories based primarily on the aging of the forecasted demand of its inventory, future products sales prices, pricing trends and margins. Actual inventory losses may differ from management's estimates, and such differences could be material to the Company's financial position, results of operations, and cash flows. A valuation allowance is provided for obsolete and slow-moving inventory to write cost down to net realizable value, if necessary.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

The valuation allowance is calculated as a percentage of inventory on hand and the Company recorded inventory reserve of \$44,716. The balance at December 31, 2025 are as follows:

Goods on hand	\$ 4,873,998
In-Transit	538,438
Total	<u>\$ 5,412,436</u>

Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed on a straight-line basis, over the estimated useful lives of the assets or, when applicable, the life of the lease, whichever is shorter. Costs of significant additions, renewals, and betterments are capitalized. When an asset is sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and the gain or loss on disposition is reflected in the consolidated statements of operations. Repairs and maintenance charged to operations when incurred.

Impairment of Long-Lived Assets:

Long-lived assets, such as property and equipment are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to the estimated undiscounted future cash flows expected to be generated by that group. If the carrying amount of an asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by writing down the carrying amount to the estimated fair value of the asset group, generally determined as discounted future net cash flows.

Goodwill and Intangible Assets

The Company accounts for acquisitions of stores from franchisees and other acquisitions of businesses that occur from time to time in accordance with GAAP. Goodwill in such acquisitions represents the excess of the cost of a business acquired over the net of the amounts assigned to assets acquired, including identifiable intangible assets, and liabilities assumed. GAAP specifies criteria to be used in determining whether intangible assets acquired in a business combination must be recognized and reported separately from goodwill. Amounts assigned to goodwill and other identifiable assets are based on independent appraisals or internal estimates.

In accordance with GAAP, the Company does not amortize goodwill or indefinite-lived intangible assets. Management evaluates the remaining useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, it is amortized prospectively over its estimated remaining useful life. Amortizable intangible assets are amortized on a straight-line basis over 3 to 40 years.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Concentrations of Credit Risk and Liquidity Risk:

Financial instruments which potentially subject the Company to credit risk consist primarily of cash (the amounts of which, at times, may exceed Federal Deposit Insurance Corporation Limits on insurable amounts - \$250,000 per depositor, per bank). The Company maintains cash balances at several financial institutions located in New Jersey and New York. At December 31, 2025, the Company's uninsured portion was \$2,820,915.

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

Revenue Recognition:

The Company recognizes sales revenue when title and risk of loss have been transferred to the customer, there is persuasive evidence of an arrangement, shipment and passage of title has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Franchise revenues principally consist of royalties, as well as marketing fees, which are primarily based on a percentage of franchise revenue. Franchise revenue also includes initial franchise fees, which are recognized as revenue when a substantial performance of franchisor obligation is complete, which is generally when a franchised unit is opened.

However, when revenue from initial fees is collectible over an extended period of time, and collectability is not reasonably assured, revenue is recognized using the installment method as fees are collected. Continuing fees are recognized as earned, with an appropriate provision for estimated uncollectible amount charged to general and administrative expense. The Company recognizes renewal fees in income when a renewal agreement becomes effective.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contracted assets), and customer advances and deposits (contract liabilities) on the consolidated balance sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms either at periodic interval or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, the Company sometimes receive advances or deposits from the customers before revenue is recognized, resulting in contract liabilities. These deposits are liquidated when revenue is recognized.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

Income Taxes:

The current provision for income taxes is based on current federal and state statutory rates which are adjusted based on changes in tax laws and significant fluctuations in taxable income. Income taxes are accounted for under the asset and liability method. Under such method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Additionally, deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not such assets will be realized.

Sales Taxes:

The company is required to collect, on behalf of certain states, sales tax based on a percentage of qualifying sales. The Company's policy is to exclude sales taxes from the transaction price of all revenue when collected, and from expenses when paid. Instead, the company records the collection and payment of sales taxes through a liability account.

New Accounting Standards:

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements. The most significant change in the new leasing guidance is the requirement to recognize right of use (ROU) assets and lease liabilities for operating leases on the balance sheet.

The Company elected to adopt these ASUs effective January 1, 2022 and utilize all of the available practical expedients. The adoption had a material impact on the Company's balance sheet but did not have a material impact on the income statement.

Subsequent Events:

The Company evaluates events occurring after the date of the balance sheet for potential recognition or disclosure in the financial statements (recognized subsequent events) as outlined in the ASC 885, Subsequent Events, Topic of the Financial Accounting Standards Board Accounting Standards Codification.

In addition, those items requiring disclosures (unrecognized subsequent events) in the financial statements have been disclosed accordingly.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

NOTE 3 – FRANCHISING

In general, the Company's franchise agreements provide for the payment of a franchise fee for each opened franchised location. Franchisees pay continuing fees of 5 % of gross sales.

Initial franchise fees, which may be up to \$40,000 are generally recognized when substantially all services or conditions relating to the franchise sale have been performed or satisfied by the Company. Services provided by the Company include assistance in site selection, personal training, and implementation of an accounting and quality control system. When initial fees are collected over an extended period of time and no reasonable basis for estimating collectability exist, equal amount of fees and expenses are recognized when fees are collected, and profit is recognized only after all costs have been recovered.

NOTE 4 – DUE FROM RELATED PARTIES

The Company provides services to entities under common ownership. Amounts due from related parties arise primarily from service rendered and are unsecured, non-interest bearing, and due on demand. At December 31, 2025, amounts due from related parties totaled \$2,398,172.

NOTE 5 – PREPAID EXPENSES

As of December 31, 2025, expenses paid in advance totaling \$372,259 are recorded as prepaid expenses and will be charged to the appropriate expense accounts when incurred. Prepaid expenses include prepaid taxes of \$172,032.

NOTE 6 – OTHER RECEIVABLES

Other receivables consist primarily of short-term loans to employees and advances to other individual, which are unsecured, non-interest bearing, and expected to be collected within one year.

NOTE 7 – LOANS TO RELATED PARTIES

The Company has provided loans to multiple entities and individuals under common ownership. These loans are unsecured and bear interest at rates ranging from 3% to 4% per annum. The loans are repayable on demand or in accordance with the respective loan agreements.

At December 31, 2025, the aggregate outstanding balance of loans to related parties was \$1,082,745. During the year ended December 31, 2025, the Company recognized interest income of \$35,725 related to these loans.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

NOTE 8 – INTANGIBLE ASSETS

Intangible assets consist of the following:

Website	\$ 25,691
Loan fee	4,480
Liquor license	7,887
Software development	321,901
Less, accumulated amortization	(54,744)
	<u>\$ 305,215</u>

NOTE 9 – LOANS PAYABLE & BANK LOAN

Loan Payable at December 31, 2025 consists of the following (including current portion):

Loan payable to parent company with an annual interest rate of 4.60%, payable on December 31, 2028	\$1,300,000
Loan payable to parent company with an annual interest rate of 4.60%, payable on December 31, 2028	\$ 700,000
EIDL loan payable to SBA with an annual interest rate of 3.75% Payable through May 29, 2050	\$ 141,041
Loan payable to Woori America Bank, with an annual interest rate of 7.00% Payable through July 01, 2029 – variable interest rate	\$ 290,672

The loan payable to the parent company is set to renew automatically without limitation upon expiration, according to the loan agreement.

Five-year payment schedule:

Note Description	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	Thereafter
Parent Company			1,300,000			
Parent Company			700,000			
SBA Loan	3,543	3,679	3,819	3,964	4,116	121,920
Woori America Bank	72,879	79,518	86,761	51,514	-	-
	<u>\$ 76,422</u>	<u>\$ 83,197</u>	<u>\$ 2,090,580</u>	<u>\$ 55,478</u>	<u>\$ 4,116</u>	<u>\$ 121,920</u>

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

NOTE 10 – CAPITAL

The Company is authorized to issue 5,000,000 common shares with no par value and 4,250,000 common shares are issued and outstanding as of December 31, 2025.

NOTE 11 – RELATED PARTY TRANSACTIONS

The Company regularly purchases products from the Parent Company and remits royalties pursuant to the terms of the related agreements. The Company also provides services to related companies on an occasional basis.

- a. Total purchases, including food items and related supplies, from the Parent Company is \$5,506,381 and \$6,307,886 for the years ended December 31, 2025 and 2024, respectively.
- b. As of December 31, 2025, the Company had royalties payable to the Parent Company of \$2,552,408, and a loan payable to the Parent Company of \$2,000,000, bearing interest at an annual rate of 4.6%
- c. Total royalty expenses to the Parent Company were \$2,953,913 and \$3,029,997 for the years ended December 31, 2025 and 2024, respectively. The royalty agreement between the Company and its Parent was amended, and a portion of the resulting adjustment was recognized in the current reporting period.
- d. Total service income from the related companies, including Parent Company, was \$1,786,821 for the year ended December 31, 2025.
- e. As of December 31, 2025, the Company recorded \$795,470 in accounts payable due to Parent Company.

NOTE 12 – TENANT SECURITY DEPOSIT

The Company has a master lease agreement with Walmart and sublease agreements with franchisees. The Company holds refundable security deposits received from tenants under the sublease agreements. These deposits are classified as long-term liabilities and are expected to be returned upon lease termination, subject to the terms of the lease agreements.

In addition, the Company has paid a refundable security deposit to Walmart in connection with the master lease, which is recorded as a long-term asset.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

NOTE 13 – LEASE COMMITMENTS

The Company leases certain office space, restaurant site, vehicles and equipment. The Company assessed whether an arrangement qualifies as a lease (conveys the right to control the use of identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The lease asset and liability were calculated utilizing the risk-free discount rate according to the Company's elected policy. Lease with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Certain leases include one or more options to renew, with renewal terms that can extend the lease term from one to 10 years or more. The exercise of lease renewal options is at the Company's sole discretion.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in our balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in balance sheets. The Company does not have finance lease as of December 31, 2025.

<u>Maturities of lease liabilities</u>				
For the year ended December 31,	HQ <u>Operating Leases</u>	Ktown <u>Operating Leases</u>	Midtown <u>Operating Leases</u>	Englewood <u>Operating Leases</u>
2026	246,590	693,687	282,878	50,027
2027	185,369	714,495	291,365	51,277
2028	539	735,930	300,106	52,559
2029	-	758,007	309,109	53,874
2030	-	780,750	318,382	55,220
Thereafter	-	2,267,568	351,744	70,838
Total lease payment	\$ 432,499	\$ 5,950,437	\$ 1,853,584	\$ 333,795
Less: interest	(16,962)	(1,003,632)	(112,690)	(26,069)
Present value of lease liabilities	415,537	4,946,805	1,740,894	307,726
				<u>\$ 7,410,962</u>

NOTE 14 – CONTINGENT LIABILITIES

The Company may from time to time be involved in various claims and legal actions arising in the ordinary course of business. As of the date of these financial statements, the future outcome cannot be estimated, and therefore, not reflected on current operation. The majority of legal expenses incurred during the year were due to necessary operation needs.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

NOTE 15 – INCOME TAXES

Income taxes are accounted for in accordance with ASC 740, *Income Taxes*. The provision for, or benefit from, income taxes is calculated using the asset and liability method, under which deferred tax assets are recorded based on net operating loss (“NOL”) carryforwards using enacted tax rates in effect for the year in which benefit is expected to be realized.

In accordance with ASC 740, the Company evaluates deferred tax assets to determine if a valuation allowance is required based on the consideration of all available positive and negative evidence using a “more likely than not” standard with respect to whether deferred tax assets will be realized. The Company’s evaluation considers, among other factors, historical operating results, the expectation of future profitability, and the duration of the applicable statutory carryforward periods. The ultimate realization of deferred tax assets depends primarily on the ability of the Company to generate future taxable income.

In addition, the ability of the Company to utilize NOL carryforwards to reduce future federal taxable income and federal income tax is subject to various limitations under the Section 382 of Internal Revenue Code of 1986, as amended. The utilization of these carryforwards may be limited upon the occurrence of certain ownership changes, including the purchase or sale of stock by 5% stockholders, as defined in the Treasury regulations.

Income tax expense for the year ended December 31, 2025 consists of the current state taxes. Deferred income taxes result from differences in the recognition of when the related asset is recovered or the related liability is settled for tax and financial reporting purpose. The principal sources of these differences are state income taxes, net operating loss carryforwards, depreciation expenses and various accruals and reserves for items such as inventories and accounts receivables recorded on the financial statements.

The provision for income taxes consists of the following:

Current taxes	\$ 59,996
Deferred taxes	133,625
Tax credits	25,196
Benefits of operating loss carryforwards	12,207
	<u>\$ 231,024</u>

The tax provision differs from amounts that would be calculated by applying federal statutory rates to income before income taxes primarily because:

- no tax benefits have been recorded for nondeductible expenses totalling \$269,036.
- the valuation allowance for deferred tax assets decreased by \$196,402.

Deferred tax assets recognized for deductible temporary differences and loss carryforwards total \$1,040,369, net of a valuation allowance of \$346,785.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

The Company has the following carryforwards available at December 31, 2025:

Operating losses		Charitable contributions	
Amount	Expires	Amount	Expires
15,751	2035	4,014	2026
772,737	2036	53,800	2027
1,482,677	Indefinite	4,162	2028
		100,220	2029
		69,347	2030
		Other tax credits	
		Amount	Expires
		2,640	2032
		29,244	2033
		29,637	2034
		25,196	2035

NOTE 16 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company values its assets and liabilities using the methods of fair value as described in ASC 820, *Fair Value Measurements and Disclosures*. Under the standard, the Company determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 established a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and amounts derived from valuation models where all significant inputs are observable in active markets.

Level 3 – Unobservable inputs reflect management's assumptions. For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivables and accounts payable; the fair values approximate carrying values due to their short-term maturities. The Company maintains policies and procedures to value instruments using the best and most relevant data available. With regard to Level 3 valuations (including instruments valued by third parties), the Company performs a variety of procedures to assess the reasonableness of the valuation.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

NOTE 17 – BUSINESS SEGMENTS

The Company operates in two primary business segments: service and fee revenue, and products sales. These segments are defined based on the nature of revenue sources. The company primarily operates as a franchisor, while its subsidiaries operate either as full-service or limited-service restaurants. Its product sales for the year ended December 31, 2025, consist of the following:

Franchisor Revenue	\$ 48,279,895
Restaurant Revenue	9,382,357
Total product sales	<u>\$ 57,662,252</u>

Intercompany transactions were eliminated

The franchisor's revenue includes \$1,349,183 in equipment sales.

The service and fee revenue segment includes income derived from franchising activities, such as royalties and initial franchise fees, along with other service-related income.

Royalty & Initial franchise fees	\$ 14,815,209
Other service income	2,117,801
Total service and fee revenue	<u>\$ 16,933,010</u>

Intercompany transactions were eliminated

NOTE 18 – EARNINGS PER SHARE

Basic earnings per share are computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect per share amounts that would have resulted if dilutive potential common stock had been converted to common stock. The following reconciles amounts reported in the financial statements:

	Income (Numerator)	Shares (Denominator)	Per-share Amount
Income from continuing operations	\$ 1,007,186		
Less preferred stock dividends	-		
Income available to common stockholders - Basic earnings per share	<u>1,007,186</u>	4,250,000	\$ 4.22
Effect of dilutive securities			
no dilutive securities	<u>1,007,186</u>	<u>4,250,000</u>	\$ 4.22
Income available to common stockholders - Diluted earnings per share	<u>\$ 1,007,186</u>	<u>4,250,000</u>	\$ 4.22

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

NOTE 19 – EMPLOYEE BENEFIT PLAN

The Company has a 401(k) Plan to provide retirement benefits to its employees. Under the plan, employees may contribute their compensation to the plan, limited to a maximum annual amount set forth by the Internal Revenue Service. The Company matches employee contributions up to 2% of their annual compensation. The Company matching contribution made to the Plan for the year ended December 31, 2025 amounted to \$45,168 and is recorded as employee benefits in the operating expenses.

NOTE 20 – SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring after the balance sheet date through the date of availability of the financial statements to be issued, February 24, 2025. Management has determined that none of the event occurring after the date of the balance sheet substantially affects the amounts, presentation, and disclosure accompanying consolidated financial statements.

BBDOTQ USA, INC. & its Subsidiaries

Consolidated Schedule of Operation

December 31, 2025 and 2024

Consolidated Schedule of Operation

	<u>2025</u>	<u>2024</u>
OPERATING EXPENSES:		
Advertising & marketing	\$ 2,237,761	\$ 3,107,950
Auto & local transportation	86,422	101,029
Bad debt expenses	21,075	42,846
Bank charges & credit card discounts	220,633	203,880
Commission	534,931	733,849
Communications	118,340	111,610
Consulting fees	1,723,310	1,182,440
Contribution	88,156	150,292
Depreciation & amortization (Note 2)	469,803	402,980
Dues & subscriptions	364,141	208,617
Employee benefits (Note 19)	923,675	726,486
Freight costs	3,537,551	3,003,219
Insurance	347,447	358,872
Licenses & permits	22,357	16,373
Management fees	35,064	-
Meals & entertainment	295,594	577,609
Office supplies & expenses	196,481	220,261
Payroll processing fees	29,168	30,718
Payroll taxes	725,053	739,436
Penalty & interest	4,036	8,587
Professional fees	874,974	668,935
Rent	1,721,870	1,614,240
Repairs & maintenance	369,826	282,857
Research & development	16,538	20,231
Royalty expenses (Note 11)	2,953,913	3,029,997
Salaries	8,444,783	8,617,559
Sanitation	129,926	139,061
Security expenses	94,511	94,134
Supplies	38,728	62,550
Travel	795,589	1,453,679
Uniforms & laundry	-	3,236
Utilities	316,905	348,245
TOTAL OPERATING EXPENSES	\$ 27,738,561	\$ 28,261,777

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries

Independent Auditor's Report on Consolidating Information
December 31, 2025 and 2024

Independent Auditors' Report on Consolidating Information

To the Board of Director and Stockholders of BBDOTQ USA, Inc.:

We have audited the accompanying consolidated financial statements of BBDOTQ USA, Inc and its subsidiaries for the period ended December 31, 2025 and 2024, and our report thereon dated February 24, 2026, which expresses an unqualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedule I and II is presented for purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operation, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, result of operations, and cash flows of the individual companies.

The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

SCJ CPA GROUP LLC
Ridgewood Park, New Jersey
February 24, 2026

BBDOTQ USA, INC. & its Subsidiaries

Schedule I – Consolidating Balance Sheets

December 31, 2025 and 2024

ASSETS

	<u>Parent</u>	<u>Sub A</u>	<u>Sub B</u>	<u>Sub C</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT ASSETS						
Cash & cash equivalents	\$ 3,196,180	1,214,424	48,630	18,940		4,478,174
Accounts receivable - net	6,250,900				(a) (1,818,774)	4,432,126
Due from related parties	2,541,000					2,541,000
Inventory - net	5,337,513	55,580	11,588	7,755		5,412,436
Prepaid expenses	274,096	79,553	15,986	2,624		372,259
Interest receivable	66,526					66,526
Other receivables	666,310					666,310
Right of assets - short-term	226,637	546,961	248,197	39,417		1,061,211
Total Current Assets	18,559,163	1,896,519	324,400	68,735		19,030,043
PROPERTY AND EQUIPMENT						
Machinery & equipment	438,851	646,346	152,992	75,681		1,313,869
Furniture & fixtures	305,534	144,254	36,288	13,522		499,598
Vehicles	453,707					453,707
Leasehold improvements	360,875	1,528,486	607,462	272,577		2,769,399
Construction in progress	774,439					774,439
	2,333,406	2,319,086	796,742	361,779		5,811,012
Less: Accumulated depreciation	(692,770)	(869,257)	(275,514)	(80,213)		(1,917,754)
Total Property and Equipment	1,640,636	1,449,828	521,228	281,566		3,893,258
OTHER ASSETS						
Loans to related parties	1,082,745					1,082,745
Security deposits	146,749	465,698	116,939	7,800		737,186
Deferred tax assets	1,040,369					1,040,369
Investment	2,985,000				(b) (2,985,000)	
Loan to subsidiaries	1,316,865				(c) (1,316,865)	
Right of assets - long-term	169,325	4,409,185	1,346,989	226,649		6,152,148
Intangible - net	300,234	4,247	733			305,215
Total Other Assets	7,041,287	4,879,130	1,464,661	234,449		9,317,663
TOTAL ASSETS	\$ 27,241,086	8,225,478	2,310,290	584,751		32,240,963

BBDOTQ USA, INC. & its Subsidiaries

Schedule I – Consolidating Balance Sheets

December 31, 2025 and 2024

LIABILITIES & STOCKHOLDER'S EQUITY

	<u>Parent</u>	<u>Sub A</u>	<u>Sub B</u>	<u>Sub C</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT LIABILITIES						
Accounts payable	\$ 3,353,809	428,307	1,385,342	143,295	(a) (1,818,774)	3,491,980
Accrued expenses	68,896	23,409	4,082	187		96,575
Taxes payable		25,108	10,809	66		35,983
Royalty payable	2,552,408					2,552,408
Interest payable	374,248					374,248
Lease liabilities - short-term	233,720	471,644	250,328	42,703		998,395
Other current liabilities	119,553	4,135	1,874	2,070		127,632
Total Current Liabilities	6,702,634	952,604	1,652,435	188,322		7,677,221
OTHER LIABILITIES						
Bank loan	290,672	141,041				431,713
Lease liabilities - long-term	181,817	4,475,161	1,490,565	265,024		6,412,567
Loan payable to parent	2,000,000	46,418	405,447	865,000	(c) (1,316,865)	2,000,000
Tenant security deposit	60,000					60,000
Total Liabilities	9,235,123	5,615,224	3,548,447	1,318,346		16,581,501
STOCKHOLDER'S EQUITY						
Common stock	18,566,561	2,000,000	700,000	200,000	(b) (2,985,000)	18,481,561
APIC	7,454					7,454
Deficits	(568,051)	610,254	(1,938,157)	(933,596)		(2,829,552)
AOCI	-		-			
	18,005,963	2,610,254	(1,238,157)	(733,596)		15,659,463

BBDOTQ USA, INC. & its Subsidiaries

Schedule II – Consolidating Statement of Income & Deficit

December 31, 2025 and 2024

	<u>Parent</u>	<u>Sub A</u>	<u>Sub B</u>	<u>Sub C</u>	<u>Eliminations</u>	<u>Consolidated</u>
REVENUE						
Service and fee revenues	\$ 17,865,027		172,500	93,200 (d)	(1,197,717)	16,933,010
Product sales	51,381,190	8,067,872	1,186,315	128,169 (d)	(3,101,294)	57,662,252
Total Revenue	69,246,216	8,067,872	1,358,815	221,369		74,595,262
COST OF SALES						
Inventories - beginning	5,593,843	79,477	23,515	12,110		5,708,945
Purchases	42,620,376	2,877,921	354,964	47,200 (d)	(3,018,372)	42,882,089
Duties & freight-in	2,610,017					2,610,017
	50,824,236	2,957,398	378,479	59,310		51,201,051
Inventories - ending	(5,337,513)	(55,580)	(11,588)	(7,755)		(5,412,436)
Total Cost of Sales	45,486,722	2,901,818	366,891	51,555		45,788,615
GROSS PROFIT FROM SALES	23,759,494	5,166,055	991,924	169,814		28,806,647
OPERATING EXPENSES	(22,579,640)	(5,061,622)	(1,141,995)	(235,944) (d)	1,280,639	(27,738,561)
INCOME FROM OPERATION	1,179,854	104,433	(150,071)	(66,130)		1,068,086
OTHER INCOME & EXPENSES						
Interest income (interest expenses)	(81,666)	(5,359)				(87,025)
Miscellaneous	27,014	591	(375)	(1,105)		26,125
T. Other Income & Expenses	(54,653)	(4,768)	(375)	(1,105)		(60,900)
Income before provision for income tax	1,125,202	99,665	(150,445)	(67,234)		1,007,186
Provision for income taxes	(231,024)					(231,024)
Net income	894,178	99,665	(150,445)	(67,234)		776,162
RETAINED DEFICIT - beginning	(1,462,230)	510,589	(1,787,712)	(866,361)		(3,605,714)
RETAINED DEFICIT - ending	\$ (568,052)	610,254	(1,938,157)	(933,596)		(2,829,552)

CONSOLIDATED FINANCIAL STATEMENTS

**BBDOTQ USA, INC.
and its SUBSIDIARIES
December 31, 2024 and 2023**

(With Independent Auditors' Report)



BBDOTQ USA, INC. & its Subsidiaries

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Independent Auditors' Report

To the Board of Director and Stockholders of BBDOTQ USA, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of BBDOTQ USA, Inc and its subsidiaries (the 'Company') which comprise the balance sheet as of December 31, 2024 and 2023, and the related statements income and retained deficit and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BBDOTQ USA INC. and its Subsidiaries as of December 31, 2024 and 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 of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

SCJ CPA GROUP LLC

Ridgefield Park, New Jersey
February 24, 2025

BBDOTQ USA, INC. & its Subsidiaries

Consolidated Balance Sheets

December 31, 2024 and 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash & cash equivalents <i>(Note 2)</i>	\$ 2,390,828	\$ 1,999,340
Accounts receivable - net <i>(Note 2)</i>	6,584,742	4,519,578
Due from parent	2,016,520	-
Inventory - net <i>(Note 2)</i>	5,708,945	6,786,479
Prepaid expenses <i>(Note 4)</i>	249,676	78,218
Interest receivable	30,919	19,041
Other receivables	523,601	325,306
Contract assets	140,000	-
Right of assets - short-term	1,064,364	927,000
Total Current Assets	18,709,596	14,654,962
PROPERTY AND EQUIPMENT <i>(Note 2)</i>		
Machinery & equipment	1,249,674	1,040,461
Furniture & fixtures	385,963	339,429
Vehicles	453,707	411,941
Leasehold improvements	2,463,826	2,323,978
	4,553,169	4,115,809
Less: Accumulated depreciation	(1,485,199)	(1,094,014)
Total Property and Equipment	3,067,970	3,021,795
OTHER ASSETS		
Loans to others <i>(Note 5)</i>	887,629	578,793
Intangible - net <i>(Note 6)</i>	188,261	26,154
Right of assets - long-term	7,158,261	7,844,264
Deferred tax assets <i>(Note 12)</i>	1,211,397	1,268,102
Security deposits	683,657	409,563
Total Other Assets	10,129,205	10,126,876
TOTAL ASSETS	\$ 31,906,771	\$ 27,803,633

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries

Consolidated Balance Sheets

December 31, 2024 and 2023

<u>LIABILITIES & STOCKHOLDER'S EQUITY</u>	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES		
Accounts payable	\$ 1,595,961	\$ 7,925,688
Accrued expenses	627,313	576,960
Taxes payable	37,013	46,640
Royalty payable (Note 9)	3,567,619	1,721,968
Interest payable	282,500	190,248
Bank loan -short-term (Note 7)	70,337	64,505
Unearned revenue	-	103,250
Lease liabilities - short-term (Note 10)	961,753	795,007
Other current liabilities	84,302	63,337
Total Current Liabilities	7,226,798	11,487,603
OTHER LIABILITIES		
Non-current due to parent	-	5,174,292
Bank loan (Note 7)	432,448	502,320
Lease liabilities - long-term (Note 10)	7,364,224	7,936,549
Loan payable to parent (Note 7)	2,000,000	2,000,000
Total Liabilities	17,023,470	27,100,764
STOCKHOLDER'S EQUITY		
Common stock, no par value; - 5,000,000 shares authorized - 4,250,000 shares issued and outstanding (Note 8)	18,481,561	4,250,000
Additional paid in capital	7,454	7,454
Deficit	(3,605,714)	(3,554,585)
Accumulated other comprehensive income	-	-
	14,883,300	702,869
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	\$ 31,906,771	\$ 27,803,633

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries
Consolidated Statements of Income and Deficit
December 31, 2024 and 2023

	2024	2023
REVENUE		
Service and fee revenues	\$ 15,720,302	\$ 9,238,838
Product sales <i>(Note 14)</i>	63,180,448	49,680,268
Total Revenue	<u>78,900,750</u>	<u>58,919,106</u>
COST OF SALES		
Inventories - beginning	6,786,479	5,216,192
Purchases <i>(Note 9)</i>	46,049,707	36,788,575
Duties & freight-in	3,320,658	3,536,677
	<u>56,156,844</u>	<u>45,541,444</u>
Inventories - ending	(5,708,945)	(6,786,479)
Total Cost of Sales	<u>50,447,899</u>	<u>38,754,965</u>
GROSS PROFIT FROM SALES	28,452,851	20,164,141
OPERATING EXPENSES - Schedule	<u>(28,261,777)</u>	<u>(20,127,682)</u>
INCOME FROM OPERATION	191,074	36,459
OTHER INCOME & EXPENSES		
Interest income (interest expenses)	(101,937)	(118,205)
Miscellaneous	(49,966)	214,437
Total Other Income & Expenses	<u>(151,902)</u>	<u>96,232</u>
INCOME BEFORE PROVISION FOR INCOME TAX	39,172	132,691
PROVISION FOR INCOME TAX <i>(Note 2)</i>	<u>(90,301)</u>	<u>(24,803)</u>
Net loss	(51,129)	107,888
RETAINED DEFICIT - beginning	<u>(3,554,585)</u>	<u>(3,662,473)</u>
RETAINED DEFICIT - ending	<u>\$ (3,605,714)</u>	<u>\$ (3,554,585)</u>

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries

Consolidated Statements of Changes in Shareholder's Equity

December 31, 2024 and 2023

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Total shareholder's equity</u>
Balance at December 31, 2023	\$ 4,250,000	\$ 7,454	\$ (3,554,585)	\$ 702,869
Conversion of debt into equity	14,231,561	-		14,231,561
Net income/(loss)	<u> </u>	<u> </u>	<u>(51,129)</u>	<u>(51,129)</u>
Balance at December 31, 2024	\$ <u>18,481,561</u>	\$ <u>7,454</u>	\$ <u>(3,605,714)</u>	\$ <u>14,883,300</u>

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries

Consolidated Statements of Cash Flow

December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Net Income (loss)	\$ (51,129)	\$ 107,888
Adjustment to reconcile net income (loss) to net cash used in operating activities:		
Depreciation & amortization	402,980	368,402
Bad debt expenses	42,846	9,370
Provision for inventory reserves	12,320	12,350
Increase/Decrease in accounts receivable	(2,108,010)	(2,266,137)
Increase/Decrease in due from parent	(2,016,520)	-
Increase/Decrease in inventory	1,065,214	(1,582,637)
Increase/Decrease in prepaid expenses	(171,458)	91,641
Increase/Decrease in interest receivable	(11,878)	(12,530)
Increase/Decrease in contract asset	(140,000)	-
Increase/Decrease in deferred tax asset	56,705	(97,335)
Increase/Decrease in accounts payable	1,792,542	1,496,963
Increase/Decrease in accrued expenses	50,353	9,721
Increase/Decrease in taxes payable	(9,627)	14,290
Increase/Decrease in royalty payable	2,780,651	(1,593,686)
Increase/Decrease in interest payable	92,252	92,000
Increase/Decrease in unearned revenue	(103,250)	(134,250)
Increase/Decrease in other current liabilities	20,965	(33,994)
Increase/Decrease in due to parent	-	5,174,292
Increase/Decrease in right of assets	548,639	(5,128,467)
Net cash provided by operating activities	<u>2,253,594</u>	<u>(3,472,119)</u>
Cash flows from investing activities:		
Acquisition of new fixed assets	(437,360)	(611,641)
Acquisition of intangible assets	(173,901)	(9,350)
Increase/Decrease in loans to others	(308,836)	(230,916)
Increase/Decrease in other receivables	(198,295)	(11,103)
Increase/Decrease in security deposits	(274,094)	(10,708)
Net cash used in investing activities	<u>(1,392,486)</u>	<u>(873,718)</u>
Cash flows from financing activities:		
Bank loan	(64,040)	(59,695)
Increase/Decrease in lease liabilities	(405,580)	4,955,595
Net cash provided by financing activities	<u>(469,620)</u>	<u>4,895,900</u>
Net increase(decrease) in cash	391,488	550,063
Cash, beginning of year	<u>1,999,340</u>	<u>1,449,277</u>
Cash, end of year	<u><u>\$ 2,390,828</u></u>	<u><u>\$ 1,999,340</u></u>
Supplemental cash flow disclosures :		
- Interest paid	\$ 40,024	\$ 51,979
- Income taxes paid	\$ 204,283	\$ 74,082
- Conversion of AP, royalty payable, due to parent into equity	\$ 14,231,561	

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

NOTE 1 – BUSINESS AND ORGANIZATION

BBDOTQ USA, INC. (the "Company") was incorporated under the laws of the State of New Jersey on August 19, 2014. The Company is a majority-owned subsidiary of GENESIS BBQ GLOBAL CO., LTD. (the "Parent Company"), incorporated under the laws of Korea.

The following entities are subsidiaries of BBDOTQ USA, INC. and all accounts are included in the consolidated financial statements.

<u>Name of Entity</u>	<u>Jurisdiction</u>	<u>Date Established</u>	<u>% of Ownership</u>
BBDOTQUSA KTOWN, INC.	New York	January 7, 2016	100%
BBDOTQUSA MIDTOWN, INC.	New York	July 22, 2021	100%
BBDOTQUSA ENGLEWOOD, INC.	New Jersey	February 25, 2022	100%
BBQ Workforce International LLC	New York	July 11, 2023	100%
Reinhart Realty LLC	New Jersey	May 14, 2024	100%

The Company operates as a Franchisor of B.B.Q Chicken. Franchise revenues principally consist of royalties, as well as marketing fees, which are primarily based on a percentage of franchise revenue. Franchise revenue also includes initial franchise fees, which are recognized as revenue when a substantial performance of franchisor obligation is complete, which is generally when a franchised unit is opened. The principal business address of the Company is 2134 North Central Road, Fort Lee, NJ 07024.

BBDOTQUSA KTOWN, INC. commenced operation in the State of New York on November 24, 2016, as a full-service restaurant.

BBDOTQUSA MIDTOWN, INC. commenced operation in the State of New York on August 15, 2022, as a full-service restaurant.

BBDOTQUSA ENGLEWOOD INC. commenced operation in the State of New Jersey on May 05, 2023, as a limited-service restaurant.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and all subsidiaries, which are more than 50 percent owned or certain "variable interest entities" under accounting principles generally accepted in the United States of America. Inter-company items and transactions between companies included in the consolidation are eliminated, and unrealized inter-company profits in inventory and other assets are to be eliminated.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Basis of presentation:

The accompanying financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America (US" GAAP").

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The most significant estimates include an allowance for doubtful accounts, inventory valuation and obsolescence, valuation and recoverability of long-lived assets including property and equipment, and income taxes. On a continual basis, management reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand. The company maintains cash in depository accounts at the FDIC insured banks.

Accounts Receivable:

Accounts receivable is presented on the balance sheet net of estimated uncollectible amounts. The Company analyzes the customer creditworthiness, accounts receivable balances, payment history, payment terms, and historical bad debt levels when evaluating the adequacy of its allowance for doubtful accounts. In instances where reserve has been recorded for a particular customer, future sales to the customer are conducted using either cash-on-delivery terms, or the account is closely monitored so that as agreed upon payments are received, orders are released; a failure to pay results in held or canceled orders. Individual uncollectible accounts are written off against the allowance when the collection of the individual accounts appears doubtful. The Company recorded the allowance for doubtful accounts of \$64,679 for the year ended December 31, 2024.

Inventories:

Inventories are stated at cost on the first-in, first-out method. The Company monitors inventory quantities on hand and records write-downs and reserves for excess and obsolete inventories based primarily on the aging of the forecasted demand of its inventory, future products sales prices, pricing trends and margins. Actual inventory losses may differ from management's estimates, and such differences could be material to the Company's financial position, results of operations, and cash flows. A valuation allowance is provided for obsolete and slow-moving inventory to write cost down to net realizable value, if necessary.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

The valuation allowance is calculated as a percentage of inventory on hand and the Company recorded inventory reserve of \$39,524. The balance at December 31, 2024 are as follows:

Goods on hand	\$ 6,584,742
In-Transit	-
Total	<u>\$ 6,584,742</u>

Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed on a straight-line basis, over the estimated useful lives of the assets or, when applicable, the life of the lease, whichever is shorter. Costs of significant additions, renewals, and betterments are capitalized. When an asset is sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and the gain or loss on disposition is reflected in the consolidated statements of operations. Repairs and maintenance charged to operations when incurred.

Impairment of Long-Lived Assets:

Long-lived assets, such as property and equipment are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to the estimated undiscounted future cash flows expected to be generated by that group. If the carrying amount of an asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by writing down the carrying amount to the estimated fair value of the asset group, generally determined as discounted future net cash flows.

Goodwill and Intangible Assets

The Company accounts for acquisitions of stores from franchisees and other acquisitions of businesses that occur from time to time in accordance with GAAP. Goodwill in such acquisitions represents the excess of the cost of a business acquired over the net of the amounts assigned to assets acquired, including identifiable intangible assets, and liabilities assumed. GAAP specifies criteria to be used in determining whether intangible assets acquired in a business combination must be recognized and reported separately from goodwill. Amounts assigned to goodwill and other identifiable assets are based on independent appraisals or internal estimates.

In accordance with GAAP, the Company does not amortize goodwill or indefinite-lived intangible assets. Management evaluates the remaining useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life. If an intangible asset that is not being amortized is subsequently determined to have a finite useful life, it is amortized prospectively over its estimated remaining useful life. Amortizable intangible assets are amortized on a straight-line basis over 3 to 40 years.

Concentrations of Credit Risk and Liquidity Risk:

Financial instruments which potentially subject the Company to credit risk consist primarily of cash (the amounts of which, at times, may exceed Federal Deposit Insurance Corporation Limits on insurable amounts - \$250,000 per depositor, per bank). The Company maintains cash balances at several financial institutions located in New Jersey and New York. At December 31, 2024, the Company's uninsured portion was \$1,500,503.

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

Revenue Recognition:

The Company recognizes sales revenue when title and risk of loss have been transferred to the customer, there is persuasive evidence of an arrangement, shipment and passage of title has occurred, the sales price is fixed or determinable and collectability is reasonably assured. Franchise revenues principally consist of royalties, as well as marketing fees, which are primarily based on a percentage of franchise revenue. Franchise revenue also includes initial franchise fees, which are recognized as revenue when a substantial performance of franchisor obligation is complete, which is generally when a franchised unit is opened.

However, when revenue from initial fees is collectible over an extended period of time, and collectability is not reasonably assured, revenue is recognized using the installment method as fees are collected. Continuing fees are recognized as earned, with an appropriate provision for estimated uncollectible amount charged to general and administrative expense. The Company recognizes renewal fees in income when a renewal agreement becomes effective.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contracted assets), and customer advances and deposits (contract liabilities) on the consolidated balance sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms either at periodic interval or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, the Company sometimes receive advances or deposits from the customers before revenue is recognized, resulting in contract liabilities. These deposits are liquidated when revenue is recognized.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Income Taxes:

The current provision for income taxes is based on current federal and state statutory rates which are adjusted based on changes in tax laws and significant fluctuations in taxable income. Income taxes are accounted for under the asset and liability method. Under such method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Additionally, deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not such assets will be realized.

Sales Taxes:

The company is required to collect, on behalf of certain states, sales tax based on a percentage of qualifying sales. The Company's policy is to exclude sales taxes from the transaction price of all revenue when collected, and from expenses when paid. Instead, the company records the collection and payment of sales taxes through a liability account.

New Accounting Standards:

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements. The most significant change in the new leasing guidance is the requirement to recognize right of use (ROU) assets and lease liabilities for operating leases on the balance sheet.

The Company elected to adopt these ASUs effective January 1, 2022 and utilize all of the available practical expedients. The adoption had a material impact on the Company's balance sheet but did not have a material impact on the income statement.

Subsequent Events:

The Company evaluates events occurring after the date of the balance sheet for potential recognition or disclosure in the financial statements (recognized subsequent events) as outlined in the ASC 885, Subsequent Events, Topic of the Financial Accounting Standards Board Accounting Standards Codification.

In addition, those items requiring disclosures (unrecognized subsequent events) in the financial statements have been disclosed accordingly.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

NOTE 3 – FRANCHISING

In general, the Company's franchise agreements provide for the payment of a franchise fee for each opened franchised location. Franchisees pay continuing fees of 5 % of gross sales.

Initial franchise fees, which may be up to \$40,000 are generally recognized when substantially all services or conditions relating to the franchise sale have been performed or satisfied by the Company. Services provided by the Company include assistance in site selection, personal training, and implementation of an accounting and quality control system. When initial fees are collected over an extended period of time and no reasonable basis for estimating collectability exist, equal amount of fees and expenses are recognized when fees are collected, and profit is recognized only after all costs have been recovered.

NOTE 4 – PREPAID EXPENSES

As of December 31, 2024, expenses paid in advance totaling \$249,676 are recorded as prepaid expenses and will be charged to the appropriate expense accounts when incurred. Prepaid expenses include prepaid taxes of \$162,414.

NOTE 5 – NOTE RECEIVABLE

The Company has a loan receivable from an entity in Canada amounting to \$535,620 with an interest rate of 4%. As of December 31, 2024, interest income earned was \$22,181.

NOTE 6 – INTANGIBLE ASSETS

Intangible assets consist of the following:

Website	\$ 25,691
Loan fee	4,480
Liquor license	19,191
Software development	172,140
Less, accumulated amortization	<u>(33,241)</u>
	<u><u>\$ 188,261</u></u>

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

NOTE 7 – LOANS PAYABLE & BANK LOAN

Loan Payable at December 31, 2024 consists of the following (including current portion):

Loan payable to parent company with an annual interest rate of 4.6%, payable on December 31, 2026	\$1,300,000
Loan payable to parent company with an annual interest rate of 4.6%, payable on December 31, 2026	\$ 700,000
EIDL loan payable to SBA with an annual interest rate of 3.75% Payable through May 29, 2050	\$ 144,454
Loan payable to Woori America Bank, with an annual interest rate of 7.75 % Payable through July 01, 2029 – variable interest rate	\$ 358,331

Current portion is \$70,337 as of December 31, 2024.

The loan payable to the parent company is set to renew automatically without limitation upon expiration, according to the loan agreement.

Five-year payment schedule:

Note Description	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	Thereafter
Parent Company		1,300,000				
Parent Company				700,000		
SBA Loan	3,543	3,679	3,819	3,819	3,964	125,630
Woori America Bank	66,794	72,879	79,518	86,761	52,379	-
	<u>\$ 70,337</u>	<u>\$1,376,558</u>	<u>\$ 83,337</u>	<u>\$ 790,580</u>	<u>\$ 56,343</u>	<u>\$ 125,630</u>

NOTE 8 – CAPITAL

The Company is authorized to issue 5,000,000 common shares with no par value and 4,250,000 common shares are issued and outstanding as of December 31, 2024.

At the year ended, the Company converted an outstanding balance of \$14,231,561 in payables owed to its parent company into equity. This transaction included account payable of \$13,296,561 and royalty payable of \$935,000. This conversion was executed as a capital restructuring measure to strengthen the Company's financial position. No additional shares were issued as part of this transaction, and the reclassification was recorded as an increase in equity.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Since the parent company is a related party, this transaction has been disclosed in accordance with Generally Accepted Accounting Principles. Furthermore, as this was a non-cash financing activity, it has been separately presented in the statement of cash flows under non-cash transactions.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Company engages in regular purchases of products from the Parent Company and remunerated it with royalties in accordance with the terms outlined in the contract.

- a. Total purchases, including food items and related supplies, from the Parent Company is \$6,307,886 and \$5,430,056 for the years ended December 31, 2024 and 2023, respectively.
- b. As of December 31, 2024, the Company has royalty payable to the Parent Company of \$3,567,619, and loan payable of \$2,000,000 to the Parent Company with annual interest rate of 4.6%.
- c. Total royalty expenses to the Parent Company are \$3,029,997 and \$3,351,968 for the year ended December 31, 2024 and 2023, respectively. The royalty expense agreement between the Company and its Parent was amended, reducing the Parent's royalty portion to half of its previous amount. A portion of this adjustment was recognized in the current reporting period.
- d. Total service income from the Parent Company is \$2,009,520 for the year ended December 31, 2024.
- e. Total service income from the Affiliate Company is \$594,831 for the year ended December 31, 2024.
- f. The Company had a receivable due from the officers in the amount of \$352,008. There are no explicit terms for repayment so the balance was classified as long term.
- g. Conversion of an outstanding balance of \$14,231,561 in payables owed to its Parent company into equity.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

NOTE 10 – LEASE COMMITMENTS

The Company leases certain office space, restaurant site, vehicles and equipment. The Company assessed whether an arrangement qualifies as a lease (conveys the right to control the use of identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The lease asset and liability were calculated utilizing the risk-free discount rate according to the Company's elected policy. Lease with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Certain leases include one or more options to renew, with renewal terms that can extend the lease term from one to 10 years or more. The exercise of lease renewal options is at the Company's sole discretion.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in our balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in balance sheets. The Company does not have finance lease as of December 31, 2024.

For the year ended December 31,	<u>Maturities of lease liabilities</u>			
	HQ <u>Operating Leases</u>	Ktown <u>Operating Leases</u>	Midtown <u>Operating Leases</u>	Englewood <u>Operating Leases</u>
2025	\$ 279,026	\$ 673,485	\$ 274,159	\$ 48,807
2026	223,746	693,687	282,878	50,027
2027	157,153	714,495	291,365	51,278
2028	-	735,930	300,106	52,556
2029		758,007	309,109	53,874
Thereafter		3,048,318	670,126	126,058
Total lease payment	<u>\$ 659,925</u>	<u>\$ 6,623,922</u>	<u>\$ 2,127,743</u>	<u>\$ 382,600</u>
Less: interest	(36,932)	(1,246,736)	(150,101)	(34,444)
Present value of lease liabilities	622,993	5,377,186	1,977,642	348,156
				<u>\$ 8,325,977</u>

NOTE 11 – CONTINGENT LIABILITIES

The Company may from time to time be involved in various claims and legal actions arising in the ordinary course of business. As of the date of these financial statements, the future outcome cannot be estimated, and therefore, not reflected on current operation. The majority of legal expenses incurred during the year were due to necessary operation needs.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

NOTE 12 – INCOME TAXES

Income taxes are accounted for in accordance with ASC 740, *Income Taxes*. The provision for, or benefit from, income taxes is calculated using the asset and liability method, under which deferred tax assets are recorded based on net operating loss (“NOL”) carryforwards using enacted tax rates in effect for the year in which benefit is expected to be realized.

In accordance with ASC 740, the Company evaluates deferred tax assets to determine if a valuation allowance is required based on the consideration of all available positive and negative evidence using a “more likely than not” standard with respect to whether deferred tax assets will be realized. The Company’s evaluation considers, among other factors, historical operating results, the expectation of future profitability, and the duration of the applicable statutory carryforward periods. The ultimate realization of deferred tax assets depends primarily on the ability of the Company to generate future taxable income.

In addition, the ability of the Company to utilize NOL carryforwards to reduce future federal taxable income and federal income tax is subject to various limitations under the Section 382 of Internal Revenue Code of 1986, as amended. The utilization of these carryforwards may be limited upon the occurrence of certain ownership changes, including the purchase or sale of stock by 5% stockholders, as defined in the Treasury regulations.

Income tax expense for the year ended December 31, 2024 consists of the current state taxes. Deferred income taxes result from differences in the recognition of when the related asset is recovered or the related liability is settled for tax and financial reporting purpose. The principal source of these differences are state income taxes, net operating loss carryforwards, depreciation expenses and various accruals and reserves for items such as inventories and accounts receivables recorded on the financial statements.

The provision for income taxes consists of the following:

Current taxes	\$ 33,595
Deferred taxes	55,952
Benefits of operating loss carryforwards	754
	<u>\$ 90,301</u>

The tax provision differs from amounts that would be calculated by applying federal statutory rates to income before income taxes primarily because:

- no tax benefits have been recorded for nondeductible expenses totalling \$382,587.
- the valuation allowance for deferred tax assets increased by \$74,163.

Deferred tax assets recognized for deductible temporary differences and loss carryforwards total \$1,211,397, net of a valuation allowance of \$543,187.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

The Company has the following carryforwards available at December 31, 2024:

Operating losses		Capital losses		Charitable contributions	
Amount	Expires	Amount	Expires	Amount	Expires
401,145	2035	1,057,336	2025	4,014	2026
764,746	2036			53,800	2027
1,417,632	Indefinite			10,220	2028
				Other tax credits	
				Amount	Expires
				29,637	2029

NOTE 13 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company values its assets and liabilities using the methods of fair value as described in ASC 820, *Fair Value Measurements and Disclosures*. Under the standard, the Company determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 established a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and amounts derived from valuation models where all significant inputs are observable in active markets.

Level 3 – Unobservable inputs reflect management's assumptions. For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivables and accounts payable; the fair values approximate carrying values due to their short-term maturities. The Company maintains policies and procedures to value instruments using the best and most relevant data available. With regard to Level 3 valuations (including instruments valued by third parties), the Company performs a variety of procedures to assess the reasonableness of the valuation.

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

NOTE 14 – BUSINESS SEGMENTS

The Company operates in two primary business segments: service and fee revenue, and products sales. These segments are defined based on the nature of revenue sources. The company primarily operates as a franchisor, while its subsidiaries operate either as full-service or limited-service restaurants. Its product sales for the year ended December 31, 2024, consist of the following:

Franchisor Revenue	\$ 52,901,027
Restaurant Revenue	<u>10,279,421</u>
Total product sales	<u><u>\$ 63,180,448</u></u>

Intercompany transactions were eliminated

The franchisor's revenue includes \$2,453,079 in equipment sales.

The service and fee revenue segment includes income derived from franchising activities, such as royalties and initial franchise fees, along with other service-related income.

Royalty & Initial franchise fees	\$ 11,490,032
Other service income	<u>4,230,270</u>
Total service and fee revenue	<u><u>\$ 15,720,302</u></u>

Intercompany transactions were eliminated

NOTE 15 – EARNINGS PER SHARE

Basic earnings per share are computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect per share amounts that would have resulted if dilutive potential common stock had been converted to common stock. The following reconciles amounts reported in the financial statements:

	Income (Numerator)	Shares (Denominator)	Per-share Amount
Income from continuing operations	\$ 39,172		
Less preferred stock dividends	<u>-</u>		
Income available to common stockholders - Basic earnings per share	39,172	4,250,000	\$ 0.01
Effect of dilutive securities			
no dilutive securities	<u>39,172</u>	<u>4,250,000</u>	
Income available to common stockholders - Diluted earnings per share	<u><u>\$ 39,172</u></u>	<u><u>4,250,000</u></u>	\$ 0.01

BBDOTQ USA, INC. & its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

NOTE 16 – EMPLOYEE BENEFIT PLAN

The Company has a 401(k) Plan to provide retirement benefits to its employees. Under the plan, employees may contribute their compensation to the plan, limited to a maximum annual amount set forth by the Internal Revenue Service. The Company matches employee contributions up to 2% of their annual compensation. The Company matching contribution made to the Plan for the year ended December 31, 2024 amounted to \$33,549 and is recorded as employee benefits in the operating expenses.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring after the balance sheet date through the date of availability of the financial statements to be issued, February 24, 2025. Management has determined that none of the event occurring after the date of the balance sheet substantially affects the amounts, presentation, and disclosure accompanying consolidated financial statements.

BBDOTQ USA, INC. & its Subsidiaries

Consolidated Schedule of Operation

December 31, 2024 and 2023

Consolidated Schedule of Operation

	<u>2024</u>	<u>2023</u>
OPERATING EXPENSES:		
Advertising & marketing	\$ 3,107,950	\$ 1,595,920
Auto & local transportation	101,029	55,921
Bad debt expenses	42,846	9,370
Bank charges & credit card discounts	203,880	196,556
Commission	733,849	424,518
Communications	111,610	73,870
Consulting fees	1,182,440	725,206
Contribution	150,292	150,279
Depreciation & amortization (Note 2)	402,980	368,402
Dues & subscriptions	208,617	261,806
Employee benefits (Note 16)	726,486	488,230
Freight costs	3,003,219	991,969
Insurance	358,872	231,502
Lease expenses	-	19,055
Licenses & permits	16,373	15,239
Management fees	-	16,599
Meals & entertainment	577,609	398,838
Office supplies & expenses	220,261	34,297
Payroll processing fees	30,718	24,683
Payroll taxes	739,436	511,255
Penalty & interest	8,587	4,980
Professional fees	668,935	609,952
Rent	1,614,240	1,436,564
Repairs & maintenance	282,857	284,944
Research & development	20,231	19,460
Royalty expenses (Note 9)	3,029,997	3,351,968
Salaries	8,617,559	5,969,810
Sanitation	139,061	117,259
Security expenses	94,134	38,192
Supplies	62,550	474,655
Travel	1,453,679	940,988
Uniforms & laundry	3,236	4,908
Utilities	348,245	280,487
TOTAL OPERATING EXPENSES	\$ 28,261,777	\$ 20,127,682

See Accompanying Notes to Consolidated Financial Statements

BBDOTQ USA, INC. & its Subsidiaries

Independent Auditor's Report on Consolidating Information
December 31, 2024 and 2023

Independent Auditors' Report on Consolidating Information

To the Board of Director and Stockholders of BBDOTQ USA, Inc.:

We have audited the accompanying consolidated financial statements of BBDOTQ USA, Inc and its subsidiaries for the period ended December 31, 2024 and 2023, and our report thereon dated February 24, 2025, which expresses an unqualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedule I and II is presented for purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operation, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, result of operations, and cash flows of the individual companies.

The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

SCJ CPA GROUP LLC

Ridgefield Park, New Jersey

February 24, 2025

BBDOTQ USA, INC. & its Subsidiaries

Schedule I – Consolidating Balance Sheets

December 31, 2024 and 2023

ASSETS

	<u>Parent</u>	<u>Sub A</u>	<u>Sub B</u>	<u>Sub C</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT ASSETS						
Cash & cash equivalents	\$ 1,964,649	294,463	111,762	19,953		2,390,828
Accounts receivable - net	7,885,224		90,000	78,066	(a) (1,468,548)	6,584,742
Due from parent	2,016,520	429,042			(a) (429,042)	2,016,520
Inventory - net	5,593,843	79,477	23,515	12,110		5,708,945
Prepaid expenses	231,405	7,704	6,842	3,725		249,676
Interest receivable	30,919					30,919
Other receivables	523,601					523,601
Contract assets	140,000					140,000
Right of assets - short-term	256,704	525,899	243,289	38,473		1,064,365
Total Current Assets	18,642,865	1,336,586	475,408	152,328		18,709,597
PROPERTY AND EQUIPMENT						
Machinery & equipment	419,365	602,261	152,366	75,681		1,249,674
Furniture & fixtures	205,806	130,877	35,758	13,522		385,963
Vehicles	453,707					453,707
Leasehold improvements	180,061	1,417,284	601,528	264,952		2,463,826
	1,258,939	2,150,423	789,652	354,155		4,553,169
Less: Accumulated depreciation	(493,544)	(752,209)	(190,372)	(49,074)		(1,485,199)
Total Property and Equipment	765,395	1,398,214	599,280	305,081		3,067,970
OTHER ASSETS						
Loans to others	887,629					887,629
Intangible - net	185,580	1,067	1,613			188,261
Investment	2,995,000				(b) (2,995,000)	
Loan to subsidiaries	1,263,025				(c) (1,263,025)	
Right of assets - long-term	340,469	4,956,146	1,594,896	266,750		7,158,261
Deferred tax assets	1,211,397					1,211,397
Security deposits	96,618	465,698	113,540	7,800		683,657
Total Other Assets	6,979,719	5,422,911	1,710,049	274,550		10,129,204
TOTAL ASSETS	\$ 26,387,979	8,157,711	2,784,738	731,959		31,906,771

BBDOTQ USA, INC. & its Subsidiaries

Schedule I – Consolidating Balance Sheets

December 31, 2024 and 2023

LIABILITIES & STOCKHOLDER'S EQUITY

	<u>Parent</u>	<u>Sub A</u>	<u>Sub B</u>	<u>Sub C</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT LIABILITIES						
Accounts payable	\$ 1,744,066	17,509	2,457		(a) (168,071)	1,595,961
Accrued expenses	583,196	34,839	8,164	1,115		627,313
Taxes payable	1,613	23,986	13,839	(2,425)		37,013
Due to parent			1,464,772	264,747	(a) (1,729,519)	
Royalty payable	3,567,619					3,567,619
Interest payable	282,500					282,500
Bank loan -short-term	70,337					70,337
Lease liabilities - short-term	254,194	430,381	236,749	40,429		961,753
Other current liabilities	79,717	2,729	129	1,727		84,302
Total Current Liabilities	6,583,242	509,444	1,726,109	305,593		7,226,798
OTHER LIABILITIES						
Bank loan	287,994	144,454				432,448
Lease liabilities - long-term	368,799	4,946,805	1,740,893	307,727		7,364,224
Loan payable to parent	2,026,160	46,418	405,447	785,000	(c) (1,263,025)	2,000,000
Total Liabilities	9,266,195	5,647,122	3,872,449	1,398,320		17,023,470
STOCKHOLDER'S EQUITY						
Common stock	18,576,561	2,000,000	700,000	200,000	(b) (2,995,000)	18,481,561
APIC	7,454					7,454
Deficits	(1,462,230)	510,589	(1,787,712)	(866,361)		(3,605,714)
AOI	-		-			
	17,121,785	2,510,589	(1,087,712)	(666,361)		14,883,300
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	\$ 26,387,979	8,157,711	2,784,738	731,959		31,906,771

BBDOTQ USA, INC. & its Subsidiaries

Schedule II – Consolidating Statement of Income & Deficit

December 31, 2024 and 2023

	<u>Parent</u>	<u>Sub A</u>	<u>Sub B</u>	<u>Sub C</u>	<u>Eliminations</u>	<u>Consolidated</u>
REVENUE						
Service and fee revenues	\$ 16,322,994		90,000	78,071 (d)	(770,763)	15,720,302
Product sales	57,049,209	8,664,733	1,459,646	155,042 (d)	(4,148,182)	63,180,448
Total Revenue	73,372,204	8,664,733	1,549,646	233,113		78,900,750
COST OF SALES						
Inventories - beginning	6,714,428	43,129	17,852	11,070		6,786,479
Purchases	45,768,503	3,666,949	562,424	103,714 (d)	(4,051,883)	46,049,707
Duties & freight-in	3,320,658					3,320,658
	55,803,589	3,710,078	580,276	114,784		56,156,844
Inventories - ending	(5,593,843)	(79,477)	(23,515)	(12,110)		(5,708,945)
Total Cost of Sales	50,209,746	3,630,602	556,761	102,674		50,447,899
GROSS PROFIT FROM SALES	23,162,457	5,034,131	992,885	130,439		28,452,851
OPERATING EXPENSES	(22,076,126)	(5,042,456)	(1,439,667)	(570,590) (d)	867,062	(28,261,777)
INCOME FROM OPERATION	1,086,331	(8,325)	(446,781)	(440,150)		191,074
OTHER INCOME & EXPENSES						
Interest income (interest expenses)	(96,449)	(5,484)		(3)		(101,937)
Miscellaneous	(59,755)	1,557	1,613	6,619		(49,966)
T. Other Income & Expenses	(156,204)	(3,928)	1,613	6,616		(151,902)
Income before provision for income tax	930,127	(12,253)	(445,168)	(433,534)		39,172
Provision for income taxes	(90,301)					(90,301)
Net income	839,826	(12,253)	(445,168)	(433,534)		(51,129)
RETAINED DEFICIT - beginning	(2,302,055)	522,841	(1,342,543)	(432,827)		(3,554,585)
RETAINED DEFICIT - ending	\$ (1,462,229)	510,589	(1,787,712)	(866,361)		(3,605,714)

**Exhibit B to the
BBDOTQ USA, Inc. Franchise Disclosure Document**

AREA REPRESENTATIVE AGREEMENT

BBDOTQ USA, INC.

AREA REPRESENTATIVE AGREEMENT

AREA REPRESENTATIVE

DATE OF AGREEMENT

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ATTACHMENT

- 1 Development Area
- 2 Development Schedule
- 3 Spouse Guaranty
- 4 Confidentiality and Non-Competition Agreement
- 5 Internet Advertising, Social Media, Software, and Telephone Account Agreement
- 6 Statement of Ownership Interests in Area Representative/Entity

AREA REPRESENTATIVE AGREEMENT

THIS AREA REPRESENTATIVE AGREEMENT (this “Agreement”) is being entered into this day of _____, by and between BBDOTQ USA, Inc., a New Jersey corporation, with its principal place of business located at 2134 North Central Road, Fort Lee, New Jersey, 07024 (herein, “Franchisor”, “we”, “us” or “our”); and _____, a(n) _____, with its principal place of business located at _____, and _____’s principal(s), _____, an individual, residing at _____, and _____, an individual, residing at _____ (“Principal(s)”). _____ and _____ Principal(s) shall be individually and collectively referred to as, and each is, the who shall be collectively referred to in this Agreement as the “Area Representative”, “you”, or “your”.

WITNESSETH:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter “System”) relating to the establishment and operation of quick-service restaurants offering a menu specializing in fresh salads, premium sandwiches, chicken wings, grilled chicken, fried chicken proprietary sauces and spice mixes and sides such as calamari, waffle fries, and coleslaw;

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark “bb.q Chicken” and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as “Marks”);

WHEREAS, we continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance and service;

WHEREAS, we grant to qualified persons the right to become a “bb.q Chicken” Area Representative who will be advertising for new franchisees and developing and assisting franchisees of ours who are operating within the Area Representative’s assigned area and utilizing our business systems, formats, methods, specifications, standards, operating procedures, operating assistance, and Marks;

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

WHEREAS, you desire to serve as our Area Representative in the territory designated herein, wish to be licensed to use the Marks and wish to receive the training and other assistance provided by us in connection with the operation of the Area Representative franchise (hereinafter the “Franchised Business” or “Area Representative Franchised Business”);

WHEREAS, you understand and acknowledge the importance of our high uniform standards of quality, service, and appearance and the importance of ensuring the maintenance of those high standards by all franchisees of ours in the territory described herein; and

WHEREAS, you understand and acknowledge the importance of assisting franchisees serviced by you to provide quality services, achieve maximum sales levels, make maximum efforts to control costs, and fully conform to our policies and procedures as stated in our Manuals.

NOW, THEREFORE, the parties in consideration of the undertakings and commitments of each party to the other party stated herein, hereby mutually agree as follows:

ARTICLE 1

APPOINTMENT AND INITIAL FEE

1.1 We hereby grant to you, upon the terms and conditions herein contained, the right to serve as our Area Representative within the territory described in Attachment 1 annexed hereto (hereinafter referred to as “Development Area”), and a non-exclusive license to use in connection therewith the Marks and System, as they may be changed, improved, and further developed from time to time.

1.1.1 Non-Traditional Sites. You hereby acknowledge that if any Non-Traditional Site (defined as mall food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events) is located within the physical boundaries of your Development Area, then the premises of such Non-Traditional Site is not included in your Development Area and you shall have no rights to this Non-Traditional Site.

1.2 You hereby undertake the obligation to diligently screen and evaluate individuals to become franchisees of ours at locations within the Development Area, and to undertake our field responsibilities for development and service prescribed herein to franchisees which operate “bb.q Chicken” Restaurants, as defined in Section 1.8 hereof, franchised by us in the Development Area and you shall not be permitted to solicit or screen individuals outside of the Development Area. You may only undertake our field responsibilities for solicitation of franchisee prospects, training, and service. You understand and acknowledge that you do not have any authority to negotiate terms with any prospective franchisee or to execute any agreements, including Franchise Agreements, on our behalf or in our name.

1.3 During the term of this Agreement, and provided there is no uncured default hereunder, we agree that we will not license any other area representative to operate in the Development Area. However, we reserve the right to recruit prospective franchisees and sell franchises for locations in your Development Area, and to open our own locations in your Development Area, provided they do not infringe upon the territories of any of the franchised Restaurants in your Development Area.

1.4 You shall be entitled, as provided under Section 4.1 hereof, to receive compensation from us for each “bb.q Chicken” Restaurant sold by us and operating under the System in the Development Area during the term of this Agreement.

1.5 You shall be obligated to present us with potential franchisees and multi-unit operators in the time and manner described in Section 5.5 below. Unless otherwise required in this Agreement, the term franchisee as used herein shall be deemed to include multi-unit operators. You shall screen and propose franchisees to open “bb.q Chicken” Restaurants in the Development Area only. You and we understand and acknowledge, however, that you may present to us, and we may approve, a franchisee who eventually

opens a Restaurant in another area representative's development area and, in such event, you shall be entitled to a portion of the initial franchise fee, in the amount of Five Thousand Dollars (\$5,000), for soliciting the franchisee, but the area representative who provides continuing services to such franchisee shall be entitled to a portion of the royalty fees and transfer fees paid by those Restaurants in their development area.

1.6 For so long as you shall not have lost your rights pursuant to the provisions of Article 5 hereof, and provided you are not in default of any of your obligations hereunder, we shall not, during the term of this Agreement, own or operate or license others to own or operate as an area representative in the Development Area; however, we shall retain the right to use the Marks in any advertising or promotion pursuant to the provisions of Section 6.1 hereof.

1.7 You shall pay an Area Representative Rights Fee of Three Hundred Thousand Dollars (\$300,000), which fee shall be deemed fully earned upon receipt and shall be due and payable to us in upon execution of this Agreement.

1.8 For purposes of this Agreement, the terms listed below have the meanings that follow them. Other terms used in this Agreement are defined and construed in the context in which they occur.

(a) **"bb.q Chicken Restaurant"** or **"Restaurant"** – A food service business that: (a) offers the products authorized for sale by us as well as certain complementary products and services; (b) meets our standards and specifications; (c) operates using the Marks and the System; and (d) is either operated by us or our affiliates or pursuant to a valid license from us.

(b) **"Competitive Business"** – A Restaurant or other similar service business other than a bb.q Chicken Restaurant which business (a) is of a character and concept similar to the Restaurant, including, but not limited to a food service business that offers and sells the same or substantially similar food products, or (b) grants or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of a business described in the foregoing clause (a).

ARTICLE 2

TERM AND RENEWAL

2.1 Except as otherwise provided, the term of this Agreement shall be for ten (10) years from the date of its execution.

2.2 You may, at your option, renew this Agreement for one (1) additional, consecutive ten (10) year term, provided that prior to the end of the initial term the following conditions are met:

(a) You have given us written notice of your election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the initial term.

(b) You are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you and us or our subsidiaries or affiliates, and have complied with all of the terms and conditions of such agreements during the terms thereof.

(c) You shall execute upon renewal our then-current form of Area Representative Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which will not differ from the terms of this Agreement, including a compensation rate and method of computing same; it will not have a different minimum performance standard, if any, for proposing qualified prospective franchisees to us.

(d) You shall execute a general release, in a form prescribed by us, of any and all claims against us, our subsidiaries or affiliates, and our respective officers, shareholders, directors, agents, and employees.

(e) You shall comply with our then-current qualification and training requirements, including, without limitation, any training requirements specifically designed for renewing area representatives. For any training required by this Section, we shall provide and pay for the instructors, training facilities, and training materials; you must pay for all other expenses incurred in training including, without limitation, the costs of travel, room, board, and wages (for employees required to attend).

(f) You shall pay to us a non-refundable renewal fee of Three Hundred Thousand Dollars (\$300,000), which fee shall be due and payable to us upon execution of the renewal Area Representative Agreement.

ARTICLE 3 **OUR DUTIES**

In addition to the other obligations and duties stated in this Agreement, we agree as follows:

3.1 We shall provide an initial training program to be conducted at our headquarters or at a location designated by us for you and up to two (2) additional people. Such training shall be related to your responsibilities as an area representative and shall be separate from the training you must complete as a franchisee. All training provided by us shall be subject to the terms stated in Article 5 of this Agreement, and shall be at such times and places as may be designated by us. In addition, we shall provide one (1) of our representatives for a period of up to four (4) days around the opening of the Restaurant for your first Restaurant in the Development Area.

3.2 We shall provide you, at no cost, with one (1) copy of our standard form of franchise agreement and multi-unit operator agreement that we are using at the time and the Disclosure Document required by the Federal Trade Commission and, if applicable, the laws of the state(s) within the Development Area. We may provide these agreements and the Disclosure Document, and any updates thereto, in electronic format. If requested by us, you shall at your expense provide such assistance as we deem necessary in order to develop or adapt the Disclosure Document for use in the state(s) in which the Development Area is located. We shall also make available to you certain materials for promoting the sale of franchises to prospective franchisees. These materials may include advertising layouts, brochures, and other materials. We reserve the right to charge, and you agree that you shall pay us, an amount sufficient to compensate us for the actual cost of creating, producing, and distributing these materials to you. You may, at your own expense, use your own sales materials if you have obtained our prior written approval for such materials, as provided in Article 7 below.

3.3 We shall use our best efforts to promptly process all applications made by prospective franchisees and forwarded to us by you and shall not unreasonably withhold our approval of any prospective franchisee, provided such prospect meets the educational, professional, managerial, business, financial, and other qualifications as we may from time to time prescribe for new franchisees.

NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROVIDE YOU WITH THE POWER OR AUTHORITY TO NEGOTIATE CONTRACT TERMS WITH ANY PROSPECTIVE FRANCHISEE, OR TO GRANT FRANCHISES OR TO EXECUTE ANY FRANCHISE AGREEMENTS WITH FRANCHISEES ON OUR BEHALF. WE SHALL HAVE THE OPTION, IN OUR SOLE DISCRETION, TO APPROVE OR DENY A FRANCHISE TO ANY

PROSPECTS PROPOSED TO US BY YOU, SUCH APPROVAL WILL NOT BE UNREASONABLY WITHHELD AND WE WILL HAVE THE SOLE AUTHORITY TO EXECUTE FRANCHISE AGREEMENTS WITH FRANCHISEES IN THE CURRENT FORM OF FRANCHISE AGREEMENT THAT WE OFFER AT THE TIME OF SIGNING.

We shall have the right to conduct our relationship with prospective franchisees and franchisees, and to operate our business, as we deem appropriate, and whether or not you agree with our decisions (including but not limited to the right to decide whether or not to approve a party to become a franchisee, accept a proposed site, accept a proposed lease for approved premises, amend or revise the terms of a franchise agreement, increase or decrease the obligations of us or a franchisee under a franchise agreement, require a franchisee to meet all of the provisions of a franchise agreement, terminate a franchise agreement, permit a franchisee to transfer its rights to a buyer, and/or permit a franchisee to renew).

3.4 We shall provide the entire initial training program to each new System franchisee. The entire training program shall be held at our headquarters or at such other place as may be designated by us in writing; and we shall pay only for the instructors, training facilities, and training materials. Once you have a Restaurant open in the Development Area, we reserve the right, in our sole discretion, to relinquish this training responsibility to you and your staff at that time.

3.5 We shall provide for the collection of and distribution to you of your share of initial franchise fees, and we shall be responsible for distributing to you your share of the royalty fees and transfer fees received from each franchisee operating in the Development Area.

3.6 We shall continue our efforts to maintain high standards of quality professionalism and service of the Area Representative Franchised Business, and to that end may conduct inspections of any business premises operated hereunder by you and closely monitor your promotional efforts and service efforts, which may include, without limitation, contacting prospective and existing franchisees and monitoring presentations by you and your personnel.

3.7 We shall not, by virtue of any approvals, advice, or services provided to any System franchisee, assume responsibility for or liability to you, System franchisee, or any third parties to which we would not otherwise be subject. However, we will not be excused for our breaches or civil wrongs.

3.8 We shall provide you with a detailed Operations Manual, which will include food preparation manuals and other items that will form the foundation for the establishment of each bb.q Chicken Restaurant to be located within the Development Area. In addition, we shall provide consulting services, at no additional cost, to support you in formulating preliminary plans for the construction of each Restaurant, its layout, drawings, furnishing details and designs for the interior of each Restaurant. We may also assist you in sourcing equipment and operating supplies for the Restaurants.

3.9 We shall provide to you at least one (1) operations manager to train and assist you in the Development Area for a period of time reasonably determined by us in the beginning stages of your operations. You agree to pay half of such operations manager's salary and health insurance premiums during the period of time the operations manager spends with you. At your expense, you shall also provide the operations manager with a car (Honda Accord quality or better) and accommodations (furnished studio apartment or better) for his/her use during the period of time he/she spends with you.

ARTICLE 4

COMPENSATION PAYABLE TO YOU

4.1 In consideration of soliciting, screening and submitting to us during the term of this Agreement applications for prospective franchisees in connection with the grant of a franchise to be located in the Development Area, you shall be entitled, for as long as, but only as long as, this Agreement remains in effect and you are not in default hereunder, to a sum equal to forty percent (40%) of the income from initial franchise fees paid by each System franchisee who purchases a franchise from us in the Development Area, irrespective of where the lead originates, or if you are not involved in the sale but the franchisee is located in your Development Area, subject to the following conditions: (i) you collect preliminary financial and background information, pre-qualify the franchisee using our criteria, and present us with the applicant; (ii) both we and the franchisee sign the Franchise Agreement and the franchisee pays the entire initial franchise fee to us; (iii) the sale is for a new bb.q Chicken Restaurant and is not a resale of an existing Restaurant by another franchisee; and (iv) there are no outstanding sale contingencies, such as the initial franchise fee being paid into an escrow account. If and when the outstanding sale contingencies are revoked, such as the initial franchise fee being released from an escrow account, you shall then receive your portion of the initial franchise fee. You and we understand and acknowledge that any commission to third-party sales personnel or brokers not affiliated with you or us shall be the sole responsibility of the party retaining the services of such third-party sales personnel or broker.

4.2 In consideration for undertaking our field responsibilities for developing and servicing all franchisees who operate “bb.q Chicken” Restaurants in the Development Area during the term of this Agreement, you shall be entitled to a sum equal to forty percent (40%) of the aggregate of all royalties and transfer fees received from franchised Restaurants located in the Development Area for services rendered by you to such Restaurants. Payment of your portion of any transfer fees paid are subject to the following: (i) you collect preliminary financial and background information, pre-qualify the transferee using our criteria, and present us with the applicant; (ii) both we and the transferee sign the Franchise Agreement and the franchisee pays the entire transfer fee to us; and (iii) there are no outstanding sale contingencies, such as the transfer fee being paid into an escrow account. If and when the outstanding sale contingencies are lifted, such as the transfer fee being released from an escrow account, you shall then receive your portion of the transfer fee. You understand and acknowledge that if you fail to provide support services to each franchised unit in the Development Area according to the standards that are used for all corporate and franchised locations, we have the right to terminate this Agreement or we may reduce your portion of the royalty fees paid to us by franchisees in the Development Area.

4.3 We shall collect all fees owed pursuant to the franchise agreements between us and System franchisees located within the Development Area and provide you with a monthly report by the twentieth (20th) day of each month on the amounts collected during the preceding month, along with the payments due to you from such amounts. We shall have sole discretion as to the terms and conditions of collections from System franchisees, including the right to defer or refund initial franchise fees. In no event shall any such deferred payments become payable to you by us until and unless such fees are paid to us by System franchisees. In the event we refund amounts collected or if a franchisee for any reason owes amounts to us, we shall have the right, as we deem appropriate, to either deduct from any payments due to you your portion of any amount so refunded or any amount owed to us, or to require you to remit any such portion of the refunded amount or other amounts to us immediately upon request. We shall have no liability to you for payments under this Section 4.3 in the event that any System franchisee, for any reason, fails to pay any fee owed to us.

4.4 All amounts payable pursuant to Article 4 shall be made in U.S. dollars and payment shall be made by way of electronic funds transfer to you at the address stated herein or by such other means and at such other place as may be designated in writing.

4.5 It is understood and agreed that you shall not be entitled to receive any compensation unless and until we are paid by the franchisees located in your Development Area. If we choose to grant any royalty or initial franchise fee abatement, for any reason, you shall not be entitled to receive your share of such fees until such time as we collect the funds.

ARTICLE 5

YOUR DUTIES

5.1 You understand and acknowledge that every detail of the Franchised Business is important to you, us, other area representatives and System franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for System franchisees and the demand for services and products sold by System franchisees, and to protect our reputation and goodwill. In dealing with prospective franchisees, you shall:

(a) Comply with all applicable federal, state, and local laws, rules, and regulations governing the advertising, promotion, and sale of franchises, including, without limitation, those relating to franchise registration, disclosure, and unfair or deceptive practices. In particular and without limiting the foregoing, you shall strictly adhere to our instructions and neither you nor your employees shall make any statement, projection, or other description of potential earnings, costs, or profits to any third party unless it is disclosed in Item 19 in the Disclosure Document, otherwise you assume full responsibility for such unauthorized statement;

(b) Deliver to each prospective franchisee, at or before the time required by law, a copy of our then-current Disclosure Document, and obtain from each prospective franchisee and promptly furnish to us the original, signed acknowledgment of receipt therefor;

(c) Not permit any employee to engage in the promotion of bb.q Chicken franchises unless we have given our prior written consent to such person's involvement, and, upon our request, you shall immediately discontinue the involvement of any person in the solicitation of prospective franchisees;

(d) Promptly provide us (or our counsel) with such information and materials as we may reasonably request in order to enable us to comply with laws regulating the offer and sale of franchises and/or the franchise relationship;

(e) Unless so directed in writing by us, you shall not prepare, modify, or register with any government or quasi-government authority any document in connection with the offer and sale of bb.q Chicken franchises.

5.2 You and your initial trainees shall attend and complete, to our satisfaction, our initial training session relating to the operation of an Area Representative Franchised Business. For such training session we shall only pay for the instructors, training facilities, and training materials, and you shall pay for all other expenses incurred by you, your manager or other employees, including, without limitation, the costs of travel, room, board, and wages.

During the term of this Agreement in the event we provide one (1) or more of our representatives to assist you, whether with respect to training, development of a franchise or any other matter, you agree to reimburse the expenses of our representatives, including, but not limited to, travel, lodging, and meals.

5.3 If you are a corporation or limited liability company, you shall comply with the following requirements throughout the term of this Agreement:

(a) You shall furnish us with your Articles of Incorporation, Bylaws, Articles of Formation, Operating Agreement, other governing documents, and any other documents we may reasonably request, and any amendments thereto.

(b) You shall confine your activities, and shall at all times provide proof that your activities are confined, exclusively to operating the business franchised herein.

(c) You shall maintain stop transfer instructions against the transfer on your records of any equity securities, and each certificate shall at all times have conspicuously endorsed upon its face a statement in a form satisfactory to us that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments or transfers by this Agreement.

(d) You shall maintain a current list of all owners of record and all beneficial owners of any class of voting interests of you and shall furnish the list to us upon request.

5.4 If you are a partnership, you shall comply with the following requirements throughout the term of this Agreement:

(a) You shall furnish us with your partnership agreement, as well as such other documents as we may reasonably request, and any amendments thereto.

(b) You shall prepare and furnish to us, upon request, a list of all general and limited partners in the partnership.

5.5 You shall do the following:

(a) Be responsible for all activities involved in the development and servicing of “bb.q Chicken” Restaurants including, but not limited to: (i) advertising for prospects for “bb.q Chicken” franchises; (ii) providing all prospects with information about us on a timely basis in conformity with our policies as established and modified from time to time in accordance with Federal, State and Local laws and regulations, including applicable franchise laws and regulations; (iii) selecting sites; (iv) negotiating leases; (v) providing construction advice; (vi) assisting with Restaurant openings; (vii) inspecting Restaurants; and (viii) providing business advice to franchisees. At no time will you have any input with respect to menu items, menu specials or any other input with respect to the menu items served at any Restaurant. All menu items and choices shall be in our sole and absolute discretion.

(b) Assist us in the enforcement of all provisions of any Franchise Agreement for any unit established in the Development Area. If we incur expenses to enforce or defend the Agreements or to commence eviction of franchisees within the Development Area, you shall upon demand reimburse us for our expenditures.

(c) Develop and open the number of Restaurants stated in the Development Schedule, which is annexed hereto as Attachment 2. You shall be required to own and operate a minimum of one (1) Restaurant in the Development Area. For the purpose of this Agreement, a unit shall be considered an Operating Restaurant only if it is a franchised “bb.q Chicken” Restaurant unit within the Development Area that is in compliance with the terms of its Franchise Agreement.

(d) Conduct your Franchised Business in strict compliance with all applicable Federal, State and Local laws, ordinances and regulations, including, but not limited to, applicable franchise and business opportunity laws, and obtain, at your own expense, all necessary permits and licenses for the

operation of your Franchised Business and maintain same in good standing. If the state in which your Development Area is located requires that you must separately register as a broker or seller of franchises, we will assist you in preparing your broker application or Disclosure Document, but you must pay the entire cost of preparing your broker application or Disclosure Document and registering as a broker or a subfranchisor.

(e) At our request, you shall provide us with reasonable assistance in the collection of delinquent accounts from franchisees.

(f) Monitor the installation of equipment into Restaurants established in the Development Area which meets our standards for design, construction, appearance and function as specified in our Manual.

(g) Bear all costs of developing prospective franchisees into “bb.q Chicken” operations except training expenses at our home office (unless and until such training responsibilities have been transferred to you), such as by providing additional training to the franchisee subsequent to the completion by the franchisee of our training course.

(h) Assist franchisees in the selection of approved locations for “bb.q Chicken” units in accordance with the guidelines established by us, including negotiation of leases for said locations in accordance with our standards.

(i) Advise franchisees in the proper construction of their Restaurants, including, but not limited to, color schemes, design of the interior, hiring of contractors, and purchase of equipment and signs. Said advice shall be in accordance with the guidelines established by us.

(j) Provide advertising advice to franchisees in accordance with the guidelines established by us.

(k) Provide, at your expense a qualified and trained field representatives to provide up to four (4) days of pre-opening and opening assistance and training at each new franchisee’s Restaurant, and thereafter give additional advice and training to franchisees and their employees in accordance with the standards established by us. You must be a “graduate” of our area representative training program in addition to passing typical franchise training.

(l) Inspect all bb.q Chicken Restaurants in the Development Area at least once per month, or as otherwise deemed necessary with written approval from us, and report to us on evaluation forms supplied by us regarding products sold, equipment utilized and/or appearance of the unit.

(m) Assist us, in accordance with our directions, to reopen or permanently close Restaurants that close within the Development Area. You will have the option, but not the obligation, to take over and reopen closed Restaurants in your Development Area, in which case you can choose to keep or resell the Restaurant. If you don’t choose to reopen the Restaurant, but we do decide to reopen the closed Restaurant, we will pay all necessary out-of-pocket costs required to reopen closed Restaurants. You will provide your efforts, without charge, to oversee the reopening of the Restaurant and its continued operation as a Franchisor-owned Restaurant until the Restaurant is sold to a franchisee. If the Restaurant is to be abandoned, you shall secure all equipment in the Restaurant that is owned by us and de-identify the Restaurant.

(n) Assure that each Restaurant operating within the Development Area purchases directly from us or our designated supplier all proprietary products.

(o) Have a mobile telephone, a business telephone, an operating fax machine, email address and a laptop computer with current versions of Windows, Microsoft Office and other software required by us. The mobile phone number, the business phone number, the fax number and email address must be given to each franchisee in the Development Area and to us.

(p) Refrain from making misrepresentations to us and our franchisees and from conducting yourself or your business in a manner likely to impair the reputation, business or profitability of us, our employees or officers, or any “bb.q Chicken” franchisee.

(q) Conduct your Franchised Business in such a way as to maintain a high degree of satisfaction by the franchisees with your work. You must make your best effort to return all franchisee phone calls within twenty-four (24) hours and you must personally meet with each franchisee at the franchisee’s Restaurants every three (3) months to discuss the franchisee’s business. This meeting is in addition to the monthly inspections, but may take place directly before or after a Restaurant inspection.

(r) Maintain the accounts of all “bb.q Chicken” Restaurants fully or partially owned by you in perfect status (no unpaid balances) with us and all of our affiliates, and further agree that the Restaurants will participate in our electronic funds transfer program. We shall have the right to offset any monies owed to you against any obligation of yours to us or our affiliates, including monies due to us based upon the operations of “bb.q Chicken” Restaurants only partially owned by you.

(s) Submit to us, after each visit to each Restaurant, a written report on such form as we may prescribe, which describes, without limitation, the following information: (i) any apparent deficiencies and problems concerning the uniformity and quality of products and services provided at the Restaurant, (ii) any apparent opportunities for the Restaurant to improve its performance; (iii) any apparent deviations from our operating procedures, standards, and specifications; and (iv) any apparent violations of applicable laws, rules, or regulations.

5.6 You may, if you choose, maintain an office within the Development Area for the conduct of the Franchised Business. Such office may be operated from your home, if permitted by applicable law, from your Restaurant, or from leased office space. In addition, you shall own, operate and maintain at least one (1) Restaurant which must be located within the Development Area and remit the appropriate initial franchise fee upon the execution of a standard Franchise Agreement as well as any continuing fees pursuant to such Franchise Agreement. Such Restaurant shall be opened within the timeframe required pursuant to such Franchise Agreement, but in any event such Restaurant shall not be opened for business later than twelve (12) months after the execution of this Agreement.

5.7 You shall grant us and our agents the right to enter any Restaurant or office operated by you for the purposes of conducting inspections and monitoring your operations, including your franchise sales techniques and training of new franchisees, and shall cooperate fully with our representatives in such steps as may be necessary to immediately correct any deficiencies detected during such inspections or monitoring.

5.8 During the term of this Agreement, you shall maintain in force under policies of insurance issued by licensed insurers approved by us insurance coverage as we from time to time require. This insurance coverage is in addition to the insurance you are required to maintain as a franchisee under your Franchise Agreement. Such insurance coverage will include:

(a) broad form comprehensive general liability coverage against claims for employment practices coverage, bodily and personal injury, death and property damage caused by or

occurring in conjunction with the conduct of business by you pursuant to this Agreement and broad form contractual liability coverage, including errors and omissions coverage, under one or more policies of insurance containing minimum liability coverage prescribed by us from time to time, but in no event in an amount less than Two Million Dollars (\$2,000,000) aggregate. Such insurance shall not have a deductible or self-insured retention in excess of Five Thousand Dollars (\$5,000); and

(b) worker's compensation and employer's liability insurance in statutory amounts, unemployment insurance and state disability insurance as required by governing law for your employees.

5.9 Within six (6) months of the date of this Agreement, you shall also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance. We may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time including excess liability insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

5.10 The insurance policies required herein shall:

(a) name us as an additional named insured and contain a waiver of all subrogation rights against us, our affiliates, and our and their successors and assigns;

(b) provide for thirty (30) days' prior written notice to us of any material modification, cancellation, or expiration of such policy;

(c) provide that the coverage applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;

(d) contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the parties indemnified under this Agreement;

(e) be primary to and without right of contribution from any other insurance purchased by the parties indemnified under this Agreement; and

(f) extend to and provide indemnity for all obligations assumed by you hereunder and all other items for which you are required to indemnify us under this Agreement.

5.11 You shall provide us with evidence of the insurance required hereunder and with a complete copy of each insurance policy no more than thirty (30) days after delivery of the original proof of insurance. Thereafter, prior to the expiration of the term of each insurance policy, you shall furnish us with a copy of each renewal or replacement insurance policy to be maintained by you for the immediately following term and evidence of the payment of the premium therefor. Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance on your behalf and you shall fully cooperate with us in our effort to obtain such insurance policies, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of the Franchised Business which are required to obtain or maintain such insurance and pay to us on demand any costs and premiums incurred by us, together with a ten percent (10%) administrative fee. If you fail to purchase or maintain any insurance required by this Agreement or fail to reimburse us for our purchase of insurance on your behalf within fifteen (15) days of delivery to you of our written demand for reimbursement, then we may terminate this Agreement. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

5.12 The maintenance of sufficient insurance coverage shall be your responsibility. Your obligations to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by us nor shall the maintenance of such insurance relieve you of any indemnification obligations under this Agreement.

5.13 You shall comply with all other requirements stated in this Agreement.

ARTICLE 6

PROPRIETARY MARKS

6.1 We represent with respect to the Marks that:

(a) We are the owner or the licensee of the owner of the Marks and we have the right to use and to license others to use the Marks. All references herein to our rights and interest in and to the Marks shall be deemed to include the owner's rights and interest in the Marks.

(b) We have taken and will take all steps reasonably necessary to preserve and protect our right to and interest in the Marks.

(c) We will permit you and other area representatives to use the Marks only in accordance with the System and their Area Representative Franchised Business, and the standards and specifications thereto, which underlie the goodwill associated with any products or services symbolized by the Marks.

6.2 With respect to your licensed use of the Marks pursuant to this Agreement, you agree that:

(a) You shall use only the Marks designated by us, and shall use them only in the manner authorized and permitted by us.

(b) You shall use the Marks only for the operation of the business franchised hereunder or in advertising for the business conducted at or from such business.

(c) Unless otherwise authorized or required by us, you shall operate and advertise the business franchised hereafter only under the name "bb.q Chicken" with such trademark registration symbol as is designated by us, and without prefix or suffix.

(d) During the term of this Agreement, you shall identify yourself as the independent owner of the Area Representative Franchised Business in conjunction with any use of the Marks, including, but not limited to, advertisements and promotional pieces, as well as at such conspicuous locations at the offices used for the operation of the Franchised Business as we shall designate in writing. The identification shall be in the form which states your name, followed by the words 'Area Representative of "bb.q Chicken"', or such other identification as shall be approved by us.

(e) Your rights to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights.

(f) You shall not use the Marks to incur any obligation or indebtedness on our behalf.

(g) You shall not use the Marks as part of your corporate or other legal name or identification.

(h) You shall comply with our instructions in filing and maintaining requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by us or our counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

(i) In the event that you learn of any infringement or threatened infringement or piracy of any of the Marks, or any actual or intended common law passing-off by reason of imitation of, get-up or otherwise, or that any third party alleges or claims or intends to allege or claim that any of the Marks are liable to cause deception or confusion to the public, or that any third party alleges or claims or intends to allege or claim that any of the Marks infringe on its trade marks in any manner, you shall forthwith give notice thereof to us together with all such information with respect thereof as you may from time to time obtain. The parties undertake and agree to consult with each other with respect to how to respond to each infringement or violation. However, only we shall, in our absolute discretion, institute proceedings or defend proceedings as we shall deem advisable and you shall not, under any circumstances whatsoever, institute any legal proceedings relating to the Marks without first obtaining our prior written consent. In the event we undertake the defense or prosecution of any such legal proceedings, you agree to execute any and all documents and do such acts and things as may, in the opinion of our counsel, be necessary to carry out such defense or prosecution.

6.3 You expressly understand and acknowledge that:

(a) As between the parties hereto, we have the exclusive right and interest in and to the Marks and the goodwill associated with and symbolized by them.

(b) The Marks are valid and serve to identify the System and those who are franchised under the System.

(c) You shall not directly or indirectly contest the validity of, or our right to use or to license others to use, the Marks.

(d) Your use of the Marks pursuant to this Agreement does not give you any ownership interest or other interest in or to the Marks, except the nonexclusive license granted herein.

(e) Any and all goodwill arising from your use of the Marks in your operation of the Area Representative Franchised Business shall inure solely and exclusively to us. No monetary amount shall be assigned as attributable to any goodwill associated with your operation of the Area Representative Franchised Business or your use of the Marks.

(f) The rights and license of the Marks granted hereunder to you are nonexclusive and we thus have and retain the right among others:

(i) To grant other licenses for the Marks, in addition to those licenses already granted to existing area representatives and franchisees;

(ii) To use the Marks in connection with selling products and services;

(iii) To develop and establish other Systems and franchised businesses for the same or similar Marks or any other proprietary marks, and to grant licenses or franchises thereto outside the Development Area without providing any rights therein to you.

(g) We reserve the right to substitute different Marks for use in identifying the Area Representative Franchised Business and System and the businesses operating thereunder if we can no longer use or license the use of the Marks or if we believe that such a substitution is in the best interests of the System. In such event, you shall be required to conform your use of the Marks to the use of same by us. We shall have no obligation to you for your compliance with any such change or substitution.

6.4 As used in this Agreement, the term “Website” means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, you agree to the following:

(a) We shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, bb.q Chicken Restaurants and any or all of the products offered at Restaurants, your Area Representative Franchised Business, the franchising of bb.q Chicken Restaurants generally, and/or the System. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; we shall also have the right to discontinue operation of the Website.

(b) We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your Franchised Business, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

(c) You shall not establish a separate Website related to the Marks or the System without our prior written approval (which we shall not be obligated to provide). If approved to establish such a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any such Website owned or maintained by you or for your benefit shall be deemed “advertising” under this Agreement, and will be subject to (among other things) our approval under Article 7.

(d) We shall have the right to modify the provisions of this Section 6.4 relating to Websites as we shall solely determine is necessary or appropriate.

(e) You understand and agree that you may not promote your Franchised Business or use any Mark in any manner on social and/or networking Websites, including, but not limited to, Facebook, LinkedIn, MySpace and Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in the operation of your Area Representative Franchised Business, including prohibitions on you and your employees posting or blogging comments about the Area Representative Franchised Business, Restaurants or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

(f) You shall execute such forms and documents included in Attachment 5 to appoint us your true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to us, your telephone numbers, internet, and telephone listings, and passwords and administrator rights for all email, software, and social media accounts used or created by you. Upon the expiration or termination of

this Agreement, we may exercise our authority, pursuant to such documents, to obtain any and all of your rights to the telephone numbers of your Franchised Business and all related telephone directory listings and other business listings, and all internet listings, domain names, internet advertising, websites, listings with search engines, email addresses, social media, software, or any other similar listing or usages related to the Franchised Business.

ARTICLE 7

ADVERTISING

7.1 The parties hereto recognize and acknowledge the value of advertising and promotion in locating and soliciting individuals to become franchisees, and the importance of consistency of such advertising and promotion to the furtherance of the goodwill and public image of the Area Representative Franchised Business and the System.

7.2 You shall affix the Marks in the manner prescribed by us to all stationery, cards, signs, and other advertising materials used in connection with your operations hereunder.

7.3 All advertising by you in any medium shall be conducted in a dignified manner, shall conform to the standards and requirements prescribed by us, and shall comply with all applicable laws, rules, and regulations relating to the advertising of franchises. Not later than December 1st each year, you shall submit to us, for our review and approval, a proposed marketing plan for the following calendar year.

7.4 You shall submit to us (by mail, return receipt requested, by fax or by another approved method) for our prior written approval samples of all advertising and promotional plans and materials, and all other materials displaying the Marks, that you desire to use and that have not been prepared or previously approved by us. Within thirty (30) days from the date of receipt by us of such materials, we shall notify whether such materials conform to the standards and requirements prescribed by us and whether such materials, in the opinion of our counsel, are required to be approved by or submitted to any government agency. If you are notified by us that the materials conform to our standards and requirements and are required to be approved or submitted, we will submit the materials and will advise when and if the materials are approved or disapproved or if the use of the materials otherwise become permissible under law, such as if notice of disapproval is not received from a governmental agency within a stated period of time prescribed by law.

7.5 You shall be required to expend not less than Twenty Thousand Dollars (\$20,000) each year for marketing the franchise opportunity within the Development Area using on-line, print and other methods approved by us. You understand and acknowledge that the marketing expenditure required herein is solely for your operation of the Area Representative Franchised Business and is in addition to any other marketing obligations you have in the Franchise Agreements for the Restaurants you own and operate in the Development Area. In addition to the annual marketing plan described in Section 7.3 above, you shall be required to submit on a form provided by us a monthly report indicating the marketing schedule for the prior month and such other detail as we may require.

ARTICLE 8

TRANSFER OF INTEREST

8.1 We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright 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 be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of BBDOTQ USA, Inc. as Franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

8.2 You understand and acknowledge that the rights and obligations created by this Agreement are personal to you, and that we have granted such rights to you in reliance on the character, skills, aptitude, as well as the business, legal and financial capacity of you and your directors, officers and shareholders. Except as is hereinafter stated in this Section, you shall not, without our prior written consent, directly or indirectly, sell, assign, transfer, convey, donate, pledge, mortgage, charge, grant any security interest or otherwise encumber any interest in this Agreement or in the Area Representative Franchised Business or in the right and license to use the System, the Manual or the Marks. Any such purported action, whether occurring by operation of law or otherwise including any assignment by a trustee in bankruptcy, without our prior written consent shall be a material default hereunder and shall entitle us to immediately terminate this Agreement. In addition, you will not, during the term of this Agreement, without our prior written consent, participate in any corporate activity, issue or sell, or be a party to the issuance or sale of, any further shares or interest in the Area Representative Franchised Business of any kind, or any other securities which would cause or may cause the present effective voting control of you to change.

8.3 With our prior written consent, which consent shall not be unreasonably withheld, you shall have the right to sell, assign and transfer your interest in this Agreement or the right and license granted herein, subject to the following conditions:

- (a) No sale can occur during the first two (2) years of this Agreement;
- (b) The transferee/assignee must meet our then-current financial and educational requirements for our new area representatives;
- (c) The transferee/assignee must attend and successfully complete our next area representative training class;
- (d) All accounts of both transferee/assignee and you must be paid in full prior to assignment;
- (e) You train the transferee/assignee for three (3) months prior to the transfer and for another three (3) months following the transfer (this is in addition to the transferee/assignee completing our training);
- (f) You pay us a transfer fee of Twenty-Five Thousand (\$25,000) Dollars at closing;
- (g) You sign a general release, in a form prescribed by us, of any and all claims against us, our subsidiaries or affiliates, and our respective officers, shareholders, directors, agents, and employees; and

(h) The transferee/assignee executes our then-current form of Area Representative Agreement with a term equal to the term remaining hereunder at the time of transfer.

8.4 Any proposed sale, assignment and transfer by you pursuant to Section 8.3 must be a sale, assignment and transfer of all or a significant portion of your assets in respect of the business carried on by you pursuant to the terms of this Agreement, including, without limitation, the said right and license and all other assets of the said business and you shall not be entitled to sell same on an individual basis other than with our prior written consent.

8.5 Upon receipt of your application pursuant to Section 8.3 and notwithstanding the right to sell, assign and transfer granted you pursuant to the terms of this Section, we shall have the absolute right, to be exercised by notice in writing delivered to you within thirty (30) days of the date of the receipt of your application, to purchase the said right and license and other assets of yours proposed to be sold, assigned or transferred. If we shall exercise our right to purchase as provided herein, we shall complete the purchase upon the same terms and conditions set out in the said application.

8.6 In the event we do not exercise our right to purchase as set out in Section 8.5 hereof and do consent to the sale, assignment and transfer by you to the proposed purchaser, the sale, assignment and transfer shall be completed between you and the proposed purchaser upon the same terms and conditions as were set out in the said application submitted by you to us. Otherwise, you shall, before selling, assigning and transferring your said right and license and other assets, again make application to us in the manner as set out in this Section, and provisions of this Section shall apply *mutatis mutandis* and shall be repeated as often as you desire to complete any sale, assignment and transfer.

8.7 For the purposes of this Section, any sale, transfer or assignment of the issued and outstanding shares of the capital stock of or other beneficial interest in you, the effect of which, whether through one or several transactions, would result in a change of the effective control of you, shall, for the purposes thereof, be deemed to be a sale, assignment and transfer of all or a significant portion of all of your assets in respect of the business carried on by you pursuant to the provisions of this Agreement.

8.8 Upon your death or disability, or if you are a corporation, limited liability company, partnership, or other legal entity upon the death or disability of any Principal, all of such person's interest in this Agreement or such interest in you shall be transferred to a transferee approved by us. Such disposition of this Agreement or such interest in you, including, without limitation, transfer by bequest or inheritance, shall be completed within a reasonable time, not to exceed twelve (12) months from the date of death or disability, and shall be subject to terms and conditions substantially similar to those applicable to transfers contained in this Article 8. Failure to so transfer the interest in this Agreement or such interest in you within said period of time shall constitute a breach of this Agreement.

8.9 Buy Back Option. At any time, we or, in the event of a purchase of the bb.q Chicken franchise system, the bb.q Chicken franchise system purchaser may elect to purchase your ongoing commissions and terminate this Agreement for an amount equal to five (5) times your commissions from the last twelve (12) months.

ARTICLE 9

CORPORATE REQUIREMENTS

9.1 If you are a corporation or limited liability company, you shall furnish to us, upon execution of this Agreement, a list of all equity holders of record and all persons having beneficial ownership interests in you indicating their holdings, as well as a list of your directors and officers or managers. You shall

forthwith advise us in writing of any change in the stockholders, directors, officers, members and managers when any such change occurs.

9.2 You shall maintain stop transfer instructions against the transfer on your records of any securities with voting rights and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

“TRANSFER OF THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF AN AREA REPRESENTATIVE AGREEMENT WITH BBDOTQ USA, INC. DATED _____. REFERENCE IS MADE TO THE PROVISIONS OF THE SAID AREA REPRESENTATIVE AGREEMENT AND TO THE GOVERNING DOCUMENTS OF THIS ENTITY.”

ARTICLE 10 **COVENANTS**

10.1 You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you (or if you are a corporation, limited liability company or partnership, a principal, member or general partner of yours) or your fully trained manager shall devote time, energy, and best efforts to the management and operation of the Area Representative Franchised Business.

10.2 You covenant that during the term of this Agreement you shall not, either directly or indirectly, for yourself, or in conjunction with others:

(a) Divert or attempt to divert any business or customer of any franchised business operated under the System to any Competitive Business (as defined in Section 1.8 above) or do any other act injurious or prejudicial to the goodwill associated with the System.

(b) Own, maintain, operate, affiliate with, or has an interest in any franchised or company-owned business or chain that is a Competitive Business.

10.3 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous uninterrupted two (2) year period beginning with the expiration or termination of this Agreement, either directly or indirectly, own, maintain, operate, affiliate with, or have an interest in, any Competitive Business which is located within twenty (20) miles of any bb.q Chicken Restaurant in the System.

10.4 Sections 10.2 and 10.3 shall not apply to ownership by you of an interest in any business operated under the System under a franchise granted by us, or of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly held company.

10.5 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 10.

10.6 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant described in Sections 10.2 and 10.3 of this Agreement, or any portion

thereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

10.7 You expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Article 10. You agree to pay all costs and expenses (including reasonable attorneys' fees and expenses) incurred by us in connection with the enforcement of this Article 10.

10.8 You shall require and obtain execution of covenants of confidentiality and non-competition as stated in Attachment 4 hereof (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons: (1) all of your managers and any other personnel employed by you who have received or will receive training from us; (2) all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of you who have not already signed this Agreement as a Principal if you are an entity; and (3) any general or limited partners who are holders of a beneficial interest of five percent (5%) or more in you who have not already signed this Agreement as a Principal if you are a partnership. The covenants required by this Article 10 shall be in a form specified by us, including, without limitation, specific identification of us as a third-party beneficiary of such covenant with the independent right to enforce it.

ARTICLE 11

DEFAULT AND TERMINATION

11.1 You shall be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you attempt to transfer this Agreement without complying with the terms of this Agreement, or if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; or if you are adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if suit to foreclose any lien or mortgage against your business premises or equipment is instituted against you and not dismissed within thirty (30) days; or if your real or personal property shall be sold after levy thereupon by any sheriff, marshal, or constable.

11.2 You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon receipt of notice by you, upon the occurrence of any of the following events:

(a) If you (or an officer, director, shareholder or partner of yours) are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the Area Representative Franchised Business, the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein; or

(b) If you, after curing a material default under this Agreement, commit the same default three (3) times within twelve (12) months, whether or not cured after notice; or

(c) If you repeatedly are in default under this Agreement for failure to comply substantially with any of the requirements imposed by this Agreement, whether or not cured after notice; or

(d) If you commit any default under a Franchise Agreement between you and us and such default results in the termination of such Franchise Agreement.

11.3 Except as otherwise provided in Sections 11.1 and 11.2 of this Agreement, you shall have thirty (30) days after your receipt from us of a notice of termination within which to remedy any default hereunder and provide evidence to us. If any such default is not cured within that time, this Agreement shall terminate without further notice to you, effective immediately upon the expiration of the thirty (30) day period. You shall be in default hereunder for any failure to comply substantially with any of the requirements imposed by this Agreement, or to carry out the terms of this Agreement in good faith.

11.4 In the event you do not fulfill your obligations to develop Restaurants under the Development Schedule, you will be in default under this Agreement and we shall have the right to terminate this Agreement as set forth herein. However, if you do not satisfy the Development Schedule but are otherwise in compliance with this Agreement, we shall have the right to not terminate this Agreement and permit you to continue providing services under this Agreement to all Restaurants with signed leases, under construction, or opened and operating within the Development Area; provided, however, that you shall no longer have any rights with respect to soliciting new franchise sales within said Development Area. In such event, you shall continue receiving royalty fees and transfer fees paid to us by franchisees in the Development Area, for so long as this Agreement remains in effect.

11.5 In the event this Agreement is terminated as set forth herein, or if we elect to not terminate this Agreement under Section 11.4 above, we shall have the right to open Restaurants, sell franchises or grant area representative rights to any third party with respect to the undeveloped portion of the Development Area.

ARTICLE 12

OBLIGATIONS UPON TERMINATION OR EXPIRATION

12.1 Upon termination or expiration, this Agreement and all rights granted hereunder to you shall forthwith terminate; and, except to the extent permitted by any Franchise Agreement entered into by you:

(a) You shall immediately cease to operate the business licensed hereunder and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former area representative of ours. After such termination or expiration, you shall cease providing services or assistance to System franchisees located within the Development Area.

(b) You shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any confidential methods, procedures, and techniques associated with the Area Representative Franchised Business; the Mark “bb.q Chicken” and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System or the Area Representative Franchised Business. In particular, you shall cease to use, without limitation, all signs, equipment, advertising materials, stationery, forms, and any other articles, which display the Marks associated with the Area Representative Franchised Business.

(c) You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark “bb.q Chicken” or any other service mark or trademark of

ours, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

(d) You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Marks either in connection with such other business or the promotion thereof which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Marks; and you further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition.

(e) In the event of termination for any default of yours, you shall promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, fixtures, equipment, and inventory owned by you and at the premises used for the business licensed hereunder at the time of the default.

(f) You shall pay us all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for enforcement of any provisions of this Article 12.

(g) You shall immediately turn over to us all materials including all manuals, records, files, instructions, correspondence, all materials related to operating the Franchised Business, including, without limitation, brochures, agreements, invoices, Disclosure Documents, and any and all other materials related to operating the Franchised Business hereunder in your possession and all copies thereof, including electronic copies (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, excepting only your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.

(h) The Franchise Agreement(s) you have executed for your Restaurant(s) shall remain in full force and notwithstanding the termination of this Agreement; provided, however, that you are in compliance with the terms of such Franchise Agreement(s).

(i) You shall immediately and permanently forfeit all rights to earn any portion of additional initial franchise fees, royalty fees and/or transfer fees paid to us by franchisees in the Development Area after the termination of this Agreement.

(j) Upon termination of this Agreement for any default hereunder, you shall be obligated to pay to us liquidated damages equal to the sum of Ten Thousand Dollars (\$10,000) for each undeveloped Restaurant as of the date of termination. By way of example, if as of the date of termination you have not developed ten (10) Restaurants as required herein, the amount of liquidated damages shall be equal to One Hundred Thousand Dollars (\$100,000). Such liquidated damages shall be payable to us within fifteen (15) days of written notice from us that such amount is due.

ARTICLE 13

TAXES AND INDEBTEDNESS

13.1 You shall promptly pay, when due, all taxes levied or assessed by any federal, state or local tax authority and any and all other indebtedness incurred by you in the operation of the Franchised Business. You shall pay to us an amount equal to any sales tax, gross receipts tax or similar tax imposed on us with respect to any payments to us required under this Agreement, unless the tax is credited against income tax otherwise payable by us.

13.2 In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon.

13.3 You shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, licenses and bonds necessary for the full and proper operation and management of the Franchised Business, including, without limitation, a license to do business and provide services, fictitious name registration, sales tax and other permits. Copies of all subsequent inspection reports, warnings, certificates and ratings issued by any governmental entity during the term of this Agreement in connection with the conduct of the Franchised Business which indicate your failure to meet or maintain the highest governmental standards or less than full compliance by you with any applicable law, rule or regulation shall be forwarded to us by you within three (3) days of your receipt thereof.

13.4 You shall notify us in writing within three (3) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business. Additionally, any and all consumer related complaints shall be answered by you within fifteen (15) days after receipt thereof or such shorter period of time as may be provided in said complaint. A copy of said answer shall be forwarded to us within three (3) days of the date that said answer is forwarded to the complainant.

ARTICLE 14

INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 (a) It is understood and agreed by The parties hereto that this Agreement does not create a fiduciary relationship between them, that you shall be an independent contractor, and that nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever.

(b) During the term of this Agreement, you shall hold yourself out to the public as an independent contractor operating the Franchised Business pursuant to a license from us and as an authorized user of the System and the Marks. You agree to take such affirmative action as may be necessary to do so, including exhibiting to customers a sign provided by us in a conspicuous place on the premises of the Franchised Business.

(c) We shall not have the power to hire or fire your employees, and except as herein expressly provided, we may not control or have access to your funds or the expenditures thereof, or in any other way exercise dominion or control over the Franchised Business.

14.2 It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we shall in no event assume liability for or be deemed liable hereunder as a result of any such action or by reason of any act or omission of yours in your conduct of the Franchised Business or any claim or judgment arising therefrom against us. You agree at all times to defend, at your own cost, and to indemnify and hold harmless to the fullest extent permitted by law, us, our corporate parent, the corporate subsidiaries, affiliates, successors, assigns and designees of either entity, and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal

or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: (a) your alleged infringement or any other violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; (b) your alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; (c) libel, slander or any other form of defamation by you; (d) your alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement; (e) any acts, errors or omissions of you or any of your agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives, including, but not limited to, unauthorized disclosures to prospective franchisees; (f) latent or other defects in the Franchised Business, whether or not discoverable by us or you; (g) the inaccuracy, lack of authenticity or nondisclosure of any information by any customer of the Franchised Business; (h) any services or products provided by you at, from or related to the operation at the Franchised Business; (i) any services or products provided by any affiliated or non-affiliated participating entity; (j) any action by any customer of the Franchised Business; and (k) any damage to the property of you or us, our respective agents or employees, or any third person, firm or corporation, unless caused by our gross negligence or willful misconduct.

14.3 You shall conspicuously identify yourself and the Franchised Business in all dealings with your clients, contractors, suppliers, public officials and others, as an independent area representative of ours, and shall place such notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials and in such fashion as we may, in our sole and exclusive discretion, specify and require from time to time in our Manual (as same may be amended from time to time) or otherwise.

14.4 Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of Franchisor and Area Representative. We do not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business franchised hereby.

ARTICLE 15

APPROVALS AND WAIVERS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us therefor and such approval or consent shall be obtained in writing.

15.2 No failure of ours to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants hereof affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

ARTICLE 16

NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified mail, return receipt requested, dispatched by overnight delivery envelope, or sent by facsimile to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice sent by certified mail shall be deemed to have been given at the date and time of mailing.

ARTICLE 17

RELEASE OF PRIOR CLAIMS

By executing this Agreement, you, individually and on behalf of your heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, hereby forever releases and discharges us and our officers, directors, employees, agents and servants, including our subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof.

ARTICLE 18

ACKNOWLEDGMENTS

(a) 18.1 **Acknowledgments.** You acknowledge and agree that:

(i) YOU RECEIVED: (A) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS, WITH ALL MATERIAL TERMS FILLED IN, AT LEAST SEVEN (7) CALENDAR DAYS BEFORE YOU SIGNED THIS AGREEMENT; AND (B) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (i) 14 CALENDAR DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (ii) SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY;

(ii) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; AND

(iii) WE MAY NEGOTIATE TERMS OR OFFER CONCESSIONS TO OTHER FRANCHISEES AND WE HAVE NO OBLIGATION TO OFFER YOU THE SAME OR SIMILAR NEGOTIATED TERMS OR CONCESSIONS EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW.

(b) Representations. You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the Agreement are accurate and complete and that you have made no misrepresentations or omitted material facts in obtaining the Agreement License. This Agreement has been duly authorized and executed by you or on your behalf and constitutes your valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws

affecting the rights of creditors generally. We have approved your request to purchase a franchise in reliance on all of your representations.

_____ [Please initial to acknowledge that you have read and understand this Section 18.1.]

ARTICLE 19

ENTIRE AGREEMENT

This Agreement, the documents referred to herein and the attachments hereto, if any, constitute the entire, full and complete agreement between the parties hereto concerning the subject matter hereof, and supersede all prior agreements with no other representations as to having induced you to execute this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change, or variance from this Agreement shall be binding on the parties hereto unless mutually agreed to by the parties and executed by themselves or their authorized officers or agents in writing.

ARTICLE 20

SEVERABILITY AND CONSTRUCTION

20.1 Except as expressly provided to the contrary herein, each section, part, term and/or provision of this Agreement shall be considered severable and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if we determine that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, we, at our option, may terminate this Agreement.

20.2 You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

20.3 All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions shall be deemed to affect the meaning or construction of any provision hereof.

20.4 All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all of the parties executing this Agreement in his/her individual capacity on your behalf. This Agreement may be executed in one or more originals, each of which shall be deemed an original.

20.5 As used in this Agreement, the term "Area Representative" shall include all persons who succeed to the interest of the original Area Representative by transfer or operation of law and shall be deemed to include not only the individual or entity defined as "Area Representative" herein, but shall also include all Principals of the entity, whether a partnership, corporation or limited liability company, that executes this Agreement. By their signatures hereto, all Principals that execute this Agreement

acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. The ownership interests in Area Representative shall be accurately and completely described on Attachment 6 hereto. Upon the occurrence of any change of ownership, Area Representative shall immediately provide Franchisor with a copy of the updated list of ownership interests in Area Representative, and further agrees to provide an updated Attachment 6 to us at any time upon request.

20.6 If, as a result of hurricane, tornado, typhoon, flooding, lightning, blizzard and other unusually severe weather, earthquake, avalanche, volcanic eruption, fire, riot, insurrection, war, explosion, unavoidable calamity or other act of God (a "Force Majeure"), compliance by any party with the terms of this Agreement is rendered impossible or would otherwise create an undue hardship upon any party, all parties shall be excused from their respective obligations hereunder for the duration of the Force Majeure and for a reasonable recovery period thereafter, but otherwise this Agreement shall continue in full force and effect.

ARTICLE 21

APPLICABLE LAW

21.1 This Agreement takes effect upon its acceptance and execution by us. This Agreement shall be interpreted and construed under the laws of the State of New Jersey except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.).

21.2 Except as otherwise expressly provided by applicable state law or regulation, the parties agree that any action brought by either party against the other shall be brought in Bergen County, New Jersey, and the parties do hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

21.3 No right or remedy conferred upon or reserved by us or you by this Agreement is intended and it shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy.

21.4 Nothing herein contained shall bar our right to obtain injunctive relief against threatened conduct that will cause us loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

ARTICLE 22

DISPUTE RESOLUTION

22.1 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Bergen County, New Jersey under the authority of New Jersey Statutes. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the New Jersey Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the New Jersey Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the

arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

22.2 With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration, or as otherwise provided above, you and your Principals hereby irrevocably submit yourselves to the jurisdiction of the state courts of Bergen County, New Jersey, and the Federal District Court nearest to our headquarters. You and your Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and your Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by New Jersey or federal law. You and your Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be Bergen County, New Jersey; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under New Jersey law.

22.3 You, your Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 22.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, your Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

22.4 You, your Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

22.5 We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Franchised Business, brought by either party hereto against the other, whether in mediation, or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

22.6 If either party is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be reimbursed for their costs and expenses, including, without limitation, 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 such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

ARTICLE 23
CHANGES AND MODIFICATIONS

23.1 This Agreement may be modified only upon the execution of a written agreement by us and you. We reserve and shall have the sole right to make changes in the Manual, the System and the Proprietary Marks at any time and without prior notice to you. You shall promptly alter any signs, products, business materials or related items, at your sole cost and expense, upon written receipt of written notice of such change or modification in order to conform to our revised specifications. In the event that any improvement or addition to the Manual, the System or the Marks is developed by you, then you agree to grant to us an irrevocable, world-wide, exclusive, royalty-free license, with the right to sublicense such improvement or addition.

23.2 You understand and agree that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, our System must not remain static in order that it best serve the interest of us, franchisees, multi-unit developers, other area representatives and the System. Accordingly, you expressly understand and agree that we may from time to time change the components of the System, including, but not limited to, altering the Franchised Businesses, services, methods, standards, forms, policies and procedures of that System; adding to, deleting from or modifying those Franchised Businesses, products and services which the Franchised Business is authorized to offer; and changing, improving or modifying the Marks, leases, franchise agreements, subleases, Restaurant designs, manuals and procedures. Subject to the other provisions of this Agreement, you expressly agree to abide by any such modifications, changes, additions, deletions and alterations. Such changes shall not create an undue financial or operational hardship on your Restaurants.

ARTICLE 24
SPOUSE GUARANTY

If any Principal is a married individual and the Principal's spouse has not executed this Agreement such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty in the form attached as Attachment 3.

(Signatures appear on the following page)

Each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

AREA REPRESENTATIVE (Entity):

FRANCHISOR:

BBDOTQ USA, INC.

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

Accepted On:_____

(the "Effective Date")

AREA REPRESENTATIVE (Principal):

Name:_____

AREA REPRESENTATIVE (Principal):

Name:_____

BBDOTQ USA, INC.
AREA REPRESENTATIVE AGREEMENT

ATTACHMENT 1

DEVELOPMENT AREA

The Development Area shall be as follows:

APPROVED:

AREA REPRESENTATIVE (Entity):

FRANCHISOR:

BBDOTQ USA, INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

AREA REPRESENTATIVE (Principal):

Name: _____

AREA REPRESENTATIVE (Principal):

Name: _____

BBDOTQ USA, INC.
AREA REPRESENTATIVE AGREEMENT

ATTACHMENT 2

DEVELOPMENT SCHEDULE

The Development Schedule shall be as follows:

<u>Year</u>	<u>Date</u>	<u>Number of Restaurants/Year</u>	<u>Cumulative Restaurants</u>
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AREA REPRESENTATIVE (Entity):

FRANCHISOR:

BBDOTQ USA, INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

AREA REPRESENTATIVE (Principal):

Name: _____

AREA REPRESENTATIVE (Principal):

Name: _____

BBDOTQ USA, INC.
AREA REPRESENTATIVE AGREEMENT

ATTACHMENT 3

SPOUSE GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on _____ to BBDOTQ USA, Inc., a New Jersey corporation (“Franchisor”), in order to induce Franchisor to enter into that certain Area Representative Agreement dated of even date herewith (the “Area Representative Agreement”) with _____, a(n) _____, _____ and _____ (collectively “Area Representative”).

Guarantor acknowledges that Guarantor is the spouse of Area Representative’s Principal, as that term is used in the Area Representative Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Area Representative Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Area Representative Agreement to Area Representative, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Area Representative as set forth in the Area Representative Agreement, including but not limited to, the covenants set forth in Article 10 of the Area Representative Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Area Representative Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Area Representative entity, transfer of the Area Representative Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Area Representative by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Area Representative and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Area Representative and Franchisor and notice of demand for payment by Area Representative. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Area Representative and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Area Representative and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF AREA REPRESENTATIVE'S PRINCIPAL:

Signature

Name:_____

Address:_____

**BBDOTQ USA, INC.
AREA REPRESENTATIVE AGREEMENT**

ATTACHMENT 4

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees and managers of Area Representative Business)**

THIS AGREEMENT is made and entered into as of this day of _____, by and among BBDOTQ USA, Inc., a New Jersey corporation (“Franchisor”), _____, a corporation/partnership (“Area Representative”), and _____, a resident of _____ (“Covenantor”).

W I T N E S S E T H:

WHEREAS, pursuant to the terms of that certain Area Representative Agreement between Franchisor and Area Representative dated _____ (the “Area Representative Agreement”), Franchisor has granted to Area Representative the right to own and operate an “bb.q Chicken” area representative business (the Franchised Business”) only in the Development Area (all capitalized terms not defined in this Agreement shall have the respective meanings set forth in the Area Representative Agreement);

WHEREAS, Covenantor is either a shareholder, partner, an officer or a director of Area Representative or is an employee of Area Representative who will have access to the Confidential Information (as defined below) in connection with the operation of the Franchised Business at the Premises;

WHEREAS, in consideration of the grant of the franchise for the Franchised Business to Area Representative and the employment of Covenantor (in the event Covenantor is an employee of Area Representative), as a condition precedent to allowing Covenantor to have access to the Confidential Information, and as a material term of the Area Representative Agreement necessary to protect Franchisor’s ownership interest in the Area Representative’s right to use the Confidential Information in the Franchised Business, Franchisor and Area Representative require that Covenantor enter into this Agreement;

WHEREAS, to induce Franchisor to enter into the Area Representative Agreement and to avoid a material breach thereof, as the case may be, Franchisor, Area Representative and Covenantor desire, and deem it to be in Covenantor’s personal best interest that Covenantor enter into this Agreement; and

WHEREAS, due to the nature of Franchisor’s business, any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Area Representative substantial harm.

NOW, THEREFORE, to induce Franchisor to enter into the Area Representative Agreement and/or to prevent Franchisor from declaring a material breach in this Agreement, and in consideration of the covenants and mutual agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Recitals.

The recitals set forth above shall be deemed to be incorporated in this Agreement as if fully set forth in this Agreement, and this Agreement shall be interpreted in light of such recitals.

2. Definition of Confidential Information.

As used in this Agreement, the term “Confidential Information” shall mean certain confidential and proprietary information and trade secrets consisting of the following categories of information and knowledge developed or to be developed or acquired by Franchisor, its Affiliates and/or its franchisees and Area Representatives (the “Confidential Information”), including, without limitation: (a) distinctive methods, techniques, equipment, specification, standards, policies, procedures, information, concepts and systems relating to, and knowledge of and experience in the development, operation and franchising of the Franchised Business; and (b) marketing and promotional programs for the Franchised Business.

3. Protection of Confidential Information.

Franchisor will disclose to Area Representative the Confidential Information pursuant to the Area Representative Agreement. Covenantor acknowledges and agrees that Covenantor will not acquire any interest in or right to use the Confidential Information, except the right to use it strictly in accordance with the Area Representative Agreement, and that the use or duplication of the Confidential Information in any other business would be detrimental to Franchisor and would constitute an unfair method of competition with Franchisor and other Franchised Business owners. Covenantor acknowledges and agrees that the Confidential Information is a valuable asset of Franchisor, is proprietary, includes trade secrets of valuable asset of Franchisor, and is disclosed to Covenantor by Area Representative solely on the condition that Covenantor agrees, and Covenantor hereby does agree, that Covenantor:

- (a) will not use the Confidential Information in any other business or capacity;
- (b) will maintain the absolute secrecy and confidentiality of the Confidential Information during and after the term of the Area Representative Agreement;
- (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and
- (d) will follow all reasonable procedures prescribed from time to time by Franchisor and Area Representative to prevent unauthorized use or disclosure of or access to the Confidential Information. Notwithstanding the foregoing, nothing in this Agreement shall prevent Covenantor from continuing to use, after termination of this Agreement, any portion of the Confidential Information that has become generally known or easily accessible, other than by any person’s or entity’s breach of any obligation of confidentiality to Franchisor or Area Representative. Nothing contained in this Agreement shall be construed to prohibit Covenantor from using the Confidential Information in connection with the operation of a “bb.q Chicken” business (other than the Franchised Business) pursuant to a Franchise Agreement between Covenantor and Franchisor. Covenantor agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products relating to the development and operation of the Franchised Business conceived or developed by Covenantor during the term of this Agreement, and Franchisor shall have a perpetual, non-exclusive and world wide right to incorporate same in the System for use in all bb.q Chicken businesses operated by Franchisor and its Area Representatives. Franchisor shall have no obligation to make any payment to Covenantor with respect to any idea, concept, method, technique or product developed or suggested by Covenantor and incorporated by Franchisor in the Franchised Business. Covenantor agrees that Covenantor will not use any such concept, method, technique or product without obtaining Franchisor’s prior written approval.

4. Restrictive Covenant During the Term of the Area Representative Agreement.

Covenantor acknowledges and agrees that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among bb.q Chicken businesses if persons or entities authorized to use the Confidential Information were permitted to hold interest in or perform services for a Competitive Business. As used in this Agreement, “Competitive Business” means any enterprise that:

(a) is substantially similar to the business then engaged in by a substantial number of bb.q Chicken businesses; or

(b) grants a franchise or license or establishes a joint venture, for the development and/or operation of an enterprise described in the foregoing clause (a). Covenantor further acknowledges that restrictions on his/her direct or indirect ownership of interests in a Competitive Business will not hinder Covenantor’s activities in connection with Area Representative’s performance of the Area Representative Agreement or in general. Covenantor therefore agrees that during the term of the Area Representative Agreement and so long as Covenantor is either a shareholder, partner, employee, officer or director of Area Representative, Covenantor shall not directly or indirectly engage in any Competitive Business. As used in this Agreement, the phrase “directly or indirectly engage in any Competitive Business” shall include, without limitation: (x) the ownership of an interest in a Competitive Business by Covenantor or his/her spouse; and (y) the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business by Covenantor or his/her spouse. Area Representative and Covenantor acknowledge and agree that the failure of Covenantor or his/her spouse to comply with this Paragraph 4 or Paragraphs 5 or 6 below shall preclude Covenantor or his/her spouse from acquiring ownership of shares in a business which is not a Competitive Business. The restrictions of this Paragraph shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the total number of issued and outstanding shares of that class of securities.

5. Restrictive Covenant upon Transfer of Covenantor’s Ownership Interest in Area Representative.

If Covenantor transfers his/her entire ownership interest in Area Representative and is not later an employee, officer or director of Area Representative, Covenantor agrees that Covenantor will not directly or indirectly engage in any Competitive Business which is located in the Development Area or located within a radius of one hundred (100) miles of any business under the System, whether owned by Franchisor or any franchisee or Area Representative for a period of two (2) years commencing on the effective date of such transfer. As used in this Paragraph 5 and in Paragraph 6 below, the phrase “directly or indirectly engage in a Competitive Business” shall mean and include, without limitation, the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business by Covenantor or his/her spouse.

6. Restrictive Covenant upon Termination or Expiration of the Area Representative Agreement.

Upon the first to occur of:

- (a) termination of the Area Representative Agreement;
- (b) expiration of the Area Representative Agreement; or

(c) the date as of which Covenantor is neither a shareholder, partner, employee, officer nor director of Area Representative (other than in the case of a transfer governed by Paragraph 5 above), Covenantor agrees that Covenantor will not directly or indirectly engage in a Competitive Business located or operating within the Development Area or within a one hundred (100) mile radius of any other bb.q Chicken Restaurants for a period of two (2) years, commencing on the date of the applicable event described in clauses (a) or (b) above.

7. Surrender of Documents

Covenantor agrees that, as of the effective date of the earlier of:

(a) the covenant set forth in Paragraph 5, or

(b) the covenant set forth in Paragraph 6, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor, return to Area Representative (or to Franchisor if directed by Franchisor) all copies of the Confidential Information loaned or made available to Covenantor.

8. Indemnification/Costs and Attorneys' Fees.

Covenantor agrees to indemnify and hold Franchisor and Area Representative harmless from and against any and all loss, cost, damage, liability and expense (including, without limitation, reasonable attorneys' fees, court costs and other reasonable litigation expenses) suffered, sustained or incurred by Franchisor or Area Representative as a result of, arising out of, or in connection with any failure of performance or breach of this Agreement by Covenantor. The party or parties prevailing in any judicial proceeding in connection with this Agreement shall be entitled to reimbursement of their costs and expenses, including but not limited to, reasonable accounting, paralegal, legal, expert witness and attorneys' fees, whether incurred prior to, in preparation for or in contemplation of the filing of such proceeding.

9. Waiver.

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy in this Agreement at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

10. Severability.

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision of this Agreement and any such provision which is adjudicated to be invalid or unenforceable shall be severed from this Agreement, provided that such severance is to apply only with respect to the operation of such provisions in the particular jurisdiction in which such adjudication is made. To the extent any restriction in this Agreement is deemed unenforceable by virtue of its scope in terms of time, geography or business activity prohibited, but may be made enforceable by reducing any or all thereof, the parties agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought.

11. Rights of Parties are Cumulative.

The rights of the parties in this Agreement are cumulative and no exercise or enforcement by a party hereto of any right or remedy in this Agreement shall preclude the exercise or enforcement by them of any other right or remedy in this Agreement or which they are entitled by law to enforce.

12. Benefit.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

13. Entire Agreement.

This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof and all prior negotiations, agreements and understandings are merged in this Agreement. This Agreement may not be modified or rescinded except by a written agreement to such effect signed by the party against whom enforcement is sought.

14. Governing Law.

This Agreement and the rights and obligations of the parties in this Agreement shall be governed by and construed in accordance with the internal laws of the State of New Jersey exclusive of such state's choice of law or conflict of law rules.

15. Counterparts.

This Agreement may be executed in counterparts, each of which will be deemed an original.

The parties hereto have executed this Agreement as of the day and year first above written.

BBDOTQ USA, INC.

By: _____
Name: _____
Title: _____

AREA REPRESENTATIVE (Entity):

By: _____
Name: _____
Title: _____

COVENANTOR:

Name: _____

**BBDOTQ USA, INC.
AREA REPRESENTATIVE AGREEMENT**

ATTACHMENT 5

**INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING
AGREEMENT**

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”), by and between BBDOTQ USA, Inc., a New Jersey corporation, with its principal place of business at 2134 North Central Road, Fort Lee, New Jersey, 07024 (the “Franchisor”), and _____, a(n) _____, with its principal place of business located at _____, and _____’s principal(s), _____, an individual, residing at _____, and _____, an individual, residing at _____ (“Principal(s)”). _____ and Principal(s) shall be individually and collectively referred to as, and each is, the “Area Representative”.

WHEREAS, Area Representative desires to enter into an area representative agreement with Franchisor for a bb.q Chicken area representative business (“Area Representative Agreement”) which will allow Area Representative to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the bb.q Chicken brand.

WHEREAS, Franchisor would not enter into the Area Representative Agreement without Area Representative’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Area Representative Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Area Representative Agreement. “Termination” of the Area Representative Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Listings

2.1 Interest in Websites, Social Media and Software Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Area Representative Agreement) during the term of Area Representative Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, the right to hyperlink to certain websites and listings on various internet search engines, and the right to use certain software (collectively, “Electronic Advertising and Software”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Area Representative has or will acquire during the term of the Area Representative Agreement, certain right, title, and interest in and to those certain

telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Area Representative Agreement, or on periodic request of Franchisor, Area Representative will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the “Internet and Software Companies”) with which Area Representative has Electronic Advertising and Software: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Area Representative will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Area Representative has Electronic Advertising and Telephone Listings: (i) to transfer all Area Representative’s interest in such Electronic Advertising and Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Telephone Listings, Area Representative will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Electronic Advertising and Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Area Representative hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Area Representative Agreement and this Agreement or otherwise, with full power of substitution, as Area Representative’s true and lawful attorney-in-fact with full power and authority in Area Representative’s place and stead, and in Area Representative’s name or the name of any affiliated person or affiliated company of Area Representative, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Area Representative further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Area Representative has satisfied all of its obligations under the Area Representative Agreement and any and all other agreements to which Area Representative and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Area Representative hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Area Representative’s interest in and to the Electronic Advertising and Telephone Listings to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Area Representative’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Area Representative’s interest.

2.5 Certification of Termination. Area Representative hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the Area Representative Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Area Representative Agreement has terminated.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Area Representative's interests as described in paragraph 2.3 above to Franchisor, as between Area Representative and Franchisor, Area Representative will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings. Notwithstanding the foregoing, Area Representative will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Area Representative is obligated to pay to them for obligations Area Representative incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Area Representative Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Area Representative hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Area Representative is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Area Representative will pay Franchisor in full, without defense or setoff, on demand. Area Representative agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Area Representative expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Area Representative's interest in any matter hereunder.

3.4 Further Assurances. Area Representative agrees that at any time after the date of this Agreement, Area Representative will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Area Representative's obligations, under this Agreement shall be binding on Area Representative's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Area Representative Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Area Representative Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New Jersey, without regard to the application of New Jersey conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

AREA REPRESENTATIVE (Entity):

FRANCHISOR:

BBDOTQ USA, INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

AREA REPRESENTATIVE (Principal):

Name: _____

AREA REPRESENTATIVE (Principal):

Name: _____

BBDOTQ USA, INC.
AREA REPRESENTATIVE AGREEMENT

ATTACHMENT 6

STATEMENT OF OWNERSHIP INTERESTS IN AREA REPRESENTATIVE ENTITY

Name

Percentage of Ownership

**Exhibit C to the
BBDOTQ USA, Inc. Franchise Disclosure Document**

**LIST OF AREA REPRESENTATIVES
(As of December 31, 2025)**

COLORADO	
Area Representative Name/Address/Phone	Territory
<u>SK BBQ LLC</u> Jung Hee Park 9966 Monroe Drive Dallas, Texas 75220 214-770-3685	State of Colorado
ORLANDO FLORIDA	
Area Representative Name/Address/Phone	Territory
<u>Ashley Property Group, INC</u> Dal Kim, Leslie Kim 1700 Holcomb Creek St, Winter Garden, FL 34787 407-694-1084	Orange County, FL Seminole County, FL Osceola County, FL Lake County, FL
SOUTH FLORIDA	
Area Representative Name/Address/Phone	Territory
<u>Globird23, INC</u> Kay Kang, Bona Vozzi 900 N 66th Terrace Ste 311, Hollywood, FL 33024 609-703-4425	Palm Beach County, FL Broward County, FL Miami-Dade County, FL
GEORGIA	
Area Representative Name/Address/Phone	Territory
<u>L3BBQ LLC</u> Woo Young Lee, Hannui Lee, Myung H Lee 1110 Satellite Blvd NW Ste 303, Suwanee, GA 30024 678-559-5630	State of Georgia
LOUISIANA	
Area Representative Name/Address/Phone	Territory
<u>BBQLA Holdings LLC</u> Huy Doan 30 N Gould St. Ste 34916 Sheridan, Wyoming 82801 469-855-4311	State of Louisiana
OREGON	
Area Representative Name/Address/Phone	Territory
<u>Honey Pigs, LLC</u> Jun Hong, Hunkyung Kim 10700 SW Beaverton Hillsdale Hwy, #547, Beaverton, OR 97005 206-353-2702	State of Oregon
VIRGINIA	
Area Representative Name/Address/Phone	Territory
<u>BZ Food Services LLC</u> Shin Kwak 13407 Westwell Drive Midlothian, Virginia 23113 804-986-2716	Commonwealth of Virginia District of Columbia State of Maryland
TEXAS	
Area Representative Name/Address/Phone	Territory

<u>LJ BBQ Inc.</u> Junsang Lee 2625 Old Denton Road Carrollton, Texas 75007 703-577-9458	State of Texas
WASHINGTON	
Area Representative Name/Address/Phone	Territory
<u>Honey Pigs, LLC</u> Jun Hong, Hunkyoung Kim 10700 SW Beaverton Hillsdale Hwy, #547, Beaverton, OR 97005 206-353-2702	State of Washington

AREA REPRESENTATIVES WHO HAVE LEFT THE SYSTEM
(As of December 31, 2025)

Area Representative Name/Address/Phone	Territory
NONE.	NONE.

**Exhibit D to the
BBDOTQ USA, Inc. Franchise Disclosure Document**

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TOTAL NUMBER OF PAGES

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**Exhibit E to the
BBDOTQ USA, Inc. Franchise Disclosure Document**

STATE ADDENDA

**CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE
AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT**

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

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement and Area Representative Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement and Area Representative Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement and Area Representative Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The Franchise Agreement and Area Representative Agreement require binding arbitration. The arbitration will occur in New Jersey with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The Franchise Agreement and Area Representative Agreement require application of the laws of New Jersey. This provision may not be enforceable under California law.
8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
11. OUR WEBSITE, www.bbdotqusa.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY

COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

12. In the state of California local county health departments inspect restaurants and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities.

DISCLOSURES REQUIRED BY CONNECTICUT LAW

In the State of Connecticut:

1. If the seller fails to deliver products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. Additionally, all references to fees being non-refundable are hereby void.

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Seller: BBDOTQ USA, Inc.

DISCLOSURES REQUIRED BY GEORGIA LAW

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

HAWAII DISCLAIMER

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

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

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

Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, 335 Merchant Street, Honolulu, Hawaii 96813

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND AREA
REPRESENTATIVE AGREEMENT REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of 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 right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In the State of Illinois, all fees are deferred until all initial obligations owed the Franchisee by the Franchisor or affiliates have been completed and the Franchisee has commenced doing business/opened for business. However, you must execute the Franchise Agreement prior to looking for a site or beginning training. This deferral has been imposed by the Illinois Attorney General's Office based on the Franchisor's financial condition.

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

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of _____.

AREA REPRESENTATIVE

FRANCHISOR:

BBDOTQ USA, INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

ADDENDUM REQUIRED BY THE STATE OF INDIANA

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (collectively referred to as the “Acts”). To the extent that (a) the jurisdictional requirements of the Acts are met and (b) this Franchise Disclosure Document and Area Representative Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

(b) The franchisor may not make any substantial modification of the Area Representative without the franchisee’s or the developer’s written consent.

(c) To the extent any provision regarding renewal or termination of the Area Representative is inconsistent with the Indiana Deceptive Franchise Practices Act §§ 23-2-2.7(7) and (8), the provisions of these sections of the Indiana Act will control.

(d) Any requirement in the and Area Representative that requires the franchisee or developer to prospectively assent to a release, assignment, novation, wavier or estoppel shall not relieve any person from liability arising under the Acts.

(e) To the extent the covenants not to compete upon expiration or termination of the and Area Representative are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(9), the provisions of this section of the Indiana Act will control.

(f) To the extent that any provision of the and Area Representative would be deemed unenforceable pursuant to the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10), as this section of the Indiana Act is interpreted and applied, such provision of the Franchise Agreement shall be so deleted therefrom.

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
AND AREA REPRESENTATIVE

This will serve as the State Addendum for the State of Maryland for BBDOTQ USA, Inc.'s Franchise Disclosure Document and the Area Representative. The amendments to the Area Representative included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the and Area Representative which provide for termination upon bankruptcy of the developer may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate section of the Area Representative is amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Area Representative are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate section of the Area Representative is amended to state that the general release required as a condition of renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The Disclosure Document and Area Representative is amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

9. Section 18.2 and 18.3 are hereby deleted from the Area Representative Agreement.

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

11. **"EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT: FRANCHISEE ACKNOWLEDGMENT" IS VOID IN MARYLAND AND SHOULD NOT BE SIGNED BY MARYLAND FRANCHISEES.**

12. The Disclosure Document and Area Representative is amended to include the following statement:

"Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall

be deferred until the franchisor completes its pre-opening obligations under the area development agreement and the first franchise under the agreement opens."

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of _____
_____.

AREA REPRESENTATIVE

FRANCHISOR:

BBDOTQ USA, INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

- (a) A prohibition on the right of a franchisee to join an association of franchises.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a

bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
Michigan Department of Attorney General
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517)335-7567

**MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND AREA
REPRESENTATIVE AGREEMENT**

This addendum to the Disclosure Document is agreed to this ____ day of _____, 20____, and effectively amends and revises said Disclosure Document and Area Representative Agreement as follows:

1. Item 13 of the Disclosure Document and the Area Representative Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document and the Area Representative Agreement amended by the addition of the following language to the original language that appears therein:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Area Representative Agreement to that consent to the transfer of the franchise will not be unreasonably withheld.”

3. Item 17 of the Disclosure Document and the Area Representative Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

“Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

4. Item 17 of the Disclosure Document and the Area Representative Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Area Representative are hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. The Area Representative Agreement is hereby modified to comply with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. The Area Representative Agreement is hereby modified to comply with Minn. Stat. §80C.17, Subd. 5 regarding Limitations of Claims.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 60A.113; which puts a cap of \$30 on an NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. The Area Representative Agreement is hereby amended accordingly.

10. 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.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____
_____.

AREA REPRESENTATIVE

FRANCHISOR:

BBDOTQ USA, INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed

against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend”**, and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____.

AREA REPRESENTATIVE

FRANCHISOR:
BBDOTQ USA, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

PRINCIPALS:

Name: _____

Name: _____

Name: _____

NORTH CAROLINA LAW DISCLOSURES

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document and Area Representative Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document and the Area Representative Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.
2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document and Area Representative Agreement are amended accordingly.
3. Item 6 and Item 17(i) of the Disclosure Document and the Area Representative Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Area Representative Agreement used in North Dakota.
4. The Disclosure Document and Area Representative Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.
5. The Disclosure Document and Area Representative Agreement which require jurisdiction of courts in the State of New Jersey are deleted.
6. The Disclosure Document and Area Representative Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.
7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.
8. The Disclosure Document and Area Representative Agreement are amended which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.
9. The Disclosure Document and Area Representative Agreement are amended which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.
10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee (or developer) in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____

AREA REPRESENTATIVE

FRANCHISOR:
BBDOTQ USA, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

PRINCIPALS:

Name: _____

Name: _____

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

“A provision in the Area Representative Agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The parties hereto have duly executed, sealed and delivered this Addendum dated _____
_____.

AREA REPRESENTATIVE

FRANCHISOR:

BBDOTQ USA, INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

Name: _____

SOUTH CAROLINA LAW DISCLOSURES

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

ADDENDUM TO THE DISCLOSURE DOCUMENT AND AREA REPRESENTATIVE AGREEMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document and Area Representative Agreement for BBDOTQ USA, INC. for use in the Commonwealth of Virginia shall be amended as follows:

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.

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Area Representative Agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Area Representative Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____

AREA REPRESENTATIVE

FRANCHISOR:
BBDOTQ USA, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

PRINCIPALS:

Name: _____

Name: _____

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, AREA
REPRESENTATIVE AGREEMENT AND RELATED AGREEMENTS**

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

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

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

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

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

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

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

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

Article 18 of the Area Representative Agreement is hereby deleted in its entirety.

Item 5 of the Franchise Disclosure is amended to state:

“In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____
_____.

AREA REPRESENTATIVE

FRANCHISOR:

BBDOTQ USA, INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

**Exhibit F to the
BBDOTQ USA, Inc. Franchise Disclosure Document**

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone	Secretary of State 99 Washington Avenue Albany, NY 12231

State	State Agency	Agent for Service of Process
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 14 th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Securities Division 1511 Pontiac Avenue, Building 68-2 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	<u>Mailing</u> - Department of Financial Institutions PO Box 41200 Olympia, WA 98504-1200 <u>Overnight</u> - Department of Financial Institutions 150 Israel Rd SW Tumwater, WA 98501-6456 (360) 902-8760	Department of Financial Institutions 150 Israel Rd SW Tumwater, WA 98501-6456
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

**Exhibit G to the
BBDOTQ USA, Inc. Franchise Disclosure Document**

GENERAL RELEASE

____ (“Area Representative”) and its principal(s):

(a) Area Representative and Area Representative’s Principal(s) do, for themselves and their successors and assigns, hereby release and forever discharge generally Franchisor and any affiliate, wholly owned or controlled limited liability company, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, agent, executor, administrator, estate, trustee or heir of any of them (the “Released Franchisor Party”), from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Area Representative or Area Representative’s Principal(s) may now have, or may hereafter claim to have or to have acquired of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and antitrust statutes, rules or regulations, in any way arising out of or connected with the Area Representative Agreement or this General Release, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against any Released Franchisor Party, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this General Release. In the event Area Representative or Area Representative’s Principal(s) breaches any of the promises, covenants, or undertakings made herein by any act or omission, Area Representative and Area Representative’s Principal(s) shall pay, by way of indemnification, all costs and expenses of any Released Franchisor Party caused by the act or omission, including reasonable attorneys’ fees and costs.

(b) Area Representative and Area Representative’s Principal(s) represent and warrant that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Area Representative or Area Representative’s Principal(s) to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand, or suit shall be made or institute against any Released Franchisor Party because of any such purported assignment, transfer or subrogation, Area Representative and Area Representative’s Principal(s) agree to indemnify and hold such Released Franchisor Party free and harmless from and against any such claim, demand, or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

(c) THIS RELEASE IS A GENERAL RELEASE AND THE PARTIES INTEND AND AGREE THAT IT SHALL BE INTERPRETED, CONSTRUED AND ENFORCED AS SUCH.

(d) Area Representative and Area Representative’s Principal(s) acknowledge, warrant, and represent that no promises, representations, or inducements, except as set forth in this General Release, have been offered or made by any Franchisor Released Party to secure the execution of this General Release,

and that this General Release is executed without reliance on any statements or any representations not contained herein. Area Representative and Area Representative's Principal(s) knowingly waive (1) any claim that this General Release was induced by any misrepresentation or nondisclosure, and (2) any right to rescind or avoid this General Release based upon presently existing facts, known or unknown.

AREA REPRESENTATIVE AND AREA REPRESENTATIVE'S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE AREA REPRESENTATIVE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE AREA REPRESENTATIVE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. Area Representative and Area Representative's Principal(s) also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Released Franchisor Party with respect to any Area Representative Released Claim, and Area Representative and Area Representative's Principal(s) shall defend, indemnify, and hold harmless each Released Franchisor Party against same.

The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Executed as of _____.

FRANCHISEE:

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

**Exhibit H to the
BBDOTQ USA, Inc. Franchise Disclosure Document**

DISCLOSURE ACKNOWLEDGEMENT STATEMENT

NOT FOR USE IN CALIFORNIA, MARYLAND OR WASHINGTON*

****DO NOT SIGN THIS FRANCHISEE ACKNOWLEDGEMENT STATEMENT IF YOU ARE A RESIDENT OF CALIFORNIA, MARYLAND OR WASHINGTON OR THE FRANCHISED BUSINESS IS TO BE OPERATED IN CALIFORNIA, MARYLAND OR WASHINGTON. CALIFORNIA, MARYLAND OR WASHINGTON FRANCHISEES SHOULD NOT SIGN THIS ACKNOWLEDGMENT.**

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

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into an Area Representative Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

1. Area Representative has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Area Representative further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Area Representative by Franchisor and Area Representative and any and all Principals hereby waive any claim against Franchisor for any business failure Area Representative may experience as an area representative under this Agreement.

Initial

2. Area Representative has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Area Representative and its efforts as an independent business operation.

Initial

3. Area Representative agrees that no claims of success or failure have been made to it or him or her prior to signing the Area Representative Agreement and that it/she/he understands all the terms and conditions of the Area Representative Agreement. Area Representative further acknowledges that the Area Representative Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Area Representative has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Area Representative Agreement that are contrary to the terms of the Area Representative Agreement or the documents incorporated herein. Area Representative acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Area Representative Agreement. Area Representative represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Area Representative Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Area Representative acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Area Representative Agreement.

Initial

6. Area Representative acknowledges that Franchisor's approval or acceptance of Area Representative business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Area Representative acknowledges that it has received the BBDOTQ USA, Inc. Franchise Disclosure Document with a complete copy of the Area Representative Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Area Representative Agreement was executed. Area Representative further acknowledges that Area Representative has read such Franchise Disclosure Document and understands its contents.

Initial

8. Area Representative acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Area Representative with respect to the Area Representative Agreement or the relationship thereby created.

Initial

9. Area Representative, together with Area Representative's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the franchise granted by the Area Representative Agreement.

Initial

10. Area Representative is aware of the fact that other present or future area representatives of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various area representatives may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Area Representative's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE AREA REPRESENTATIVE AGREEMENT(OR MULTI-UNIT DEVELOPMENT AGREEMENT), FRANCHISEE (OR DEVELOPER) AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S (OR DEVELOPER'S) AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE BBDOTQ USA, INC. AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE AREA REPRESENTATIVE AGREEMENT(OR MULTI-UNIT DEVELOPMENT AGREEMENT), INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE (OR DEVELOPER).

Initial

Acknowledged this day of _____.

Signature

Print Name:_____

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
California	Pending
Illinois	Pending
Indiana	Pending
Michigan	Pending
New York	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	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

This Franchise Disclosure Document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If BBDOTQ USA, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If BBDOTQ USA, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit F.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Hyongbong Kim
2134 North Central Road
Fort Lee, New Jersey 07024
(201)461-4580

Issuance Date: April 30, 2026

I received a Disclosure Document dated **April 30, 2026**, that included the following Exhibits:

- EXHIBIT A: Financial Statements
- EXHIBIT B: Area Representative Agreement
- EXHIBIT C: List of Area Representatives and Area Representatives Who Have Left the System
- EXHIBIT D: Table of Contents of the Confidential Operations Manual
- EXHIBIT E: State Addenda
- EXHIBIT F: List of State Administrators/Agents for Service of Process
- EXHIBIT G: Form of General Release
- EXHIBIT H: Disclosure Acknowledgment Statement

Date Received: _____
(If other than date signed)

DATE: _____

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

KEEP FOR YOUR RECORDS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

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- EXHIBIT G: Form of General Release
- EXHIBIT H: Disclosure Acknowledgment Statement

Date Received: _____
(If other than date signed)

DATE: _____

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

Please return signed Receipt to: BBDOTQ USA, Inc.
2134 North Central Road
Fort Lee, New Jersey 07024