FRANCHISE DISCLOSURE DOCUMENT

DMG BURNEY INC.
a North Carolina corporation
PO BOX 1450
1107-C West Broad Street,
Elizabethtown, NC 28337
910-874-0874
www.burneyssweetsandmore.com

The franchisee will own and operate a pastry and dessert shop emphasizing high-quality, glazed and stuffed croissants, donuts, cakes, pies, cookies, other dessert items and coffee. Franchisor, DMG BURNEY INC., provides services to franchisees including assistance with training, baking, operations, advertising, purchasing and promotional techniques.

The total investment necessary to begin operation of a BURNEY'S SWEETS & MORE franchise is between $159,248 and $684,879. This includes $20,000 that must be paid to us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact the Franchise Administration Department of DMG BURNEY INC., 1107-C West Broad St. (P.O. Box 1450), Elizabethtown, North Carolina 28337, 910-874-0874.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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 29, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit B.
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 C 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 BURNEY'S SWEETS & MORE business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a BURNEY'S SWEETS & MORE franchisee?	Item 20 or Exhibit B lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL. Any questions regarding the notice should be delivered to the Department of the Attorney General, Department of Licensing and Regulatory Affairs, Corporations, Securities and Commercial Licensing Bureau, 2501 Woodlake Circle, Okemos, MI 48864, Telephone: (517) 241-6470.

TABLE OF CONTENTS

ITEM		PAGE
ITEM 1.	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2.	BUSINESS EXPERIENCE	3
ITEM 3.	LITIGATION	3
ITEM 4.	BANKRUPTCY	3
ITEM 5.	INITIAL FEES	3
ITEM 6.	OTHER FEES	4
ITEM 7.	ESTIMATED INITIAL INVESTMENT	10
ITEM 8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	13
ITEM 9.	FRANCHISEE'S OBLIGATIONS	16
ITEM 10.	FINANCING	18
ITEM 11.	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	18
ITEM 12.	TERRITORY	26
ITEM 13.	TRADEMARKS	28
ITEM 14.	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	30
ITEM 15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	32
ITEM 16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	32
ITEM 17.	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	34
ITEM 18.	PUBLIC FIGURES	39
ITEM 19.	FINANCIAL PERFORMANCE REPRESENTATIONS	39
ITEM 20.	OUTLETS AND FRANCHISEE INFORMATION	41
ITEM 21.	FINANCIAL STATEMENTS	43
ITEM 22.	CONTRACTS	43
ITEM 23.	RECEIPT	43

EXHIBITS

Exhibit A	BURNEY'S SWEETS & MORE FRANCHISE AGREEMENT with Attachment 1 (Franchise Rider), Attachment 2 (Lease Rider), Attachment 3 (Internet, Social Media, and Telephone Assignment), Attachment 4 (Guaranty), Attachment 5(a) (Noncompetition Agreement), and Attachment 5b (Nondisclosure and Non-Solicitation Agreement)
Exhibit B-1	SHOP DIRECTORY/LISTING OF CURRENT FRANCHISEES
Exhibit B-2	LISTING OF CERTAIN PAST FRANCHISEES
Exhibit C	FINANCIAL STATEMENTS
Exhibit D	STATE SPECIFIC INFORMATION
Exhibit E	FEDERAL AND STATE REGULATORS AND AGENTS FOR SERVICE OF PROCESS
Exhibit F	SAMPLE GENERAL RELEASE AGREEMENT
Exhibit G	ACH/EFT TRANSFER AGREEMENT
Exhibit H	FIRST ADDENDUM TO RENEWAL FRANCHISE AGREEMENT
Exhibit I	AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER
Exhibit J	SMALL BUSINESS ADMINISTRATION ADDENDUM
Exhibit K	FORM OF FRANCHISE COMPLIANCE
Exhibit L	RECEIPT

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

To simplify the language in this Disclosure Document, "we," "our," "us" and "BURNEY'S SWEETS & MORE" refer to DMG BURNEY INC. "You" and "your" refer to the person or company that buys the franchise, including, if any, such company's owners, partners, members, shareholders, and guarantors.

THE FRANCHISOR

We are a North Carolina corporation, incorporated under the name "DMG BURNEY INC.," on August 13, 2014. Our principal business address is 1107-C West Broad St., Elizabethtown, North Carolina 28337. We own all of the trademarks you will use in the operation of your BURNEY'S SWEETS & MORE business. Our sole business since inception has been selling BURNEY'S SWEETS & MORE licenses and franchises. Prior to November 2017, we licensed to third parties the right to operate BURNEY'S SWEETS & MORE businesses through a legacy license program no longer being offered. We no longer offer licenses to third-parties, and we offer only BURNEY'S SWEETS & MORE franchises. We operate no business of the type being franchised and have never offered for sale any franchises of any other kind.

PARENTS, PREDECESSORS, AND AFFILIATES

We have no parents or predecessors which are required to be disclosed in this Item. Our affiliate, BURNEY SWEETS & MORE INC. is a North Carolina corporation that was incorporated on July 21, 2011 and has a principal place of business at 106 B Martin Luther King Jr. Dr., Elizabethtown, North Carolina 28337. Since its inception, BURNEY SWEETS & MORE INC. has operated one business of the type being franchised at its principal place of business in Elizabethtown, North Carolina. BURNEY'S SWEETS & MORE INC. previously operated one business of the type being franchised in Southport, North Carolina, but sold the location to us, which we then sold to an unaffiliated third-party in 2016. BURNEY SWEETS & MORE INC. operates no other businesses and has never offered for sale any franchises of any kind.

Exhibit E lists our agent for service of process in your state.

THE FRANCHISE OFFERED

As a BURNEY'S SWEETS & MORE franchisee, you will own and operate a pastry and dessert shop emphasizing high-quality, glazed and stuffed croissants, donuts, cakes, pies, cookies, other dessert items and coffee (a "Shop"). The BURNEY'S SWEETS & MORE Shops are characterized by a unique system that includes special recipes and menu items; high-quality bakery products; distinctive design, décor, color scheme, and furnishings; standards, specifications, and procedures for operations; training and assistance; and advertising and promotion programs, all of which we may improve, amend, and further develop from time to time. The typical BURNEY'S SWEETS & MORE Shop is operated in leased, inline space that is about 1,500 to 2,200 square feet and is located near, but generally not on, main thoroughfares. We will grant you a protected Territory within which we will not operate or license another party to operate a brick and mortar BURNEY'S SWEETS & MORE Shop, except that we have the right to operate or permit others to operate BURNEY'S SWEETS & MORE Shops in non-traditional sites such as malls, hospitals, convenience stores, schools, airports, parks (including theme parks), sports arenas, food trucks, and similar venues (all such Shops referenced herein as "Non-Traditional Shops"). We reserve the right to operate or license another to operate a Non-Traditional Shop within your protected Territory. If we or an affiliate or franchisee develop any Non-Traditional Shops in your protected Territory, you will not be entitled to any compensation from the Non-Traditional Shop.

You will compete with other BURNEY'S SWEETS & MORE franchisees, other shops, bakeries, convenience stores, restaurants, grocery and specialty stores that offer baked goods, croissants, donuts, coffee, and/or other similar items. These include national and regional chains as well as local operations. Your ability to succeed with this franchise will in part be determined by your ability to compete with these other bakery and restaurant establishments.

There are no regulations known to us specific to the operation of a pastry and dessert shop. However, state and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of your Shop, including those that (a) establish general standards, specifications, and requirements for the construction, design, and maintenance of the Shop premises; (b) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements for Shops; employee practices concerning the storage, handling, cooking, and preparation of food; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) regulate the proper use, storage, and disposal of waste, insecticides, and other hazardous materials; (f) govern labor and employment practices for your employees; and (g) require you to purchase health insurance and/or provide other benefits to your employees, such as the Affordable Care Act. The Americans with Disabilities Act also may apply to the operation of your Shop. Since you accept credit cards as a method of payment, you must comply with payment card infrastructure ("PCI") industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data. You should investigate any laws, rules, regulations in your geographic area to understand the costs of, and to ensure compliance with, those regulations, if any, prior to purchasing your franchise or commencing operation of your Shop.

ITEM 2. BUSINESS EXPERIENCE

Name	Position	Principal Occupation During the Past 5 Years
Michael L. Burney	President; Member, Board of Directors	Since August of 2017, Mr. Burney has served as our President and a member of our Board of Directors. Since October of 2011, Mr. Burney has also served as Vice President of BURNEY'S SWEETS & MORE INC. of Elizabethtown and has operated the BURNEY'S SWEETS & MORE shop located in Elizabethtown, North Carolina.
Gina Burney	Vice President; Member, Board of Directors	Since August of 2017, Ms. Gina Burney has served as our Vice President and a member of our Board of Directors.
Chelsea Burney	Treasurer; Chief Financial Officer; Member, Board of Directors	Since August of 2014, Ms. Chelsea Burney has served as a member of our Board of Directors and since December 2023 Ms. Chelsea Burney has served as our Treasurer and Chief Financial Officer. From June 2024 to present, Ms. Chelsea Burney has served on a part-time basis as a Client Accountant Services Associate at Earney Accountants and Advisors, PLLC in Wilmington, NC. From January 2021 to November 2021, Ms. Chelsea Burney was a Tax Associate at RSM US LLP in Wilmington, North Carolina. From November 2021 to August 2022, she was a Staff Accountant at Thompson, Price, Scott, Adams & Co. in Wilmington, NC. From August 2022 to November 2023, she was a Senior Accountant at Williams Overman Pierce, LLP. From October 2011 to December 2020, she assisted in the operation of the BURNEY'S SWEETS & MORE INC. shop located in Elizabethtown, North Carolina.

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

The initial franchise fee to open a BURNEY'S SWEETS & MORE Shop is $20,000. This initial franchise fee includes training for you (or, if you are a corporate entity, for one of your principals) and your manager at our training facility. The initial franchise fee also includes one terminal for the approved point-of-sale system. The initial franchise fee is payable in lump sum and is due and fully earned at the time you sign the franchise agreement and is not refundable under any circumstances. During our last fiscal year, our initial franchise fee was uniformly applied.

ITEM 6. OTHER FEES

Name of Fee[1]	Amount	Due Date	Remarks
Royalty[2]	3% of monthly Gross Sales[3]	Payment made by electronic funds transfer (EFT) on the 15th day of each month. Upon 30 days' notice, the royalties can be electronically drafted from your bank account.	Royalty can be raised by us to be as high as 5% of monthly Gross Sales.
Brand Fund Fee[2]	0.5% of monthly Gross Sales	Payment made by electronic funds transfer (EFT) on the 15th day of each month	The Brand Fund Fee can be raised by us to be as high as 1.5% of monthly Gross Sales. Total required fees for the Brand Fund, local advertising, and the cooperative may not exceed 4% of monthly Gross Sales.
Advertising Cooperative Fee	There are currently no plans for an advertising cooperative, but one may be formed in the future.	When designated by cooperative	Total required fees for the Brand Fund, local advertising, and the cooperative may not exceed 4% of monthly Gross Sales. If a local advertising cooperative is established, you will be required to contribute your share of the cooperative's budget as determined by the cooperative's members through a majority vote of its members.

Name of Fee[1]	Amount	Due Date	Remarks
Transfer Fee	50% of then-current initial franchise fee.	When the transfer application is submitted.	Fee must be deposited with us on a non-refundable basis upon notification to us of a proposed transfer and prior to our undertaking any review, drafting of documents, training, or other activities. If we do not approve the transfer, the transfer fee will be returned minus our expenses incurred (including legal fees) for review and consideration of the transfer.
Renewal Fee	$8,500.	Upon signing a of new franchise agreement.	Payable in immediately available funds. You have the right to renew for 2 additional terms of 5 years each.
Audit Fee	The greater of $1,500 or actual cost of audit.	At once if audit shows 2% or greater underpayment.	You also pay the underpayment, if any. We pay for the audit if underpayment is 2% or less.
Collection and Interest Charges	10% or highest lawful rate if lower.	Immediately if payments not made when due.	This charge is in addition to other remedies such as late payment fees.
Conferences and Conventions	$500 to $1,000.	Upon invoicing.	We reserve the right to charge you for your share of our cost to put on conferences and conventions you attend.
Additional Training	Standard rate of $250 per day per trainer plus out of pocket expenses and travel. Travel costs will include reimbursement for mileage at the then-current IRS published rate.	30-day notice of additional training with payment due before training class begins.	You remain responsible for paying your and your employees' lodging, transportation, and food expenses incurred for additional training. You may request additional training, or we may determine that additional training is necessary.

Name of Fee[1]	Amount	Due Date	Remarks
Unapproved Advertising Fines	1st infraction: $0 2nd infraction: $100 3rd or subsequent infraction: $500	Upon notice of infraction. Will be collected by EFT.	These fines would apply to any advertising materials or techniques used without obtaining our approval or following the procedures in the Brand Standards Manual. Any fine is in addition to other remedies under the Franchise Agreement.
Fines	Up to $1,000 per occurrence; plus costs for inspection or re-inspection.	Upon notice of infraction. Will be collected by EFT.	Fines for failing to operate in accordance with operating standards, including selling unauthorized products or services.
New Supplier/Product Evaluation Fee	Our costs and expenses	On Demand	We may modify this fee from time to time. You will pay all fees and costs incurred by us to obtain the necessary information and evaluate suppliers prior to giving approval for new suppliers and products.
Hold Harmless; Indemnification	Any and all types of damages, liabilities, losses, costs, and expenses we incur as a result of third parties claims or from your ownership and operations of your Shop. Amount will depend on unknown factors.	Defense cost when suit occurs. Indemnification when payment required.	You, your owners, and your guarantors must defend, indemnify, and hold us and related parties harmless for a broad range of claims related to your actions, omissions, ownership, and operations of your Shop.
Early Termination Damages	Our damages, costs, and expenses.	As incurred.	If the Franchise Agreement is terminated early we have the right to seek damages from you.
Attorney's Fees and Costs, and Arbitration	Our costs and expenses.	When court or arbitrator orders, if we win.	Loser pays winner's fees and costs to discourage meritless litigation. We could have to pay your fees.

Name of Fee[1]	Amount	Due Date	Remarks
Insurance Premium Reimbursement	Actual out-of-pocket costs; varies according to plan and provider.	Upon demand.	If you do not purchase the required insurance, we may purchase it and you must reimburse us.
Enforcement Costs	Our costs and expenses.	As incurred.	You must pay our costs of enforcement (including attorneys' fees and costs) if you do not comply with the Franchise Agreement.
Continued Operation After Expiration	Greater of $1,000 per month or 150% of royalties per month.	Monthly	If we permit you continue to operate the Franchised Business on a month-to-month basis after expiration of the Franchise Agreement, then you must pay to us, in addition to all Royalties and other fees due to us, a monthly fee equal to the greater of $1,000 or 150% of the royalties due for the same month for every month during the month-to-month operations, up to our then-current initial franchise fee.
Insufficient Funds	$25 plus any fee charged us for uncollected funds.	Upon notice	Failure to have sufficient funds available for payments to us.
Failure to attend required training/convention	Increase royalty by up to 1% for balance of calendar year.	Upon notice of infraction. Will be collected by EFT.	Additional royalty to compensate us for your failure to attend training/convention.
Quality Control Review Services	Our costs and expenses.	As incurred.	If we implement a quality control program, you will pay your share of the costs and expenses of the program.

Name of Fee[1]	Amount	Due Date	Remarks
Third Party Supplier Charges	Your share of any charges billed to us on behalf of your business.	As incurred.	Sometimes it may be in the best interest of the BURNEY'S SWEETS & MORE brand for suppliers to bill us a system-wide charge for a product or service. We will then divide the invoice among our franchisees and charge you for your share.
Data Inspections and Reimbursement	Our costs and expenses.	Upon demand.	If you repeatedly violate the required data privacy and security obligations under the Franchise Agreement, we reserve the right to charge you our costs and expenses to inspect your business. Additionally, you are responsible for our costs and expenses that arise from your non-compliance or a security breach caused by you or your personnel.
Goods and Services	Current prices and fees.	As incurred	We may be the supplier of goods and services in the future and you may be required to pay us for those goods and services at the then-current rates.
Business Directory Listings	Actual out-of-pocket costs.	Upon demand.	You will place and pay the cost of business listings in the directories and categories we specify. Alternatively, we can do so on your behalf and at your expense.

Name of Fee[1]	Amount	Due Date	Remarks
Refurbishing Reimbursement	Our costs and expenses plus 15%.	Upon demand	If we must undertake any refurbishing work on your behalf, you will pay us our costs and expenses and an administrative fee of 15% for the total aggregate amount incurred by us. Additional interest will apply to any late payment of reimbursement.
Customer Complaint Fee	Our costs and expenses.	Upon demand.	If a customer complains to us and you fail to satisfactorily remedy the complaint, you will pay us our costs to respond to the complaint.
Default Damages	Damages, costs, losses, and expenses,	As incurred.	You must promptly reimburse us for any damages, costs, losses, and expenses, including reasonable attorneys' fees, we incur as a result of any default under the Franchise Agreement.
Liquidated damages	An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Transfer Damages	15% of the price paid by the transferee or $25,000, whichever is greater.	Within 15 days of our demand.	Due only if you breach your transfer obligations to us. These are liquidated damages and not a penalty.

Note 1. All fees and expenses described in this Item 6 are non-refundable and, unless otherwise indicated in this Item, are imposed uniformly by, collected by, and are payable to, us. We have the right to adjust the fees according to market conditions, including inflation.
Note 2: Throughout 2024, we permitted one franchisee who converted from a licensed BURNEY'S SWEETS & MORE Shop to a franchised BURNEY'S SWEETS & MORE Shop to pay a reduced royalty fee of 1% of its gross sales. Our franchisees and licensees who signed

agreements with us before January 1, 2019 also do not pay into the Brand Fund. Except for these instances, all fees were uniformly applied last year.

Note 3. "Gross Sales" means the total of gross revenue that you derive from the operation of your Shop, including, but not limited to, all revenue from services rendered by your Shop and from the sale of products, whether from sales for cash or credit and regardless of the collection thereof, including sales made on a retail, wholesale, or any other basis. Gross Sales also includes any proceeds you receive from business interruption insurance. Gross Sales does not include tips, sales taxes or gift card redemptions, nor does it include sales to other franchisees and company-owned Shops. Royalties on gift cards are assessed when the gift card is sold. In the event you use a gross buying service such as Groupon or Living Social, gross sales shall include the total gross amount paid by the customer, whether or not such amount is ultimately paid to you or the group buying service.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	LOW	HIGH			
PRE-OPENING COSTS[1]					
Initial Franchise Fee	$20,000	$20,000	Lump sum	Due on signing Franchise Agreement	Us
Inventory[2]	$8,800	$27,500	Vendor terms	Within 0 - 30 days of order	Approved vendors
Lease[3]	$22,000	$82,500	Landlord terms	Monthly, depending on lease agreement	Landlord
Leasehold Improvements and Fixtures[4]	$22,000	$300,000	Lump sum or (possibly) amortized by landlord	Varies depending on your contract with supplier	Supplier or Landlord
Furnishings	$1,100	$20,000	As incurred	Varies depending on your contract with supplier	Approved suppliers
Signage	$880	$8,800	As incurred	Varies depending on your contract with supplier	Approved suppliers

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	LOW	HIGH			
Equipment and Smallwares[5]	$55,000	$154,000	As incurred	Varies depending on contract with supplier	Approved supplier
Point of Sale System[6]	$1,500	$1,899	As incurred	Monthly	Approved supplier
Deposits[7]	$440	$2,200	Lump sum	Usually before opening	Landlord, utilities, phone co.
Insurance[8]	$3,300	$5,500	As incurred	Varies depending on contract with supplier.	Approved supplier
Business Licenses	$28	$330	As incurred	Varies depending on jurisdiction	Local, state, federal government; approved vendors
Training living expenses	$1,650	$4,400	As incurred	Before opening	Air travel, hotels, meals, incidentals
Grand Opening Marketing[9]	$550	$2,750	These expenditures commence on an as incurred basis as early as 60 days' prior to the opening of your Shop and will continue through the first 30-60 days of operation	As incurred	Suppliers
Brand Fund Fee—3 months	0.5% of monthly Gross Sales	1.5% of monthly Gross Sales	Paid monthly in lump sum	EFT	Us
Royalty	3% of monthly Gross Sales	5% of monthly Gross Sales	Paid monthly in lump sum	EFT	Us

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	LOW	**HIGH**			
Local Advertising	1% of monthly Gross Sales	1% of monthly Gross Sales	As incurred; At least 1% of your Gross Sales must be spent on local advertising monthly; the value of products given away counts towards this requirement.	As incurred	Vendors
Additional Funds – 3 months (Working Capital) 10	$22,000	$55,000	As incurred	As incurred	Vendors, suppliers, utilities
TOTAL	**$159,248**	**$684,879**			

Note 1. All of the fees described in this Item are payable to us and are non-refundable. Individual vendors, suppliers, utilities and landlords will have their own refund policies.

Note 2. As inventory is used, more inventory will need to be purchased with the capital allocated to inventory.

Note 3. This estimate assumes you will not start making rent payments until your Shop opens. Your costs may be greater than estimated if your rent payments begin before you open.

Note 4. The low estimate assumes you will be improving a space of approximately 1,500 square feet that is a warm vanilla shell with a commercial hood already installed located in a small, rural town. The higher estimate assumes you will be renting a space of approximately 2,200 square feet that is a new, dark shell space that has never been built out, does not have an adequate commercial hood already installed, and/or is located in a more suburban or urban area. Both estimates assume you will be leasing inline space. If you elect to own your own location, additional costs will be incurred. If you choose to purchase or lease a stand-alone building, you will likely incur greater costs. You must lease or provide a suitable facility for the operations of the franchised BURNEY'S SWEETS & MORE SHOP. You may choose a larger facility, but it will increase your operating costs. Your cost to lease or purchase space is difficult to estimate because there are several factors that will impact what you pay. These factors include the facility's location, its square footage, cost-per-square foot, renovation costs and any required maintenance fees. Your landlord, developer, or builder may refund your security deposit or other fees paid, but most landlords will not refund rental payments or other payments made. You should ask your leasing agent or landlord about their refund policy before you sign a lease agreement. We do not require you to purchase or build a facility to house the franchise. Your costs may increase over our projections should you choose to purchase or build. You should consider construction delays and their unpredictable cost before electing to build or purchase. You should seek professional advice if you choose to purchase or build. You will likely incur costs to renovate or remodel the space you lease. Your costs will vary depending on many factors, including the size, condition and location of the facility, local wage rates and the cost of materials. The amounts you pay for leasehold improvements are typically non-refundable. You should ask the vendor you hire to renovate or remodel the facility about its refund policy before you patronize the vendor.

Note 5. Your costs for equipment may vary and even exceed our estimates if you choose to purchase equipment that exceeds the cost of our recommended purchases, or if vendors increase their prices. We reserve the right to require you to purchase specific equipment from designated vendors in the future.

Note 6. You will be required to pay a monthly fee for use of an approved point-of-sale system (see Items 8 and 11 for more details). This estimate assumes that you will begin using your point-of-sale system one month before you open for business and that you will purchase one terminal with a cash drawer and a printer. The high estimate assumes that the monthly fee for the point-of-sale system increases to be $69.95 per month due to vendor price increases.

Note 7. This estimate includes estimates for utility deposits and fees.

Note 8. This estimate is based on annual premiums.

Note 9. You must spend at least $500 on grand opening advertising during the first 3 months of operation, which amount will be counted toward the requirement to spend 1% of your gross sales on local advertising. You may choose to spend more money. You will be required to hand out flyers and give away free food as part of your grand opening advertising. Factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of your Shop, time of year in which you open, and customer demographics of the areas surrounding your Shop.

Note 10. You should have a 3-month cash reserve to cover the operations of the franchised Shop. Your cash reserves should be based on the total monthly cost of operating the franchised Shop. You should consider rent, salaries, utilities, maintenance, supplies, payroll, taxes, loan payments, royalties, brand fund contributions, and other related operating costs to arrive at your 3-month reserves. Your costs will be affected by factors in the local market; local economic conditions; local competition; local cost factors; and other variables related to the location of your Shop. For example, the wages and rental rates in the area where your Shop is located will affect the size of your cash reserve. You may need to have more or less money in your cash reserve. The payments made to third parties may be refundable depending on the terms offered by each third party. These estimates do not include any finance charges, interest or debt service obligations. These figures are estimates and we cannot guarantee you will not have additional expenses either in starting the business or during the first 3 months. The amount you will need in reserve will depend on factors such as how closely you follow our methods and procedures; local economic conditions; competition; the size of your territory; and the sales level reached during the initial period. In putting together these estimates, we relied on the experience of our franchisees. Your experience could differ from our affiliate's. You should review these estimates carefully with a business advisor or accountant before making any decision to buy a franchise and to get a more accurate estimate of the amount you should have in reserve.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Authorized Distributors. You must purchase and use only goods, services, supplies, fixtures, equipment, inventory, and computer systems that meet our standards and specifications. We have developed and may develop additional standards and specifications for these items that we make available to you through the Brand Standards Manual, pre-opening materials, and other communications. You must comply with the changes after receiving notice from us. Your supplier of all the goods, services, supplies, fixtures, equipment, inventory, and computer systems must be a supplier that we approve or designate. We or our affiliate may be an approved or designated supplier. We reserve the right to revoke approval for any item or supplier for any reason, and you must cease to use the item or supplier upon 30 days' notice from us. Even with approved suppliers, only certain inventory items are approved. We have the right to change our business relationship with our approved suppliers as well as the right to add and/or remove approved suppliers from the approved supplier list.

You must purchase or lease the required point-of-sale system as designated by us and from an approved supplier. You will be obligated to purchase all POS equipment we may require during the term of your Franchise Agreement. The POS system you may be required to purchase must conform to our standards and specifications. You are required to use the credit card processing service we approve.

We have approved exclusive suppliers from whom you will be required to purchase certain inventory, food, and products, including, but not limited to, all baking supplies and products. We may restrict you from buying inventory we have not approved, even from suppliers we approve.

If you do not own your business premises, we must approve your lease. It is your responsibility to select your own location. We have the right to require you and your landlord to provide in the lease that we shall have the right at our option and without compensation to you to take assignment of the lease should you materially default under the lease or should your franchise agreement terminate or not be renewed for any reason. You are not allowed to relocate the business premises without our prior written approval.

Because of the volume of business franchisees may bring in the future to our suggested suppliers, you may enjoy lower prices than you could receive from other suppliers, or on the other hand, you may encounter higher prices than you would otherwise encounter if you were not required to purchase from the authorized supplier. We may, but are under no obligation to, negotiate with these suppliers to your benefit. We will have no obligation to share any revenue, rebates, commissions, discounts, or other benefits received with you.

We do not provide you with any material benefits based upon your use of approved suppliers.

Insurance. You are obligated to obtain and maintain, at your own expense, such insurance that we require from time to time from a nationally-recognized insurance company and at all times during the term of the Franchise Agreement maintain in force and pay the premiums for all types of public liability insurance with complete operations coverage, with limits of liability for bodily injury, personal injury and advertising injury of not less than $1,000,000 with limits of liability for property damage of not less than $1,000,000 in each occurrence, $1,000,000 of public and product liability coverage, and non-owned vehicle coverage of at least $500,000. You are also required to purchase business interruption insurance and must use the proceeds received from your business interruption insurance to pay Royalties during any period your business is interrupted by hurricanes, fires, or other disasters. From time to time in our sole discretion, we may increase or modify such limits of liability or require additional types of coverage, including coverage for cyber liability. The cost of this coverage will vary depending on the insurance carrier's charges, terms of payments and your history. All insurance policies must name us as an additional insured party. The Franchise Agreement also outlines the types, amounts, terms and conditions of insurance coverage required for your Shop, including, but not limited to, standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend a claim; and similar matters relating to insured and uninsured claims.

Method of Approving Suppliers. To use a supplier, product, service, or vendor that we have not already approved, you must first submit to us certain information including product specifications, costs, product components, performance history, product samples, supplier information or photographs, and any other relevant information. We will evaluate the proposed good, service, or supplier based upon certain criteria and determine if you are approved to use the alternate good, service, or supplier. We do not make the criteria available to you. If the good, service, or supplier meets our criteria, you may use it. We do inform you that we generally evaluate technical and performance properties of the good, service, or supplier, including design, appearance, product reliability, durability, the manufacturer's warranties, quality control methods, taste, ingredients, financial ability of the product's producers and distributors, supplier history and reputation, and supplier capacity. Our review is generally completed in 90 days. If we do not approve of the supplier, good, or service within 120 days, then that good, service, or supplier is deemed not approved and you must not use that supplier, good, or service. We will advise you in writing of our decision. We impose these restrictions to safeguard the integrity of both the System and our Marks. We reserve the right to revoke approval for any good, service, or supplier for any reason, and you must cease to use the good, service, or supplier upon 30 days' notice from us. If you request that we evaluate a good, service, or supplier, you will pay all fees and costs incurred by us to obtain the necessary information and to conduct the evaluation. Additionally, if the supply or equipment source is approved you will pay us at the time the alternate supplier is approved and prior to ordering from the alternate supplier, an administrative fee equal to 15% of the value of the item(s) purchased. We reserve the right to revoke approval for any item or supplier for any reason and you must cease to use the item or supplier upon 30 days' notice from us.

Unauthorized Suppliers. Where we have designated an approved supplier, you must use that supplier. Not purchasing your business's equipment, inventory, computer hardware and software, food products, or any other items where we have designated an approved supplier would put you in violation of the Franchise Agreement. If you violate the Franchise Agreement, we may, at our option, either take legal action against you to compel compliance and/or terminate your Franchise Agreement.

Required Purchase Percent of Revenue. The required purchase of products from the authorized suppliers will represent between 90% and 95% of your overall purchases in establishing your BURNEY'S SWEETS & MORE franchise. The required purchase of products from the authorized suppliers will represent between 90% and 95% of your overall purchases in operating a BURNEY'S SWEETS & MORE franchise. The cost as a percentage of revenue will vary depending on the product mix you sell to your clients, the revenue achieved by your business, and your business's cost structure.

Revenue Derived. During our last fiscal year ended December 31, 2024, we received $144,633 or approximately 40.26% of our total revenue of $359,246 from franchisee purchases from approved suppliers. For each order of food our franchisees purchase from our approved food supplier, we receive a flat fee per box of croissants purchased, plus a percentage of each franchisee's total order less the value of the purchased croissants.

In the future, we may derive additional revenue from the sale of products, supplies, and equipment to you by our other approved suppliers. We reserve the right to receive payments, including rebates, commissions, and discounts, from designated suppliers based upon your purchases with them. We do not share any revenue received with you as a result of your purchases or leases and we are under no obligation to share any revenues received with you.

Neither we, nor any affiliate, nor our owners are currently approved suppliers or own an interest in an approved supplier or receive any benefit from required purchases. However, we reserve the right to become, or approve our affiliates to become, approved suppliers in the future or receive benefits from required purchases that we do not currently receive.

Warranty and Customer Service Requirements. Our franchisees guaranty the satisfaction of our customers. Therefore, if a customer complains about the food or another aspect of their dining experience, we have established certain procedures you are required to follow to resolve the concern, which could result in not charging the customer for the services provided or providing discounts for future services.

Purchasing or Distribution Cooperatives. Currently you are not required to participate in a purchasing or distribution cooperative. However, we have the right to require you to participate in a local advertising purchasing cooperative.

Product Specifications. We issue specifications to certain designated suppliers for products and food items you must purchase for use or sale at your Shop.

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	Franchise Agreement §§ 2(b)(ix), 6, and 10	Items 7, 8, and 11
b. Pre-opening purchases/leases	Franchise Agreement §§ 4, 6, 10, 11, and 12	Item 7, 8, and 11
c. Site development and other pre-opening requirements	Franchise Agreement §§ 6, 8(a)(i), 8(e), 9, 10, 11(a)(ii), 11(b)-11(i), 11(l)-11(m), 11(s), 12(a), 12(b)	Items 7, 8, and 11
d. Initial and ongoing training	Franchise Agreement § 4(a)(iv), 4(a)(v); 11(a), 11(c)	Item 11
e. Opening	Franchise Agreement §§ 1, 3, 4, 6 and 8(a)(i)	Items 5, 7, 11

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
f. Fees	Franchise Agreement §§ 2(b)(vi), 3, 8, 13(d)(vii), 18(e), 18(f)	Items 5, 6, 7, and 17
g. Compliance with standards and policies/operating manual	Franchise Agreement §§ 2(b)(ii)-(iv), 4; 11, 17, Brand Standards Manual	Items 8, 11, 13, 14, 16 and 17
h. Trademarks and proprietary information	Franchise Agreement §§ 7, 11(b), and 15, Brand Standards Manual	Items 13 and 14
i. Restrictions on products/services offered	Franchise Agreement §§ 11(b) and 11(d), 12	Item 16
j. Warranty and customer service requirements	Franchise Agreement §§ 11(d), 11(m), 11(w) and 17(c)(xii)	Item 15
k. Territorial development and sales quotas	Franchise Agreement not applicable	Item 12
l. Ongoing product/service purchases	Franchise Agreement § 12	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Franchise Agreement §§ 6, 10, 11(b), 11(q)	Item 8
n. Insurance	Franchise Agreement § 16	Items 6 and 8
o. Advertising	Franchise Agreement § 8	Items 6 and 11
p. Indemnification	Franchise Agreement § 10(a), 11(c), 11(v)(v), 19(b)	Item 6
q. Owner's participa-tion/management/staffing	Franchise Agreement § 11(a) - (e)	Item 15
r. Records/reports	Franchise Agreement § 11(p)	Items 6, 16 and 17
s. Inspections/audits	Franchise Agreement §§ 11(p)(iv), 11(q)	Items 6 and 11
t. Transfer	Franchise Agreement §§ 13	Items 6 and 17
u. Renewal	Franchise Agreement § 2(b) - (d)	Item 17
v. Post-termination obligations	Franchise Agreement §§ 6(iii), 7(d), 14, 15, 17, 18 and 19	Item 17
w. Non-competition covenants	Franchise Agreement §§ 11(a), 14, 15, and 18	Item 17

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
x. Dispute resolution	Franchise Agreement § 21	Item 17

ITEM 10. FINANCING

At this time, we do not offer financing. We do not guarantee any note, lease, or obligation.

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

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

Pre-Opening Assistance:

After you sign your Franchise Agreement, but before you open your business:

1. Training. We will offer you a training program at our training facility, as set forth in this Item below in more detail. (Franchise Agreement Section 4(a)(iv))

2. Brand Standards Manual. We will lend you a set of our Brand Standards Manual. (Franchise Agreement Section 11(i))

3. Site Selection. It is your responsibility to select and outfit your own location. We are not required to provide or assist you in locating a site or obtaining your business premises. However, if requested, we will advise you on recommended locations, remodeling of the premises, and the purchase or lease of equipment, signs, and fixtures. We must accept the site location and the lease if you do not own the premises. Our determination to accept or reject a site may be based on various criteria, including but not limited to business count, traffic count, accessibility, parking, visibility, competition, and license availability. You must send us all information we require for the proposed site. Generally, we accept or reject a site within 30 days of receiving the request. In the event we do not accept a proposed site by written notice to you within said 30 days such site shall be deemed rejected by us. It is your responsibility to ensure that your premises conforms to local ordinances and building codes as well as to obtain any required permits. It is also your responsibility to construct, remodel and decorate the premises. If you fail to execute a lease or purchase contract for the site within a reasonable amount of time after our acceptance of the site, we reserve the right to refer it to another franchise applicant or develop it as a company-owned business. If you fail to select a site that we accept and begin operation within 12 months, you will be in default under the franchise agreement and we may, in our sole discretion: (1) allow more time; or (2) terminate your franchise agreement without any refund to you. (Franchise Agreement Section 6(a))

4. List of Approved Vendors and Suppliers. Before you open your location and to the extent we have approved vendors and suppliers, we will provide you with a copy of our list of approved vendors and suppliers for all required or recommended goods, services, supplies, fixtures, equipment, inventory, signage, décor, furnishings, or computer systems. To the extent we have standards and specifications for the required goods and services, we may also provide

them to you. We do not deliver or install these items. You will be responsible for ordering and handling the costs of such items. (Franchise Agreement Section 4(a)(ii) – (iii))

5. Consultation Services. We are not required to provide you other supervision, assistance or services prior to the opening of your Shop. (Franchise Agreement Section 4.) However, if requested, we will advise on additional topics related to the opening of your Shop.

6. Pre-Opening On-Site Assistance/Training. At about the time of opening we may, but are not obligated to, send an officer, staff member, or a designated franchisee or contractor to provide on-site training prior to or within 2 weeks after your opening and, if possible, to attend the opening of your Shop. If provided, our designee will assist you in putting the BURNEY'S SWEETS & MORE system into operation.

At any time that you or any of your affiliates are in breach of the obligations under the Franchise Agreement, or any other agreement with us or any of our affiliates, we or our affiliate may defer the performance of our obligations under the Franchise Agreement (for example, our obligation to accept your site in a timely manner) or such other agreement, or defer the opening of your Shop, until you (or your affiliate's) breach has been cured. Our (or our affiliate's) exercise of that right will not constitute a waiver of our rights under the Franchise Agreement or such other agreement, including, without limitation, our (or our affiliate's) right to terminate the Franchise Agreement or such other agreement.

Ongoing Assistance:

During the operation of your Shop under your Franchise Agreement, we will:

1. System Improvements. Make available to you from time to time all improvements and additions to the Franchise System to the same extent and in the same manner as they are made available to BURNEY'S SWEETS & MORE franchisees generally. These improvements may include opportunities to offer new goods and services. The maximum amount you will be required to spend on improvements of your Shop during the first 2 years is $30,000. Thereafter, there is no limit to the cost of the improvements or refurbishments we may require of your Shop. (Franchise Agreement Section 4(a)(v)-(vi))

2. Online Presence. We will maintain an Online Presence for the brand, as discussed below. (Franchise Agreement Section 8(i))

3. Pricing. Generally, you will have the right to set prices for the goods and services you offer and sell at your Shop. We will offer you our recommendations and advice about setting prices for your goods and services. If the law in your jurisdiction permits us to do so, we reserve the right to establish minimum or maximum prices, to implement system wide promotional pricing, and to establish specific prices for specific goods and services.

Optional Assistance:

We have the discretion to provide you with the following assistance, but not the obligation:

1. Advice. We may provide advice and consultation services to you. We may provide our recommendations on resolving operating problems you encounter. We can establish and reserve the right to modify systems for administration, bookkeeping, accounting, and inventory control. We do not assist you in hiring your employees. If you request a level of assistance greater than what we provide to other franchisees or that requires us to make our staff present at your Shop, we have the right to charge you our then-current additional training fee, plus expenses. (Franchise Agreement Section 4.)

2. Advertising. We may make available to you from time to time advertising materials we prepare for use by BURNEY'S SWEETS & MORE franchisees generally. We may also review advertisements that you propose to use. We reserve the right to use our own funds from time to time to conduct advertising. We have the sole discretion to determine the advertising products, media, source of advertising, and geographical markets for the advertising. We have no obligation to supply you with any advertising material produced for us at our sole expense. (Franchise Agreement Section 8)

3. Additional Training. We may offer additional training as we see fit or as you request. We charge for this additional training program at the rate of $250 per day per trainer. You must pay for it at the time of the training, unless we have agreed to alternative billing arrangements. For any initial and additional training, you will bear all indirect training costs and expenses, such as wages for your employees and all travel, lodging, meals and other living expenses you and your designee incur. While most additional training is optional, you may be required to attend the additional training. If you are required to attend the additional training, no tuition fee will be charged to you, although you will be responsible for all transportation, lodging, food, and other costs incurred in attending the training. (Franchise Agreement Section (a)(v))

4. Conferences and Conventions. While we are not required to do so, from time to time we may offer conferences and other training courses related to our industry and to your Shop. Franchisees are required to attend all conferences and other required training courses. These courses may be conducted by our employees and/or by other trainers and will address various aspects of our business and other topics of interest to franchisees. We have the right to charge you a tuition fee for each attendee, whether or not the attendee is required to attend. Additionally, you will be responsible for all transportation, lodging, food and other costs incurred by any of your attendees in attending such seminar. If you do not attend a scheduled required event, you will be charged 1% of your annual revenue for the balance of the calendar year. (Franchise Agreement Section (a)(vi))

5. Franchise Advisory Council. While we are not required to do so, we reserve the right to maintain a Franchise Advisory Council ("FAC"). The FAC would provide advice to us on various matters, including advertising. The FAC would serve in an advisory capacity only and would have no operational or decision-making power. We would appoint the members of the FAC and have the power to change or dissolve it at any time. (Franchise Agreement Section 11(x))

DEVELOPMENT SCHEDULE

The typical length of time we estimate between your signing of the Franchise Agreement (or first paying us money) and opening your Shop is 9 to 12 months. Prior to opening your business, you must perform the following tasks. We may assist you in this effort.

TASK	TIME FRAME	FORM OF HELP
Sign Franchise Agreement	9-12 mos. before opening	Assistance from us
Conduct Site Research	6-12 mos. before opening	Assistance from us
Complete Lease Negotiations	4-6 mos. before opening	Assistance from us
Build out of Space	Begin 4-6 mos. before opening	Guidance from us
Attend training	1-2 mos. before opening	Lectures and manuals. Training is only offered as needed.
Establish Vendor Relationships	1-2 mos. before opening	Assistance from us
Submit Opening Orders	2 weeks before opening	Assistance from us or submitted through us

The factors that may increase or decrease the time periods discussed above are: the amount of time and effort you commit to the site selection process and the construction of your Shop; the availability of acceptable sites within the geographical area you choose; your ability to obtain a lease, financing and building permits; your credit and personal financials; and zoning and licensing requirements. Delays or a lack of effort by you, your contractors or your prospective landlord will increase these time periods. If you change your employment, business or financial status before the opening of your Shop, you do so at your own risk. Any and all such changes should be made only as a result of careful thought and advanced planning after obtaining advice from appropriate professional advisors.

TRAINING

You (or if you are a corporate entity, one of your principals) must attend our initial training. If we approve your Shop to operate with an Operations Manager, at least the Operations Manager plus another manager must successfully complete the training program, unless we waive this requirement with respect to him or her. Other managers may attend, but you will be required to pay us for the attendance of any employees beyond your Operations Manager and you. We plan to conduct the training program on an as-needed basis. Initial training is conducted at our Elizabethtown, North Carolina location, and it generally spans a one-week period. You or a principal, and, if applicable, your Operations Manager, must complete the training program to our satisfaction before we will authorize you to open your Shop. We may in the future designate your Shop as an approved training facility for other franchisees. If so, you will be compensated at our then current reimbursement rate for any training you provide to new franchisees at our specific request in your capacity as a training facility.

If you buy the franchise from us, your initial franchise fee includes the cost of initial training for up to 2 persons pre-opening. You bear all indirect training costs and expenses, such as salary expenses of your employees and all expenses of travel, lodging, meals, and other living expenses you and your designees incur.

The exact amount of time spent on each part of the training will depend on the time required for mastery by the students participating in the training. All training is provided by Michael or

Gina Burney, who each have more than 8 years of experience operating a BURNEY'S SWEETS & MORE Shop.

The training program covers the following information:

TRAINING PROGRAM

Course	Hours/Days Classroom Training	Hours/Days On-the-Job Training
Cooking and Baking	0	25
Filling Orders and General Customer Assistance	15	0
TOTAL	**15**	**25**

BRAND STANDARDS MANUAL

The Brand Standards Manual contains mandatory and suggested specifications, standards, and procedures, which are confidential and remain our property. Your employees are to see them only on a need to know basis, subject to confidentiality agreements. Anyone who attends any training session will be required to sign a confidentiality agreement in the form we designate. We may modify this material from time to time and its modified terms are binding on you. The Brand Standards Manual currently contains a total of 58 pages. (Franchise Agreement Section 11(i).)

TITLE & CONTENTS	NUMBER OF PAGES
Recipes	50
Vendor List	1
Supplies and Equipment	2
Supplies by Vendor	1
Operating Procedures	4
TOTAL	**58**

ADVERTISING

You may develop advertising materials for your own use at your own cost. We encourage the sharing by franchisees of advertising ideas and materials. We require you to submit advertising and promotional materials to us in advance and to obtain our approval before using them. You are required to follow our instructions in connection with any advertising or promotional materials we provide for your use. (Franchise Agreement Section 8(g).) Failure to follow our instructions regarding pre-approval of advertising materials will result in fines. These fines will be as follows: 1st infraction: $0, 2nd infraction: $100, and third or subsequent infraction: $500. Imposition of these fines will in no way waive our right to consider your use of unapproved advertising as a default-triggering event, such as that described at Franchise Agreement Section 17(c)(v).

Brand Fund. We have established the Brand Fund to support the development of new recipes and franchisee revenue sources, the evaluation and adoption of new technology, and the creation of marketing content and public relations materials, as we, in our sole discretion, deem appropriate for the benefit of the brand. (Franchise Agreement Sections 8 (a)(ii) and 8(b))

The contribution is currently 0.5% of monthly Gross Sales. We reserve the right to raise the contribution to the Brand Fund, but not to exceed 1.5% of your Gross Sales. We may at our discretion defer Brand Fund contributions for you or another franchisee for an additional period of time we deem appropriate at the outset of your or their Shop. Other franchisees' Brand Fund contributions may be calculated at a different rate or on a different basis and, under limited circumstances, certain franchisees may not be required to pay Brand Fund fees. We have the sole discretion to settle or forgive any accrued and unpaid Brand Fund contributions owed by a franchisee.

We have the sole discretion to determine where the Brand Fund contributions will be spent to promote, enhance, or further the growth of the BURNEY'S SWEETS & MORE brand, shops, and System, including, but not limited to: research; promotional marketing, public relations, and advertising expenses to promote the brand; hiring marketing, public relations and advertising agencies, technology companies, or in-house personnel to assist in developing the BURNEY'S SWEETS & MORE brand name; developing, evaluating, or using technologies that we believe may benefit the brand, the customers, the franchisees, or the brand's reputation; developing new products and franchisee revenue sources; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, and events and promotions designed to garner media attention and promote the brand name; brand partnerships; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials; expenses incurred in developing and maintaining non-franchise sales portion of any Online Presences; developing and maintaining any Online Presence; and expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand. While we do not anticipate that any part of Brand Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund for public relations or recognition of the BURNEY'S SWEETS & MORE brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available" or similar language.

While we reserve the right to do so, we have no intent to place advertising on behalf of the entire franchise system. Instead, we are more likely to provide you with advertising content to use in your local territory or on a regional basis with other franchisees in an advertising cooperative. You will be responsible for implementing any promotional or public relations programs or placing any advertising content we create, at your own expense. If we create any advertising content, which we are not obligated to do, you will receive one sample of the advertising content at no charge. You must pay for the duplication and distribution of the content.

Contributions to the Brand Fund are payable to us. We have the right to establish in the future a nonprofit corporation or other business entity to collect Brand Fund advertising contributions from our franchisees. The Brand Fund is administered by our accounting and marketing personnel under our direction. The Brand Fund is not audited. You may obtain an accounting annually upon written request to our Chief Executive Officer at our principal place of business. We may have the Brand Fund borrow from us or other lenders to cover any Brand Fund deficits. We may have the Brand Fund invest any surplus for the Brand Fund's future use. A brief statement regarding the availability of information regarding the sale of Burney's Sweets & MORE franchises may be included in advertising and other items produced using the Brand Fund; provided that we will use none of the contributions to the Brand Fund principally to sell franchises. Company-owned BURNEY'S SWEETS & MORE locations are not obligated to contribute to the Brand Fund on the same basis as franchisees, but they currently do. (Franchise Agreement Section 8(b))

Our use of the Brand Fund in the most recent fiscal year is as follows:

USE	PERCENTAGE
Production	48%
Media Placement	0%
Administration	52%
Other	0%
TOTAL	**100%**

Local Advertising Requirement. We require that you spend at least 1% of your monthly Gross Sales on local advertisement. We will require that you submit documentation at least quarterly to us to verify to us that you are meeting this requirement. In the event that you spend less than 1% of your monthly Gross Sales on local advertisement, we will require that you pay the Brand Fund the difference between the required 1% local advertising fee and the amount you actually spent on local advertising. You must also spend at least $500 before or within the first 3 months after opening your Shop to promote the grand opening of your Shop. Any amount you spend toward your grand opening will count toward your 1% local advertising requirement. Franchise Agreement Section 8(a)(ii)(B) and 8(a)(iii))

Local Advertising Cooperatives. While we have not yet established any local advertising cooperatives, we have the right to require that cooperatives be formed, changed, dissolved, or merged. The membership of the cooperative is likely to be defined regionally and will be made in our sole discretion. If you are required to participate in a cooperative, the amount of your contribution is established by the cooperative, up to a maximum fee of 4% of monthly Gross Sales. Franchisees and franchisor- or affiliate-owned outlets will contribute at the same rate as other members in the cooperative. Each cooperative is required to adopt written governing documents which are available for your review. Each cooperative would determine its own voting procedures; however, each Shop is entitled to one vote in any local advertising cooperative in which it is a member. The members and their elected officials are responsible for administration of the cooperative. All members of the cooperative will contribute amounts according to the rules established by the members of the cooperative. Cooperatives are required to prepare quarterly and annual financial statements and these will be available to all businesses in the cooperative. The cooperative is not a trust fund. We and our affiliates have no fiduciary duty to you or any franchisee in connection with the collection or use of the cooperative monies or any aspect of the operation of the cooperative. We have the sole discretion to exempt any Shop from the requirement to participate in a cooperative. (Franchise Agreement Section 8(c))

ONLINE PRESENCE

We will maintain a website in order to promote the Marks, or any or all of the businesses within the System. We may also develop and maintain any other type of online, internet, virtual, or digital presence (each an "Online Presence") as we see fit. An Online Presence includes but is not limited to (1) the brand website, other webpages, or domain names; (2) accounts, pages, or profiles on social media sites; social networking sites; news sites and groups; online, internet, or digital directories; video, photography, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services; (5) mobile applications; (6) virtual reality platforms; or (7) any identifiers of an Online Presence; or (8) a presence on any other type of online, internet, virtual, or digital tool, good, or service that may be developed. We will have the sole right to control all aspects of each Online Presence, including its design, content, functionality, links to any other Online Presence, legal notices, and policies and terms of usage. We will also have the right to discontinue operation of any Online Presence at any time without notice to you. You may not establish or operate an Online Presence (including a website, webpage, domain name, Internet address, social media account, blog, forum, advertisement, e-commerce site, podcast, digital distribution platform account, or email address) that in any way concerns, discusses or alludes to us, the System or your Shop without our written consent. The Marks may not be used as part of, in conjunction with, to establish, or to operate any Online Presence, except as specifically approved by us. You may not post, and must take such steps as necessary to ensure that your employees do not post any information on an Online Presence that relating to us, the System, the Marks, or the shops that (a) does not comply with our brand, social media, or Online Presence guidelines described in the Brand Standards Manual, (b) is derogatory, disparaging, or critical of us, the System, or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. Subject to the terms of the Franchise Agreement and Brand Standards Manual, we may make available to you a subpage on our website that will be located at a sub-domain of the website to be specified by us (or on a subpage of another Online Presence) (the "Subpage"). Upon the termination, non-renewal, or expiration of the Franchise Agreement for any reason or a default under the Franchise Agreement for any reason, we will not upload content for you, you may not use the Subpage and we may cease to make the Subpage available to you. For any Online Presence or email address you are approved to create, use, or maintain, we reserve the right to be exercised at our option to have the Online Presence or email address directly owned by us or to require it to be transferred to us after the expiration or termination of the Franchise Agreement. We have the right to require that any Online Presence or email address we permit you to use, create or maintain be registered in our name. Upon request, you must provide us with any login credentials for any Online Presence or email address you are authorized to use. We have the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of our policies and we may take ownership of any Online Presence upon expiration or termination of the Franchise Agreement or during the term of the Franchise Agreement and operate it as we see fit. (Franchise Agreement Section 8(i).)

COMPUTER/POS SYSTEM

You must purchase or lease the required computer systems, hardware, software, and POS systems ("Computer Systems") as designated by us and from our designated supplier(s). We also require that you have a computer system no more than 5 years' old, a digital printer, a telephone, and high-speed Internet that meets our specifications.

Current Computer Systems requirements are also updated from time to time in the Brand Standards Manual. As the Computer Systems requirements change, you may be required to upgrade, update, or replace your Computer Systems. There are no restrictions on our ability to change the Computer Systems and there is no limitation on the costs you may incur as a result of upgrading, updating, or replacing your Computer Systems. Neither we nor our affiliate have any contractual obligation to upgrade, maintain, or update Computer Systems. Your individual contracts with third-party suppliers may contain obligations for those third-party suppliers to provide updates, maintenance, and upgrades. We will not be liable to you for any updates, maintenance, or upgrades or failures to provide updates, maintenance, or upgrades by the approved Computer Systems suppliers. We reserve the right to require you to use and pay for proprietary software.

We will have the right at all times to independently access your Computer Systems to retrieve, analyze, and use the information, including your financial information regardless of if you were required to purchase software or hardware. You agree that we will have the free and unfettered right to retrieve any data and information from your computers or cloud-based computer software solutions as we, in our sole discretion, deem appropriate, including electronically accessing the daily sales, customer lists, and other data of your Shop. There is no contractual limit on our right to access data. You are required to use our specified forms and to have all sales submitted through our website, approved point-of-sale system, or other electronic means. (Franchise Agreement Section 11(r))

We have developed and may develop proprietary or non-proprietary Computer Systems. Accordingly, we may require that you enter into a license agreement with us or our affiliate, which may require you to pay us commercially reasonable fees and/or enter into license agreements directly with suppliers. Additionally, if we enter into a license agreement with a supplier and sublicense the Computer Systems to you, we may charge you for all amounts we pay to the supplier based on your use, plus a reasonable amount to compensate us for the services that we or our affiliate provide.

We recommend that you back up your data locally, which may require you to purchase a "back-up" subscription service. We are not responsible under any circumstances for any malfunction or "crash" of the Computer Systems we require, recommend, provide, or approve, including for any Shop data lost as a result of that malfunction or "crash."

Despite the fact that you must buy, use, and maintain the Computer Systems according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer Systems; (2) the manner in which your Computer Systems interface with our and any third party's technology; and (3) any and all consequences if the Computer Systems are not properly operated, maintained, and upgraded.

ITEM 12. TERRITORY

You will receive a protected area that we designate in Attachment 1 to the Franchise Agreement ("Territory"). Typically, that Territory will be defined as the smaller of (i) an area consisting of a 10-mile radius from your accepted Shop location or (ii) an area surrounding your accepted Shop that has a population of 20,000, as determined by the latest U.S. Census data or other data we deem reliable. We will use maps we deem reliable in determining your Territory.

Your Territory is protected only to the extent that we will not establish or operate, or license any other person to establish or operate, a BURNEY'S SWEETS & MORE business under the System and the Marks at any physical location within your Territory, except at a Non-Traditional Location (as defined below). We cannot modify your territorial rights during the term of the Franchise Agreement, but we can modify your Territory upon renewal. Your territorial rights do not depend on the achievement of a certain sales volume, market penetration, or any other contingency.

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.

Unless we grant you prior approval, you must offer and sell products and services only on-premises from the BURNEY'S SWEETS & MORE Shop, and only in accordance with the requirements of the Franchise Agreement and the procedures set forth in the Brand Standards Manual. You must not offer or sell products or services through any other means or locations without our prior approval. For example, without prior approval, you may not sell goods by catering, mail order, catalog sales, computer, telemarketing, mobile application, internet sales, or delivery. You must only offer or sell products to retail customers for their use and consumption and not for resale. You may not advertise or market outside your Territory. We retain the right to control all online ordering.

The Shop is to be operated solely as a retail business. You shall have no right to sell your products or goods by mail order catalog sales, computer, telemarketing, mobile application, and/or internet marketing or by any other fashion other than sales to patrons at your specific business location or at approved off-site events.

While you have no rights to provide catering, delivery or online ordering services under the Franchise Agreement, we may permit you to provide such services. Any catering, delivery or online ordering services we permit must be done in accordance with procedures we establish, which may include additional reporting requirements for any sales not captured by your point-of-sale system. We do not guarantee that we, our affiliates, or another franchisee will not provide catering services within your Territory. Additionally, while you have no rights to sell food at wholesale under the Franchise Agreement, we may permit you to sell to local grocery and other stores within your Territory, provided you may not solicit or sell to grocers or other vendors outside your Territory. Any wholesale selling we permit must be done in accordance with procedures we establish. We do not guarantee that we, our affiliates, or another franchisee will not sell wholesale to grocery stores and other vendors within your Territory.

Regardless of either proximity to your Territory or your Shop, or any actual or threatened impact on sales of your Shop, we retain the right all rights not expressly granted to you, including, among others, to: (a) use the Marks and System in connection with establishing and operating BURNEY'S SWEETS & MORE businesses at any location outside the Territory; (b) use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise or product) or services anywhere in the world (including within the Territory), whether or not you also offer them, through channels of distribution other than a BURNEY'S SWEETS & MORE Shop, including, for example, other permanent or temporary retail locations, kiosks, carts, food trucks, catalogs, mail order, delivery, or the Internet or other electronic means; (c) acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world (including within the Territory); (d) use the Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory); and (e) establish or operate, or license other persons to establish or operate, a BURNEY'S SWEETS & MORE businesses within any malls, grocery stores, convenience stores, gas stations, hospitals, military installations, schools, airports, parks (including theme parks), sports arenas, commercial kitchens, and similar venues ("Non-traditional Locations") anywhere in the world (including within the Territory).

If we decide to exercise these rights, we will not be obligated to compensate you for such sales made inside or outside your Territory.

You may not establish more than one BURNEY'S SWEETS & MORE business in your Territory without entering into a separate Franchise Agreement. We do not grant under this disclosure document any option, right of first refusal, or similar right to acquire additional franchises. You may not relocate the business premises without our written approval. Except in cases of emergency, you must occupy the new premises and open your business in the new premises before vacating your original premises. Your rights to the Territory granted under the Franchise Agreement are not contingent upon achieving a certain sales volume, market penetration, nor any other contingency and cannot be altered during the term of the Franchise Agreement, unless you breach the Franchise Agreement. In the event of breach under the Franchise Agreement, we have the right to modify your Territory and its protections.

ITEM 13. TRADEMARKS

The trademarks and service marks listed below and any additional trademarks and service marks are referred to herein as the "Marks." Our Marks, and the marks you are to use as a Franchisee, include the "BURNEY'S SWEETS & MORE" trademark and trade name, which have been registered or filed with the United States Patent and Trademark Office ("USPTO") as follows:

REGISTRATIONS & APPLICATIONS		
REGISTRATION OR SERIAL NUMBER	**EFFECTIVE DATE OF REGISTRATION OR APPLICATION**	**MARK**
Registration No.: 5528555 Principal Register	Registration Date: July 31, 2018	Burney's Sweets & More

REGISTRATIONS & APPLICATIONS		
REGISTRATION OR SERIAL NUMBER	**EFFECTIVE DATE OF REGISTRATION OR APPLICATION**	**MARK**
Registration No: 7432143 Principal Register	Registration Date: July 2, 2024	Burney's Sweets EXPRESS
Registration No: 7400682 Principal Register	Registration Date: May 28, 2024	Burney's Sweets & More MAKING EVERY OCCASION SWEETER!
Registration No: 7361933 Supplemental Register	Registration Date: April 16, 2024	BURNEY'S SWEETS EXPRESS

We do not have a federal registration on the Principal Register for one of our principal trademarks. Therefore, this trademark does not have as many legal benefits and rights as a trademark that is federally registered on the Principal Register. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Presently, there are no agreements in effect that significantly limit our rights to use or license the use of the Marks in a manner material to the franchise. All uses of the Marks of which we are aware occur with our permission. We know of no infringing use of the Marks that could materially affect your use of them.

All necessary affidavits of use and renewal applications have been timely filed. We intend to file all necessary affidavits of use and renewal applications when they become due. None of the registrations is due for renewal. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or the Trademark Administrator of any state or any court; nor are there any pending infringement, opposition, or cancellation proceedings or material litigation, involving the above Marks.

A federal or state trademark or service mark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Prior to entering into the Franchise Agreement, you should check and be sure that there are no existing uses of our marks or names or any marks or names confusingly similar to any of them within the market area where you want to do business. If you find any similar names or marks, you must immediately notify us. Any action to be taken in that event is strictly within our discretion. We are not aware of any infringing uses or superior uses that could materially affect your use of the Marks.

Your right to use the Marks is derived solely from Franchise Agreements entered into between you and us for the purpose of operating a BURNEY'S SWEETS & MORE business. You must follow our rules and regulations with respect to the use of the Marks. You may not use any Mark in connection with any business or activity, other than the business conducted by you pursuant to franchise agreements entered into between you and us, or in any other manner not explicitly authorized in writing by us. You cannot use any of the Marks or any other marks, names, or indicia of origin that are or may be confusingly similar to the Marks as part of a corporate name or other legal name. All usage of the Marks by you and any goodwill established from this usage is to our exclusive benefit. After the termination, expiration, or non-renewal of the Franchise Agreement, you may not, except with respect to businesses operated by you according to Franchise Agreements granted by us, at any time or in any manner identify yourself or any business as a franchisee or former franchisee of, or otherwise associated with, us or use in any manner or for any purpose any Mark or other distinguishing signs of our Shops or any colorable imitation of same.

You must immediately notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, any claim of apparent infringement or challenge to your use of any Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We or have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We may but are not obligated to participate in your defense in infringement proceedings and we are not obligated to protect your rights or defend you against claims of infringement or unfair competition related to use of the Marks. We will indemnify and reimburse you for damages obtained by a third party based on your use of the Marks provided you have at all times fully complied with the Franchise Agreement. However, you would be responsible for any rebranding expenses. If there is any litigation relating to your use of the Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action.

We reserve the right to substitute different proprietary marks for use in identifying the System and the business operating under it if we, in our sole discretion, determine that substitution of different marks as Marks will be beneficial to the System. You must comply with such change, revision, or substitution and bear all expenses associated with them.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent registration, but you can use the proprietary information in our Brand Standards Manual, our recipes, cooking and baking techniques, and business processes all of which are trade secrets owned by us. The Brand Standards Manual is described in Item 11. Although we have filed no applications for a copyright registration for the Brand Standards Manual and our recipes, we claim a copyright and the information is proprietary. Item 11 describes limitations on the use of this manual by you and your employees. We do not currently own any rights in any patents, patent applications, nor have we registered any copyrights that are material to the franchise business.

Our Brand Standards Manual and other materials contain our and our affiliates' confidential information (some of which constitutes trade secrets under applicable law) (the "Confidential Information"). This information includes any information, not generally known to the public, in any form, relating to the System and the Shop and its operations, including all trade secrets of the Shop; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Shop not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Shop (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); product formulas and recipes, methods of production; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that we or our affiliates designates as confidential, including all information contained in the Brand Standards Manual.

You must strictly limit your employees' access to the Confidential Information. You must share Confidential Information with them only to the extent they have a "need to know" to perform their jobs. All persons to whom you grant access to the Brand Standards Manual or any other Confidential Information and any person who attends any training program we conduct must sign our form of confidentiality agreement. You must use the Confidential Information only in the manner required by us. You must fully and strictly comply with all security measures required by us for maintaining the confidentiality of the Confidential Information.

If you or your owners, officers, directors, managers, employees, or contractors conceive, invent, create, design and/or develop any ideas, techniques, methods, processes or procedures, recipes, designs, formulae, products, packaging or other concepts and features relating to Shop operations, business practices, or the manufacturing, production, marketing or sale of baked goods and other dessert food or beverage products or related goods in connection with the Shop (the "Innovations"), you (or they) will be deemed to have assigned all of your (or other) rights, title and interests in the Innovations, including any intellectual property rights, to us. You and your owners, officers, managers and employees also must cooperate with us in connection with protecting the Innovations, including executing any and all instruments and do any and all acts necessary to establish our ownership of the Innovations.

If you reproduce any items or materials suitable for copyright protection, you must make sure that each item bears a copyright notice in the form specified by us. You must use the Confidential Information only in the manner required by us and in no other manner. This information is strictly confidential, and you may not disclose to any person, or use any of that information for any purposes, except disclosure to a person who has signed and delivered to us a confidentiality agreement and only as necessary in connection with the operation of your Shop. In addition, you must fully and strictly comply with all security measures required by us for maintaining the confidentiality of all information designated by us as trade secrets.

You will not have the exclusive right to use the Innovations or any of our patents or patent applications, copyrights or Confidential Information, nor will you acquire, by use or otherwise, any right, title or interest in or to the Innovations, the copyrights or the Confidential Information, other than as expressly contained in, and limited by, the Franchise Agreement. Your right to use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the Confidential Information is limited and temporary. Upon expiration or termination of the

Franchise Agreement, you may not, directly or indirectly, use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights or the Confidential Information in any manner or for any purpose whatsoever.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the Confidential Information. We will decide, in our sole discretion, whether to institute any action in connection with infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the Confidential Information, and will control any proceedings and litigation. We are not required to protect your right to use the Innovations, the patents or patent applications, the copyrights or the Confidential Information. We will not indemnify you for losses arising out of your use misuse of the Innovations, patents or patent applications, copyrights, or Confidential Information. There are no material determinations of any administrative body or court, no pending proceedings in any administrative body or court, nor any agreements that limit our ability to license to you the copyrights. We do not know of any patent or copyright infringement that could materially affect you.

We may, in our sole discretion, modify or discontinue use of the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the Confidential Information and/or use other information and/or rights in their place. If we decide to do so, you must do so also, at your expense.

During the term of the Franchise Agreement, you must maintain, to the extent collected, a current list of the names, home addresses, work addresses, e-mail addresses and telephone numbers of the customers who supply you this information (the "Customer List"). You must provide the Customer List to us upon request. The Customer List will be our property at all times, and you must not disclose the Customer List to any person or entity other than us, or sell the Customer List (or any portion of it) to any person or entity without our express written consent.

You and each of your principals, officers, managers and employees having access to the Confidential Information will be bound by certain provisions protecting our proprietary rights.

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

We encourage but do not require you to personally supervise the franchised business, and prefer to select franchisees who favor and appear committed to a "hands on" and well-informed approach to the business. We strongly recommend that you devote a substantial amount of time to your BURNEY'S SWEETS & MORE Shop, whether or not you hire a manager. Franchisees who do not devote their full time and efforts to the establishment and operation of their Shops may have lower gross sales, higher operating costs and lesser name recognition in their areas than those franchisees who do devote their full efforts to the business. Examples of the types of functions which you might perform include supervision of employees, inventory checks, review of sales and food costs, bookkeeping and all reasonable efforts to ensure smooth and efficient operations.

The business must be directly supervised and managed by a person, identified to us and accepted by us, who has successfully completed our training program and passed a background check or for whom, based on his or her experience, we have waived these requirements

("Operations Manager"). The Operations Manager maybe you, if you are an individual, or a principal, if you are a legal entity. We do not require that your Operating Managers have any equity in the franchisee entity or receive any percentage of your revenues or profits. Your Operations Manager must be accepted by us and must execute a confidentiality and non-competition agreement similar to the one you will execute if you purchase a franchise from us.

All owners, officers, and owners' spouses must sign our form of non-competition, non-solicit, and non-disclosure agreements. Owners and spouses will sign personal guarantees.

You are responsible for ensuring that your employees comply with the brand standards. The people you retain to work in your Shop will be your agents and employees. They are not our agents or employees and we are not a joint employer of such persons. You will be solely responsible for recruiting and hiring the persons you employ to operate your Shop and must determine whom to hire, how many people to hire, retain, and train, and how you will compensate such persons. You are responsible for your employees' and agents' training, wages, taxes, benefits, safety, schedules, work condition, assignments, discipline, and termination. You must comply with all applicable employment laws. We will not operate your Shop, direct your employees, or oversee your employment policies or practices.

You must keep your BURNEY'S SWEETS & MORE Shop open to the public during the hours of operation we designate in our Brand Standards Manual. In cases where local regulations or landlord restrictions affect hours of operation, we will discuss deviation from this requirement with you.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Under the Franchise Agreement, you must offer and sell all and only food and beverage items included on our standard menu, as periodically revised by us in our sole discretion. You must also sell any retail items we offer to the public as we direct. We impose these requirements to control the quality and uniformity of the goods and services you and other franchisees may offer through use of our trade name and trademarks. We have the right to add and delete items from the standard menu and to add and delete memorabilia and other merchandise from the list of approved merchandise. There are no limits on our right to make these changes. We reserve the right to charge you a fine up to $1,000 per occurrence if you sell unauthorized food or merchandise or fail to follow our Brand Standards. We reserve the right to establish maximum prices which may be charged based on an analysis of the market and to facilitate advertising and competitive strategies.

If, to facilitate advertising and competitive strategies, we decide to implement a loyalty program, we reserve the right to require that you participate. You may be allowed or required to participate in these loyalty programs and other franchised locations may not. Decisions on which franchised locations may participate, or are required to participate, in these loyalty programs is purely at our discretion, and will be made based on what we decide is best for the franchise system and our Marks.

A BURNEY'S SWEETS & MORE franchise consists of the retail operation of a single Shop at a specified location. You may not distribute at wholesale our menu items or the ingredients with which our menu items are made. Although there are no restrictions on the retail customers or trade area you may serve from your Shop, as a practical matter, you will be limited to serving customers who choose to visit your Shop, according to the standards we specify in our Brand Standards Manual. You must not offer or sell products or services through any other means or locations without our prior approval. For example, without prior approval, you may not sell goods by catering, mail order, catalog sales, computer, telemarketing, mobile application, internet sales, or delivery. You must only offer or sell products to retail customers for their use and consumption and not for resale. You may not advertise or market outside your Territory. We retain the right to control all online ordering.

You will be obligated to offer and sell those new products and to participate in all local, regional and promotional program initiatives and campaigns adopted by us in which we require you to participate. There is no limit on the number of promotions you may be required to offer during a year or on the amount you would be required to spend. You will not receive any credits or offsets for campaign participation. We have the right to designate which of our franchisees may, or will be required to, participate in new product or service tests, new or modified product or service offerings and other programs and initiatives that we may, from time to time, develop. If we designate you for participation in any such program, initiative or campaign, you must participate when and as required by us. There are no limits on rights to require you to offer and sell those new products or to participate in those programs, initiatives and campaigns.

If we believe in good faith that any product offered by you may be unhealthy, unsafe or unsanitary, and we require that you discard that product, you must do so immediately. In addition, we may require you to close your BURNEY'S SWEETS & MORE Shop until we are satisfied that any unhealthy, unsafe, or unsanitary condition has been completely corrected.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	Franchise Agreement § 2(a)	Initial term is 10 years.
b. Renewal or extension of the term	Franchise Agreement §§ 2(b), 2(d)	Two 5-year renewal terms, provided you remain a franchisee in good standing.
c. Requirements for franchisee to renew or extend	Franchise Agreement §§ 2(b), 2(c)	You must be in good standing and exercise your option within a window of time. You must agree to the terms of the Franchise Agreement then being offered, make required upgrades to your Shop, secure a sufficiently long lease term, sign a release, and pay your renewal fee of $8,500. You must agree to the terms of the Franchise Agreement then being offered. You may be asked to sign a contract with materially

PROVISION	SECTION IN AGREEMENT	SUMMARY
		different terms and conditions than your original contract.
d. Termination by franchisee	Franchise Agreement §§ 2(c)-(d) and 17(e)	For cause and upon notice, if we breach a material provision of the contract and fail to cure 90 days after written notice, or, if such breach cannot reasonably be cured within 90 days, we fail to initiate within that time substantial and continuing action to cure such breach. Also upon expiration of the franchise term if you do not exercise your option to renew.
e. Termination by franchisor without cause	Franchise Agreement – Not Applicable	We cannot terminate except for cause.
f. Termination by franchisor with cause	Franchise Agreement §§ 17(a), 17(b) and 17(c)	Section 17(a) deals with automatic termination. Section 17(b) deals with termination without opportunity to cure. Section 17(c) describes causes for termination and your cure rights. A default under any Franchise Agreement with us will be a default under all Franchise Agreements with us. The laws of your state may provide additional rights to you concerning termination of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
g. "Cause" defined– defaults which can be cured	Franchise Agreement §§ 17(c)	Failure to commence operations or meet other pre-opening obligations; non-payment, unauthorized transfer; public health or safety risk; unauthorized use of marks; conviction or proof of a crime; abusive acts; understating amounts owed or inaccurate records; failure to maintain a good credit rating; failing to have sufficient funds; use of an unauthorized supplier or failure to use a required supplier; repeated customer complaints; other non-compliance. Unless otherwise specified, you have 15 days to totally cure after we deliver you a notice of default.

PROVISION	SECTION IN AGREEMENT	SUMMARY
h. "Cause" defined non-curable defaults	Franchise Agreement §§ 17(a) and 17(b)	Bankruptcy, receivership, insolvency and the like; abandonment of the business; loss of right to do business; unauthorized transfer; conviction or proof of a crime; failure to timely transfer after death or disability; two or more defaults in a 12 month period or three or more defaults in a three year period; committing the same default within six months; violations of covenants; material representations; knowingly maintaining false books and records; material impairment of the goodwill of the System or Marks; misappropriation of employee's wages and benefits or other dishonesty; pre-opening defaults; loss of required license; failure to pass required training or background check; liability for discrimination; use of unauthorized trademark; opening the shop without our consent. A provision in the Franchise Agreement that terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, U. S. Code Section 101.
i. Franchisee's obligations on termination/ non-renewal	Franchise Agreement §§ 14, 15, and 18	Pay liquidated damages and all amounts due; Cease operations; cease using our confidential information and System; cease using our Marks; return our property, including the Brand Standards Manual; cancel assumed names; pay all sums owed to us; return manuals, policies, standards, and other materials; at our option, assign us the telephone numbers, directory listings, and other Online Presences; comply with non-competition and confidentiality covenants; cooperate with our lease assignment and purchase rights; unless we take over the Shop, remove all signs with Marks immediately; cease representing self as a present or past BURNEY'S SWEETS & MORE franchisee.
j. Assignment of contract by franchisor	Franchise; Agreement § 13(a)	We may freely assign our rights and duties under the Franchise Agreement.
k. "Transfer" by franchisee - definition	Franchise Agreement § 13(b)	Broadly defined to include sales, assignments, gifts, pledges, mortgages, encumbrances, or transfer by operation of law.

PROVISION	SECTION IN AGREEMENT	SUMMARY
l. Franchisor's approval of transfer by franchisee	Franchise Agreement § 13(c)(ii), 13(d), 13(e)	Except for limited circumstances, our prior written approval is required for all transfers. The franchise can be terminated for non-compliance. We will not unreasonably withhold approval.
m. Conditions for Franchisor's approval of transfer	Franchise Agreement § 13(d), 13(e)	You must be in compliance with the Franchise Agreement, refurbish as we require, and execute a general release. Transferee must have a credit rating, moral character, reputation and business qualifications satisfactory to us, and must meet all then current requirements of new franchisees. Transferee must attend and successfully complete our initial training, and execute the Franchise Agreement and collateral agreements in the then-current form, including personal guarantees. If a sale is involved, you must offer us a 45-day right of first refusal and a transfer fee of 50% of the then-current initial franchise fee must be paid.
n. Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement § 13(c)(i)	45 days. We may assign it to another.
o. Franchisor's option to purchase franchisee's business	Franchise Agreement: §§18(j)-(l)	We have an option to purchase your entire Shop or specific assets upon termination, non-renewal, or expiration of the Franchise Agreement.
p. Franchisee's death or disability	Franchise Agreement § 13(g)	Your interest must be transferred to an approved party within nine months of the date of death or disability.

PROVISION	SECTION IN AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	Franchise Agreement § 14(a) and 14(b)	You must not own or otherwise engage in any other similar business that is primarily a bakery or dessert shop or which otherwise derives more than 25% of its revenue from the sale of croissants, donuts, cakes, pies, cookies and/or other dessert items, and other food or drink products (excluding coffee) that are the same as those sold by BURNEY'S SWEETS & MORE Shops on a dine-in or dine-out basis. You will be required to get your managerial staff to agree to follow this same covenant. There are separate confidentiality and non-solicitation covenants as well.
r. Non-competition covenants after the franchise is terminated/ expires	Franchise Agreement § 14(c) and 14(d)	For 2 years after termination or expiration of the Franchise Agreement, you must not own or engage in any other similar business located within 10 miles of your Shop or any business location licensed by us that sells bakery items, croissants, donuts and other pastry and dessert items that are the same as those sold by BURNEY'S SWEETS & MORE Shops on a dine-in or dine-out basis. You will be required to get your managerial staff to enter into the same covenant. There are separate confidentiality and non-solicitation covenants as well.
s. Modification of the agreement	Franchise Agreement §§ 23(e), 23(q)	We reserve the right to amend the Franchise Agreement if a change is agreed to by 70% of the then-current franchisees; otherwise, no modifications to the Franchise Agreement other than in writing.
t. Integration/ merger clause	Franchise Agreement § 23(c)	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Franchise Agreement § 21(a)	Except for certain claims, all disputes not first settled informally must be arbitrated in Elizabethtown, North Carolina.
v. Choice of forum	Franchise Agreement §§ 21(a) and 21(g)	Arbitration; Elizabethtown, North Carolina; North Carolina courts (if any), which provision is subject to the subjectivity of individual state laws.

PROVISION	SECTION IN AGREEMENT	SUMMARY
w. Choice of law	Franchise Agreement § 21(g)	North Carolina law, except federal Lanham Act and federal Arbitration Act, which choice of law is subject to the subjectivity of individual state laws.

Refer to the state law addendums in Exhibit D for information specific to the laws of your state.

ITEM 18. PUBLIC FIGURES

We use no public figures to promote the 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 this Item 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, for example, by providing information about possible performance at a particular location or under particular circumstances.

This financial performance representation discloses historical information regarding the annual Gross Sales of all BURNEY'S SWEETS & MORE shops that were opened for at least 12 months as of December 31, 2024, as well as our affiliate-owned store located in Elizabethtown, North Carolina. Two franchised locations are not included at this time because they had not been open for at least 12 months prior to December 31, 2024. We have not included in this disclosure any locations not operating for the entire measurement period.

The franchisee-operated BURNEY'S SWEETS & MORE Shops included in this financial performance representation are substantially similar to the BURNEY'S SWEETS & MORE Shops for which we are offering franchises in this disclosure document, and their services and menus are substantially similar to those to be offered and sold by the BURNEY'S SWEETS & MORE Shop you would be purchasing, except that each of these shops sold some variation of items not on our standard menu, in addition to items on our standard Menu, including specialty coffee, ice cream, and breakfast and lunch food items. We anticipate that you, too, will choose to sell some variation of items not on our standard menu, but actual results may vary if you choose not to do so. We anticipate that your Shop will be located in a place with similar demographic and business conditions as the franchisee/licensee-operated BURNEY'S SWEETS & MORE Shops, but actual results will vary from franchisee to franchisee and from location to location. A new franchisee's results are likely to differ from the results shown in this Item because the locations in the Item have been in operation for over a year. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors prior to executing the franchise agreement.

Gross Sales for the Units
January 1, 2024 to December 31, 2024

Location	**Gross Sales**
Affiliate-Owned Location	$943,050.06
Franchise Location #1*	$348,035.87
Franchise Location #2	$246,915.45
Franchise Location #3	$527,036.94
Franchise Location #4	$453,861.18
Franchise Location #5	$695,677.71
Franchise Location #6	$414,306.65
Franchise Location #7	$409,516.23
Franchise Location #8	$673,459.40
Franchise Location #9	$1,074,373.65
Franchise Location #10	$659,645.51
Franchise Location #11	$281,844.04
Franchise Location #12	$406,696.00

For purposes of the charts above, "Gross Sales" means the total amount of revenue derived from the sale of goods or services that was derived from the operation of the BURNEY'S SWEETS & MORE Shop, including, but not limited to, revenue from the sale of merchandise and food, less tips, sales tax, discounts, allowances, and returns. No part of the Gross Sales reflects payment of Royalty payments, Brand Fund Contributions, local advertising expenditures, or similar payments you must make under your Franchise Agreement.

*The location listed in the chart as "Franchised Shop #1" operates a full-service BURNEY'S SWEETS & MORE Shop, as well as a near-by outlet where it sells some of the food it produces at its primary full-service location. The franchisee does not produce any food at the nearby outlet. This franchisee reports Gross Sales of its full-service shop and express outlet to us on a consolidated basis. For purposes of this Item 19, Item 20, and Exhibit B, we present the full-service location plus the express outlet as one single location and report the Gross Sales from both units on a consolidated basis.

There is one additional location which operates solely as a limited outlet and not in conjunction with a full-service BURNEY'S SWEETS & MORE Shop. Because the sales generated by this outlet-only location are not representative of the franchise being offered, we have excluded them from this financial performance representation.

The information presented in this Item 19 has been reported to us by our franchisees and affiliate, and we have not audited or independently verified these results or the closures or adjusted hours. However, we have no reasonable basis to question their reliability.

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

Some outlets sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our President, in writing at 1107-C West Broad St., Elizabethtown, NC 28337, 910-874-0874, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years 2022, 2023 and 2024

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2022	10	12	+2
	2023	12	13	+1
	2024	13	15	+2
Company Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	**2022**	**11**	**13**	**+2**
	2023	**13**	**14**	**+1**
	2024	**14**	**16**	**+2**

Note: We have a franchisee who operates an express, limited-service location and a commissary location that supplies that express locations. We do not offer express locations or commissary locations in this Disclosure Document and do not include those express locations or commissaries in these tables.

Table 2
Transfers from Franchisees to New Owners (Other than the Franchisor)
For Years 2022, 2023 and 2024

STATE	YEAR	NUMBER OF TRANSFERS
North Carolina	2022	0
	2023	1
	2024	0
Totals	**2022**	**0**
	2023	**1**
	2024	**1**

Table 3
Status of Franchised Outlets
For Years 2022, 2023 and 2024

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERM-INATIONS	NON-RENEWALS	OUTLETS REACQUIRED BY FRANCHISOR	CEASED OPERATIONS—OTHER REASONS	OUTLETS AT END OF THE YEAR
North Carolina	2022	10	2	0	0	0	0	12
	2023	12	1	0	0	0	0	13
	2024	13	2	0	0	0	0	15
Totals	**2022**	**10**	**2**	**0**	**0**	**0**	**0**	**12**
	2023	**12**	**1**	**0**	**0**	**0**	**0**	**13**
	2024	**13**	**2**	**0**	**0**	**0**	**0**	**15**

Table 4
Status of Company-Owned Outlets
For Years 2022, 2023 and 2024

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
North Carolina	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	**2022**	**1**	**0**	**0**	**0**	**0**	**1**
	2023	**1**	**0**	**0**	**0**	**0**	**1**
	2024	**1**	**0**	**0**	**0**	**0**	**1**

Table 5
Projected Openings as of December 31, 2024
For Year 2025

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
North Carolina	0	2	0
South Carolina	0	0	0
TOTALS	**0**	**2**	**0**

Among the attached Exhibits you will find:

Exhibit B-1 (Listing of Current Franchisees) lists the names of all current franchisees and licensees and the addresses and telephone numbers of their outlets as of April 30, 2025.

Exhibit B-2 (Listing of Certain Past Franchisees) lists the name, city, state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this FDD. 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 signed confidentiality clauses with some current franchisees. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no independent franchisee organizations that have been asked to be included in this disclosure document.

You should note that if you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit C are the audited financial statements for the periods ending December 31, 2022, December 31, 2023, and December 31, 2024.

ITEM 22. CONTRACTS

A copy of the following contracts or documents are also attached as Exhibits hereto:

Exhibit A — BURNEY'S SWEETS & MORE FRANCHISE AGREEMENT with attached Franchise Rider, Lease Rider, Internet, Social Media, and Telephone Assignment, Guaranty, Noncompetition Agreement and Nondisclosure and Non-Solicitation Agreement
Exhibit F — Sample General Release Agreement
Exhibit G — ACH Transfer Agreement
Exhibit H — First Addendum to Renewal Franchise Agreement
Exhibit I — Agreement and Conditional Consent to Transfer

ITEM 23. RECEIPT

You will find copies of a detachable receipt in Exhibit L at the very end of this disclosure document. Please sign both acknowledging receipt of this disclosure document and return one of them to us for our files.

EXHIBIT A

FRANCHISE AGREEMENT

TABLE OF CONTENTS

		PAGE
RECITALS		1
1.	Grant	1
2.	Term, Expiration and Additional License Period	2
3.	Franchise Fees and Payments	5
4.	Franchisor Services	7
5.	Territorial Provisions	8
6.	Premises	10
7.	Proprietary System and Marks	11
8.	Advertising	15
9.	Telephone Number	20
10.	Construction Design and Appearance: Equipment	21
11.	Operations, Standards of Quality, Inspections	22
12.	Products; Menu	35
13.	Transfer; Franchisor's Right of First Refusal	36
14.	Non-Competition	41
15.	Trade Secrets and Confidential Information	44
16.	Insurance	45
17.	Termination	47
18.	Obligations Upon Termination, Expiration, or Non-renewal	52
19.	Independent Contractor; Indemnification	56
20.	Franchisee Representations	58
21.	Governing Law; Jurisdiction and Venue	60
22.	Notices	63
23.	Miscellaneous	64

Attachment 1 -- Franchise Rider
Attachment 2 -- Lease Rider
Attachment 3 -- Internet, Social Media, and Telephone Assignment
Attachment 4 -- Guaranty
Attachment 5(a) -- Noncompetition Agreement
Attachment 5(b) -- Nondisclosure and Non-Solicitation Agreement

DMG BURNEY, INC.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into as of ________________________ by and between DMG BURNEY, INC., a North Carolina corporation ("Franchisor"), and __________________, a _____________________ (the "Franchisee"). If the Franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners, shareholders, members, and partners ("Owners").

RECITALS:

A. Franchisor has expended time, money and effort to develop a unique system for operating limited-seating, fast-casual Shops emphasizing high-quality glazed and stuffed croissants, donuts, cakes, pies, cookies, other dessert items, coffee and other beverages. (The methods of operation, know how, experience and form of operation acquired, devised and/or established by Franchisor are referred to herein as the "System"; the chain of current and future BURNEY'S SWEETS & MORE Shops are referred to herein as the "Chain.")

B. The distinguishing characteristics of the System include the name "BURNEY'S SWEETS & MORE," special recipes and menu items, including proprietary methods of preparation, and enhancing bakery products, unique interior and exterior building design and appearance and consistency, and uniformity of products and services, all of which may be improved, amended and further developed by Franchisor from time to time.

C. Franchisor identifies its goods and services with certain service marks, trade names and trademarks, including, but not limited to, the "BURNEY'S SWEETS & MORE" trademark, as well as certain other trademarks, service marks, slogans, logos and emblems which have been and which may hereafter be designated by Franchisor for use in connection with the System (the "Marks").

D. Franchisee desires to obtain a license from Franchisor for use of the Marks and the System solely for the operation of a business ("Franchised Business") at the location listed below (the "Shop"), and Franchisee desires to use the Marks, System, and other benefits derived from this license relationship strictly in accordance with the provisions set forth below.

NOW, THEREFORE, in consideration of the recitals and the mutual agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Grant.

Franchisor hereby grants to Franchisee, on the terms and conditions contained in this Agreement, and Franchisee accepts from Franchisor, a license ("License") to establish, own, and operate under the System, one Shop at the location ("Location") specified in the Franchise Rider attached hereto as Attachment 1. Franchisee agrees to identify the Shop and all of the items

Franchisee sells or offers for sale only by the Marks. Franchisee has no right to use the System or the Marks for any purpose other than as expressly provided herein.

Pursuant to this grant, Franchisee, at its own expense, shall construct or remodel, and equip, staff, open and operate the Shop at the Location, in accordance with this Agreement. Unless otherwise agreed in a writing executed by Franchisor, Franchisee shall commence operating the Shop within one (1) year after the execution of this Agreement, and shall diligently operate such business in accordance with this Agreement for the Initial Term stated herein. Failure to timely open the Shop shall constitute an event of default under the Agreement.

Franchisee shall always operate the Shop in accordance with the terms of this Agreement, which terms expressly require compliance with the Brand Standards Manual (as defined in Section 11(i)) and Franchisor's standards and specifications. Franchisee covenants that during the Initial Term and any applicable Renewal Term, it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, and that it will continuously exert its best efforts to promote and enhance the business of the Shop.

Franchisor and Franchisor's affiliates reserve any and all rights not expressly granted to Franchisee under this Agreement, including, without limitation, the right to sell anywhere (including within the protected Territory) products and services, (including to Franchisee's customers) under the "BURNEY'S SWEETS & MORE" name, or under any other name, through any channel of distribution other than a brick-and-mortar BURNEY'S SWEETS & MORE Shop in the protected Territory.

For the purposes of this Agreement, the use of the term "affiliate" shall mean an entity's subsidiary or parent and an entity controlled by, controlling, or under common control with, another entity.

2. Term, Expiration, and Additional License Period.

(a) <u>Initial Term</u>. The initial term of this Agreement shall commence upon the execution of this Agreement, and shall expire at midnight on the day preceding the tenth (10^{th}) annual anniversary date of the execution of this Agreement ("Initial Term"), unless this Agreement has been sooner terminated in accordance with the terms and conditions herein.

(b) <u>Additional License Periods</u>. Upon expiration of the Initial Term, Franchisee will have the right to be granted a renewal of the License for two (2) additional consecutive periods of five (5) years from the date of expiration of the Initial Term (each renewal term referred to hereinafter as the "Renewal Term"), provided all of the following conditions have been met prior to the first Renewal Term or second Renewal Term, as applicable:

(i) <u>Notice</u>. Franchisee has given Franchisor written notice of its intent to renew the Franchise not less than nine (9) months nor more than twelve (12) months prior to the expiration of the Initial Term or first Renewal Term, as applicable.

(ii) <u>Compliance</u>. Franchisee is not in default of any of the provisions of this Agreement or any other agreement between Franchisee and Franchisor or its affiliates, both at the time Franchisee gives notice of its intent to exercise its rights under the terms of this Section 2(b) and at the commencement of each Renewal Term.

(iii) **Debts Current.** All debts and obligations of Franchisee under this Agreement shall be current, including but not limited to Franchisee's obligations to make contributions to the Brand Fund (as defined herein) and each Cooperative (as defined herein) of which Franchisee is a member.

(iv) **Notice of Default.** Franchisee has not received more than three (3) notices of default during any consecutive twelve-month (12) month period during the Initial Term (or the first Renewal Term, if applicable).

(v) **Renewal Agreement.** Franchisee, its Owners, and its guarantors execute and deliver to Franchisor, within thirty (30) days after delivery to Franchisee, the form of BURNEY'S SWEETS & MORE franchise agreement and ancillary agreements, which agreements shall supersede this which agreements shall supersede this Agreement in all respects, and the terms, conditions, obligations, rights, and other provisions that are substantially and materially different from those spelled out in this Agreement (including, for example, different performance standards, fee structures, increased fees and/or reduced territory protections) ("Renewal Agreement").

(vi) **Renewal Fee.** Franchisee has paid to Franchisor a renewal fee of Eight Thousand Five Hundred Dollars ($8,500), which fee shall be due in immediately available funds upon the execution of the Renewal Agreement. For the avoidance of doubt, Franchisee shall pay the aforementioned renewal fee prior to each Renewal Term.

(vii) **Release.** Franchisee; Owners; guarantors of the Franchisee; for themselves and on behalf of their respective predecessors, affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns (collectively, "Releasors") execute and deliver to Franchisor a general release, in the form prescribed by Franchisor, releasing, to the fullest extent permitted by law, all claims that Releasors may have against Franchisor; Franchisor's predecessors, and affiliates and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities.

(viii) **Refurbishing.** Franchisee shall make or provide for in a manner satisfactory to Franchisor, such renovating, upgrading, or re-equipping of the Shop as Franchisor may require, including, without limitation, renovation, replacement and/or upgrading of signs, equipment, furnishings, technology, Computer Systems (as defined below), fixtures, colors and decor, to reflect the then-current standards and image of the System.

(ix) **Continued Possession.** Franchisee presents satisfactory evidence that Franchisee has the right to remain in possession of the Premises for the duration of the renewal term, unless Franchisor determines that the location of Franchisee's business is no longer viable for the operation of Franchisee's Shop, in which case Franchisor may condition Franchisee's right to renew on Franchisee's obtaining a new site for Franchisee's Shop that Franchisor accepts.

(c) **Failure to Act.** If Franchisee fails to perform any of the acts set forth in subsections (i) through (ix) of Section 2(b) in a timely fashion, such failure will be deemed an election by Franchisee not to exercise its right to renew, and will cause Franchisee's right to renew to expire without further notice or action by Franchisor.

(d) **Expiration.** Renewal of the License after the Initial Term, or first Renewal Term, as applicable, shall not constitute a renewal or extension of this Agreement, but shall be conditioned upon satisfaction of the above provisions and shall, upon expiration of the Initial Term or first Renewal Term, as applicable, be governed by the Renewal Agreement then executed by Franchisee. If Franchisee fails to meet any of the conditions under Section 2(b) with respect to renewal of the License, then the License shall automatically expire at the end of the Initial Term or the first Renewal Term, as applicable. Subject to the requirements of this Section 2, Franchisee may only be granted a maximum of two (2) Renewal Terms. Franchisee will have no further rights to operate the Shop following the expiration of the final Renewal Term unless Franchisor grants Franchisee another franchise or agrees to further renewals, in Franchisor's sole discretion. As necessary, the renewal franchise agreement may be amended to reflect this provision. If this Agreement is a renewal agreement, the renewal provisions in Franchisee's original franchise agreement will dictate the length of the term of this Agreement as well as Franchisee's remaining renewal rights, if any.

(e) **Continued Operation Following Expiration.** Unless Franchisee exercises its option to renew the License granted under this agreement in accordance with Section 2(b), Franchisee has no right to continue to operate the Franchised Business after the expiration date of the Initial Term or first Renewal Term, as applicable (each such date referred to hereinafter as the "Expiration Date"). If Franchisor permits Franchisee to continue to operate the Franchised Business after the Expiration Date, but before the execution by Franchisee of a Renewal Agreement for a new term as required by Section 2(b) above, then the temporary continuation of the operations of the Franchised Business will be structured as a month-to-month extension of this Agreement and all of its terms, and will be terminable at Franchisor's will by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If Franchisor permits Franchisee to continue to operate the Franchised Business on a month-to-month continuation of the Franchised Business's operations and associated extension of this Agreement and all of its terms, then Franchisee must pay to Franchisor weekly an additional fee equal to the greater of One Thousand Dollars ($1,000) or one hundred fifty percent (150%) of the Royalty due for the same week for every week of month-to-month operation after the Expiration Date, up to Franchisor's then-current initial franchise fee, which fee shall be in addition to Royalty, Brand Fund contributions, and any other payments due to Franchisor under this Agreement. If applicable law requires a longer notice period, the thirty (30) day period will be deemed modified to be the shortest notice period required by such laws. If applicable law requires that Franchisor gives notice of expiration or non-renewal to Franchisee prior to the expiration of the Initial Term or any Renewal Term, this Agreement shall be deemed to remain in effect on a month-to-month basis until Franchisor has given to Franchisee that notice of expiration or non-renewal so required and the applicable period required to pass before the notice becomes effective shall have expired.

3. Franchise Fees and Payments.

(a) Initial Franchise Fee, Royalties and Other Payments. In consideration of Franchisor's execution of this Agreement and the services that Franchisor will perform, Franchisee agrees to pay to Franchisor the following fees in such manner as Franchisor may from time to time designate and on the dates specified by Franchisor (each a "Due Date"):

(i) Initial Franchise Fee. An initial franchise fee as set forth on Attachment 1 attached hereto. Franchisee acknowledges that the initial grant of the License constitutes the sole consideration for the payment of the Initial Franchise Fee which shall be earned upon execution of this Agreement and shall not be refundable under any circumstances.

(ii) Royalty. In further consideration of the grant of the License and in consideration of Franchisor's ongoing services to Franchisee, Franchisee agrees to pay to Franchisor a monthly continuing royalty fee (the "Royalty"), as set forth on Attachment 1 attached hereto. The Royalty is due and payable in monthly installments on the fifteenth (15^{th}) day of each calendar month during the Initial Term or such other date determined by Franchisor with sixty (60) days' advanced written notice to Franchisee ("Due Date"). If Franchisee fails to pay the full amount of the Royalty on the Due Date, or Franchisee has insufficient funds to cover the electronic transfer when initiated by Franchisor, Franchisee shall pay interest on the amount due and unpaid at an interest rate equal to the lower of ten percent (10%) or the maximum interest rate allowed by law.

(iii) Supplier Fees. If Franchisor or any of its affiliates is the designated supplier for any required product or service for the Shop, Franchisee shall pay Franchisor's or its affiliates' then-current rates for such products and services.

(iv) Shared Fees. Franchisor reserves the right to have suppliers bill it or an affiliate for goods and services that benefit the network of BURNEY'S SWEETS & MORE franchisees. Franchisee agrees to pay Franchisor Franchisee's pro rata share of the costs and fees of these goods and services.

(b) Franchisee Account. On each Due Date, Franchisee must pay Franchisor the fees set forth above, as well as any other amounts due to Franchisor under this Agreement or any other agreement between Franchisor and Franchisee. Franchisor may instead transfer these amounts due from the Franchisee's bank operating account ("Account"). If a transfer from Franchisee's Account is refused, an administrative fee of Twenty-Five Dollars ($25) may be assessed, as well as reimbursement to Franchisor of any fee its bank charges for uncollected deposit funds. If Franchisee has not reported Gross Sales to Franchisor for any fiscal period, Franchisor may transfer from the Account an amount equal to the average of the preceding three (3) months' Gross Sales. If, at any time, Franchisor determines that Franchisee has underreported its Gross Sales, or underpaid the Royalty or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor may initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after Franchisor and Franchisee determine that such credit is due. Alternatively, Franchisor shall have the right in lieu of the Royalty report submission procedure outlined above to obtain the Gross Sales directly from electronic communication with Franchisee's point-of-sale system.

Franchisor may, but is not obligated to, require Franchisee to remit payment of the Royalty and other fees by electronic funds transfer ("EFT"). In connection with payment of the Royalty by EFT, Franchisee shall: (1) comply with procedures specified by Franchisor in the Brand Standards Manual; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by EFT as described in this Section 3; (3) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty and other amounts payable under this Agreement, including any interest charges; (4) make sufficient funds available in the Account for withdrawal by EFT no later than the Due Date for payment thereof; and (5) maintain a single bank account to make all payments required by this Agreement. Franchisee must advise Franchisor at least fifteen (15) business days prior to any change in Franchisee's bank account or financial institution; no such change will be permitted without the prior written authorization of Franchisor. To ensure the orderly electronic transfer of the Royalties and all other fees as outlined in this Section 3, Franchisee will enter into and maintain a banking agreement with the financial institution which will be responsible for the transfer and payment of the fees owed by Franchisee to Franchisor, and a copy of that agreement will be submitted to Franchisor prior to the effective date of this Agreement. Franchisee shall not withhold any payments required to be made under this Agreement on any grounds, including any allegations of Franchisor's non-performance.

Failure by Franchisee to have sufficient funds in the Account shall constitute a default of this Agreement and may subject this Agreement to termination for cause as hereinafter set forth.

(c) **Application of Fees.** If Franchisee is delinquent in the payment of any obligation to Franchisor, its affiliates or designees, then Franchisor (or such affiliates or designees), will have the right to apply any payment from Franchisee to any obligation due, including the oldest obligation due, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to such application. For the avoidance of doubt, Franchisor has the right to offset the payments owed to or amounts collected on behalf of Franchisee.

(d) **Inflation Adjustments.** Franchisor and its affiliates reserve the right to increase the amount of any fee provided for hereunder, including, without limitation, the Royalty and brand fund contribution, due Franchisor or an affiliate under this Agreement or a related agreement ("Inflation Adjustment"). An Inflation Adjustment shall be in relation to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor, the cost-of-living-adjustment ("COLA") using the COLA factors determined by the United States Department of Labor, or such other measure determined reliable by Franchisor. Franchisor will notify Franchisee of the amount or percentage adjustment thirty (30) days' prior to their effective date.

(e) **No Offset or Retention of Funds.** Franchisee may not offset or withhold payments owed to Franchisor or any of its affiliates for amounts purportedly due to Franchisee or its affiliates as a result of any dispute of any nature or otherwise, but will pay such amounts to Franchisor or its affiliates and only thereafter seek reimbursement. Franchisor and its affiliates will have the right to offset any amounts due to Franchisor or its affiliates from amounts that Franchisor or its affiliates may owe Franchisee or its affiliates.

(f) **Interest**. If Franchisee fails to pay the full amount of any owed payments on the Due Date, or Franchisee has insufficient funds to cover the EFT when initiated by Franchisor, Franchisee shall pay interest on the amount due and unpaid at an interest rate equal to the lower of ten percent (10%) or the maximum interest rate allowed by law.

4. Franchisor Services.

(a) **Franchisor Services**. During the Initial Term, Franchisor agrees to provide to Franchisee the following services:

(i) **Design.** Franchisor shall provide Franchisee with specifications for the design of the Shop and related facilities to be used in the operation of the Shop;

(ii) **Specifications.** To the extent that Franchisor has recommendations or specifications, Franchisor shall provide Franchisee with recommendations or specifications for the required fixtures, furnishings, decor, signs, Computer Systems, and equipment;

(iii) **Suppliers**. To the extent Franchisor has approved suppliers, Franchisor shall provide, at no expense to Franchisee, (1) a list of equipment, supplies, products and services for the Shop, (2) a list of recommended, approved, or required vendors or suppliers of such, provided that Franchisor reserves the right to amend and/or modify such list(s) at any time;

(iv) **Initial Training.** Franchisor shall provide Franchisee with a pre-opening management training program for the Operations Manager (as defined in Section 11(a)) and one or more managers accepted by Franchisor, and such other persons as Franchisor may reasonably designate; provided that Franchisee shall be responsible for all expenses incurred by such persons in connection with training, including, without limitation, all cost of travel, lodging, meals and wages;

(v) **Additional Training.** In Franchisor's sole discretion and/or at the request or Franchisee, Franchisor may offer additional or supplemental training, conferences, or conventions. Franchisee shall be responsible for all expenses incurred by such persons in connection with additional or supplemental training, including, without limitation, all cost of travel, lodging, meals and wages. Franchisor also reserve the right to charge an additional fee and to require attendance at additional trainings, conferences, or conventions;

(vi) **Advice.** At Franchisee's reasonable request, Franchisor will promptly provide such advice and information as it considers reasonably appropriate to assist Franchisee with all methods and procedures associated with the System marketing and advertising; management and administration, the use of the System or any changes to it and the use and application of products and services. Franchisee understands and agrees that such advice and information may be rendered by phone, electronically, through the Brand Standards Manual, training and/or by such other means as Franchisor deems appropriate in its sole discretion. Franchisor may, in its discretion, convene meetings of franchisees as it considers necessary or appropriate, in its discretion. If Franchisee requests advice, information, or assistance at a level greater than what is provided to other franchisees, Franchisor reserves the right to charge Franchisee its then-current training fee; and

(vii) **Information.** Franchisor shall communicate to Franchisee information relating to the operation of a BURNEY'S SWEETS & MORE Shop, and to the extent necessary or pertinent to the operation of the Shop, Franchisor's know-how, new developments, techniques and improvements in the areas of Shop management, employee training, marketing and food preparation and service.

(b) **Legal Expenses**. Franchisor may in certain situations incur legal expenses while providing assistance to Franchisee with respect to, without limitation, lease negotiations, or other legal compliance issues. Such assistance may be at the request of Franchisee or required by Franchisor and may be provided by Franchisor in-house or by outside counsel; provided however, that Franchisor shall have the sole discretion as to whether or not to provide legal assistance. In the event Franchisor does incur legal expenses on behalf of Franchisee, Franchisee shall reimburse Franchisor for such expenses immediately upon notice from Franchisor. Franchisor may, at its option, be reimbursed by EFT.

(c) **Acknowledgement**. FRANCHISEE AGREES THAT FRANCHISOR IS NOT OBLIGATED TO PROVIDE ANY TRAINING OR ASSISTANCE TO FRANCHISEE'S PARTICULAR LEVEL OF SATISFACTION, BUT AS A FUNCTION OF FRANCHISOR'S EXPERIENCE, KNOWLEDGE AND JUDGMENT. FRANCHISEE ALSO ACKNOWLEDGES THAT FRANCHISOR IS NOT OBLIGATED TO PROVIDE ANY SERVICES TO FRANCHISEE THAT ARE NOT SET FORTH IN THIS AGREEMENT. IF FRANCHISEE BELIEVES FRANCHISOR HAS FAILED TO ADEQUATELY PROVIDE ANY PRE-OPENING SERVICES TO FRANCHISEE, WHETHER WITH RESPECT TO SITE SELECTION, SELECTION AND PURCHASE OF EQUIPMENT AND SUPPLIES, TRAINING, OR ANY OTHER MATTER AFFECTING THE ESTABLISHMENT OF FRANCHISEE'S SHOP, FRANCHISEE MUST NOTIFY FRANCHISOR IN WRITING WITHIN THIRTY (30) DAYS FOLLOWING THE OPENING OF FRANCHISEE'S SHOP OR FRANCHISEE WILL BE DEEMED TO CONCLUSIVELY ACKNOWLEDGE THAT ANY AND ALL PRE-OPENING SERVICES REQUIRED TO BE PROVIDED BY FRANCHISOR WERE SUFFICIENT AND SATISFACTORY IN FRANCHISEE'S JUDGMENT, AND COMPLIANT WITH ALL REPRESENTATIONS MADE TO FRANCHISEE. IF FRANCHISEE FAILS TO SO NOTIFY FRANCHISOR, FRANCHISEE WILL BE DEEMED TO HAVE WAIVED ALL CLAIMS RELATING TO OR ARISING FROM FRANCHISOR'S OBLIGATIONS TO PROVIDE PRE-OPENING ASSISTANCE.

5. Territorial Provisions.

(a) **Territory.** Subject to the provisions of this Section 5, provided Franchisee is in compliance with its obligations under this Agreement, Franchisor agrees that during the Initial Term it will not establish and operate, nor license any party other than Franchisee to establish and operate, a BURNEY'S SWEETS & MORE Shop at a physical location within the territory set forth in Attachment 1 hereto (the "Territory"), except at Non-Traditional Locations, as defined below. Until such time as the Location is identified and agreed upon in the Franchise Rider or in the Site Selection Acceptance Letter (as defined in the Franchise Rider), no Territory will be granted to Franchisee and Franchisor shall have the right to locate other franchises anywhere Franchisor determines without interfering with any territorial rights of Franchisee. Franchisee shall not solicit business from customers outside of its Territory without receiving Franchisor's prior, written permission. Notwithstanding the foregoing, Franchisor does not warrant or represent that no other BURNEY'S SWEETS & MORE shop will solicit or make any sales within the Territory, and Franchisee hereby expressly acknowledges and agrees that such solicitations or sales may occur within the Territory. Franchisor shall have no duty to protect Franchisee from any such sales, solicitations, or attempted sales. Franchisee recognizes and acknowledges that (i) it will compete with other BURNEY'S SWEETS & MORE shops which are now, or which may in the future be, located near or adjacent to Franchisee's Territory and (ii) that such shops may be owned by Franchisor, its affiliates, and/or third parties. Franchisee further acknowledges that only Franchisor shall be permitted to solicit business from customers by means of computerized or other electronic remote-entry ordering systems (such as, for example, the internet, phone, or mobile applications) capable of accepting orders placed from within or outside the Territory. Notwithstanding anything in this Agreement to the contrary, Franchisee's Territory excludes enclosed malls, commercial kitchens, grocery stores, convenience stores, gas stations, hospitals, military installations, schools, airports, parks (including theme parks), sports arenas, traveling carts or food trucks, and similar venues ("Non-Traditional Locations").

(b) **Reservation of Rights**. Franchisor grant franchises and the rights to develop and operate a BURNEY'S SWEETS & MORE Shop only pursuant to the express terms of written agreements and not orally. All rights that are not granted to Franchisee in this Agreement are specifically reserved to Franchisor, and Franchisor will not be restricted in any manner from exercising them nor will Franchisor be required to compensate Franchisee should Franchisor exercise them. This includes the right, directly or through others and regardless of either (a) proximity to Franchisee's Shop or Territory or (b) any actual or threatened impact on sales of Franchisee's Shop to:

(i) use the Marks and System in connection with establishing and operating BURNEY'S SWEETS & MORE shops at any location outside the Territory;

(ii) use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise) or services anywhere in the world (including within the Territory), whether or not Franchisee also offers them, through channels of distribution other than a BURNEY'S SWEETS & MORE Shop (including, for example, other permanent or temporary retail locations, kiosks, carts, food trucks, catalogs, mail order, or the internet or other electronic means or through delivery by Franchisor, Franchisor's affiliates, Franchisor's franchisees, and/or third party delivery services);

(iii) acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world (including within the Territory);

(iv) use the Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory); and

(v) establish or operate, or license other persons to establish or operate, a BURNEY'S SWEETS & MORE business within any Non-traditional Locations anywhere in the world (including within the Territory).

(c) **Alternate Channels of Distribution**. Franchisee may offer and sell approved products and services only on-site from the Shop except as Franchisor otherwise approves in advance, and in such event only in accordance with the requirements of this Agreement and the procedures set forth in the Brand Standards Manual. Franchisee may not offer or sell products through any other means or locations, including via the internet. Unless Franchisee obtains Franchisor's prior written permission, Franchisee shall only offer or sell products and services to retail customers for their use and consumption and not for resale. Franchisee shall not use any unapproved internet, phone, or mobile application capable of accepting orders placed from customers without Franchisor's prior written permission.

(d) **No Right of First Refusal or Options.** Franchisee has no right of first refusal or other options or rights to open any additional BURNEY'S SWEETS AND MORE businesses.

6. Premises.

(a) **Premises**. Franchisee shall obtain Franchisor's acceptance of the Location. Franchisee is responsible for constructing, renovating or up fitting or causing to be constructed, renovated or up fitted, the Shop. Within six (6) months after the Effective Date of this Agreement, Franchisee shall acquire or lease, at Franchisee's expense, commercial real estate that is properly zoned for the operation of the Franchised Business. Failure by Franchisee to acquire or lease a site for the Franchised Business within the time required herein shall constitute a default under this Agreement, and Franchisor, in its sole discretion, may terminate the Franchise Agreement pursuant to the terms of Section 17 of this Agreement. The building at the accepted Location that will serve as the premises for operations of the Shop (the "Premises") is subject to the following:

(i) **Leased Premises.** Franchisee shall obtain Franchisor's acceptance of the lease. If Franchisee intends to lease the Premises, Franchisee shall submit to Franchisor executed copies of all such leases immediately after execution and at such other times as Franchisor may request. The term of the leases plus all options for Franchisee to renew shall together equal or exceed the Initial Term and any Renewal Term. All leases pertaining to the Premises shall also include an Addendum in the form of Attachment 2 attached hereto, or shall contain terms and conditions substantially similar to those contained in Attachment 2 which Franchisor has approved in writing. Franchisor shall not represent Franchisee in a legal capacity and advises Franchisee to seek independent legal counsel in the review and negotiation of its lease agreement.

(ii) **Owned Premises.** If Franchisee intends to own the Premises, Franchisee shall obtain acceptance of the Premises from Franchisor and furnish Franchisor proof of ownership prior to the date Franchisee commences any construction, build-out or remodeling of the Premises. In the event that Franchisee proposes to lease the Premises from any Owner, affiliate, shareholder, member, manager, director, guarantor, or officer of Franchisee, or from any person or entity related to or affiliated with Franchisee or one or more of Franchisee's Owners, affiliates, shareholders, members, managers, directors, guarantors, or officers (the "Related Party"), Franchisor may require the Related Party to sign this Agreement and/or separate agreements for the purpose of binding the Related Party to applicable provisions of this Agreement, as determined by Franchisor. Franchisee shall also execute a written lease agreement approved by Franchisor with the Related Party and deliver a copy to Franchisor. The terms of any such lease must comply with the terms set forth in Section 6(a)(i).

(iii) **Suitability of Premises.** Regardless of whether the Premises are owned or leased, it shall be the responsibility of Franchisee to determine that the Premises can be used, under all applicable laws and ordinances, for the purposes provided herein and that the Premises can be constructed or remodeled in accordance with the terms of this Agreement. Franchisee shall obtain all permits and licenses that may be required to construct, remodel and operate the Shop. Franchisee agrees that the Premises will not be used for any purpose other than the operation of the Shop in compliance with this Agreement. Franchisee is responsible for constructing, renovating or upfitting or causing to be constructed, renovated or up fitted, the Shop. FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S ACCEPTANCE OF A SITE FOR FRANCHISEE'S SHOP IS NOT AND SHALL NOT BE CONSTRUED AS A GUARANTEE OR ASSURANCE THAT THE BUSINESS WILL BE PROFITABLE. Franchisor's acceptance of a site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's acceptance of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site accepted by Franchisee to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Shop at the site is based on its own independent investigation of the suitability of the site. If Franchisor does not accept a site proposed by Franchisee within thirty (30) days after receiving the proposal thereof, such site shall be deemed not accepted by Franchisor and Franchisee shall not locate its Shop at such site.

(b) **Relocation; Assignments.** Franchisee shall not, without first obtaining Franchisor's written consent, which shall not be unreasonably withheld: (i) relocate the Shop; or (ii) renew or materially alter, amend or modify any lease, or make or allow any transfer, sublease or assignment of its rights pertaining to the Premises.

7. Proprietary System and Marks.

(a) **Ownership; Use by Others.** Franchisor and its affiliates shall have and retain all rights associated with the Marks other than those expressly licensed herein, including, but not limited to the following: (a) to use the Marks in connection with selling products and services; (b) to grant licenses to others to use the Marks, in addition to those licenses already granted to existing franchisees and affiliates; (c) to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee; and (d) to sell and distribute food and other items via alternate distribution channels bearing the Marks. Franchisee acknowledges that any unauthorized use of the System or the Marks is and shall be deemed an infringement of Franchisor's rights. Franchisee shall execute any documents deemed necessary by Franchisor or its counsel for the protection of the System and the Marks or to maintain their validity or enforceability, or to aid Franchisor in acquiring rights in or in registering any of the System and the Marks or any trademarks, trade names, service marks, slogans, logos and emblems subsequently adopted by Franchisor. Franchisor shall indemnify and reimburse Franchisee for damages obtained by a third party based on Franchisee's use of the Marks, provided Franchisee has at all times fully complied with this Agreement. Otherwise, Franchisor shall not be required to indemnify Franchisee against or reimburse Franchisee for any loss or damages arising out of Franchisee's use or misuse of any Mark. Franchisor is not required to participate in Franchisee's defense or defend Franchisee's rights to use the Marks, but may choose to do so. Franchisor shall not indemnify Franchisee for any use or misuse of Franchisor's copyrights, patents, Customer Lists, Franchised Business Data, Confidential Information, Inventions and Ideas, or other proprietary information. Franchisee shall give notice to Franchisor of any knowledge that Franchisee acquires regarding the use by others of the same or similar names or marks or of any claim or litigation instituted by any person or legal entity against Franchisee involving the System or any of the Marks. Franchisee shall cooperate with Franchisor in any suit, claim or proceeding involving the System or the Marks or their use to protect Franchisor's rights and interest in the System and the Marks. In the event of any settlement, award or judgment rendered in favor of Franchisor relating to the use or ownership of the System or the Marks, such settlement, award or judgment shall be the sole property of Franchisor and Franchisee shall not be entitled to or make any claim for all or any part of it. Franchisee acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of value of the Marks and the goodwill associated with the Marks and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Franchisee or enter into this Agreement without receiving Franchisee's unrestricted promise to use the Marks only in a the manner authorized by Franchisor.

(b) **Use of Marks.** During the Initial Term or thereafter, directly or indirectly, Franchisee shall not commit any act of infringement or contest or aid in contesting the validity or ownership of the System or the Marks, or take any other action to disparage them. Franchisee shall use the Marks only in connection with the operation of the Shop at the Location specified herein, and shall use them only in the manner authorized by Franchisor. Franchisee shall prominently display the Marks in the manner prescribed by Franchisor on all signs, plastic and paper products, and other supplies and packaging materials designated by Franchisor. Franchisee shall not fail to perform any act required under this Agreement, or commit any act which would impair the value of the Marks or the goodwill associated with the Marks. Franchisee shall not at any time engage in any business or market any products or service under any name or mark which is confusingly or deceptively similar to any of the Marks. Franchisee shall not use any of the Marks as part of its corporate or trade name and shall not use any trademark, trade name, service mark, logo, slogan or emblem in connection with the Shop that has not been authorized by Franchisor. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or applicable state law. Franchisee shall not use any of Franchisor's Marks, in connection with employee facing labor and employment materials. Franchisee shall not attempt to register or otherwise obtain any interest in any Online Presence containing or utilizing any of the Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Marks. Franchisee has no right to use the Marks online except as Franchisor shall expressly allow and in accordance with Franchisor's Brand Standards Manual. Franchisee also acknowledges that its use of the Marks pursuant to this Agreement does not give Franchisee any ownership or other interest in or to the Marks, except the license granted by this Agreement.

(c) Designation as Franchisee. Franchisee shall take such additional action as may be necessary under the laws of the state in which the Shop is operated to make clear to the public that Franchisee is an independent franchisee of Franchisor and not owned by Franchisor. Franchisee shall post in a conspicuous location at the business premises, as well as on invoices, purchase orders, marketing materials, Online Presences, and the like that "This BURNEY'S SWEETS & MORE franchise is independently owned and operated by [Franchisee entity name] under license from DMG BURNEY, INC."

(d) Discontinuance of Use: Additional Marks. Franchisor has the right to change, revise, or substitute different Marks for use in identifying the System, the Shop, and the products sold or offered for sale through the Shop, if Franchisor, in its sole discretion, determines that change, revision, or substitution of different Marks will be beneficial to the System. In such circumstances, the use of the substitute proprietary marks shall be governed by the terms of this Agreement. Franchisee shall comply with each such change, revision, or substitution and bear all expenses associated therewith. In the event that a court of competent jurisdiction should order, or if Franchisor in its sole discretion should deem it necessary or advisable, Franchisee shall modify or discontinue use of any Mark. Franchisee shall comply with Franchisor's directions regarding any such Mark within thirty (30) days after receipt of notice from Franchisor or, if such modification or discontinuance is court-ordered, immediately. Franchisor shall not be obligated to compensate Franchisee for any costs or expenses incurred by Franchisee in connection with any such modification or discontinuance. Franchisee shall also use such additional or substitute Marks as Franchisor shall direct.

(e) Changes in Law Affecting Marks. In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, Franchisee shall sign any documents and do such other act and thing as in the opinion of Franchisor may be necessary to effect the intent and purpose of the provisions of this Agreement.

(f) Copyrights and Patents. Franchisee acknowledges that as between Franchisee and Franchisor, any and all present or future copyrights and patents relating to the System or the BURNEY'S SWEETS & MORE concept, including, but not limited to, the Brand Standards Manual, menus, construction plans and specifications, and marketing materials belong solely and exclusively to Franchisor. Franchisee has no interest in Franchisor's copyrights or patents beyond the nonexclusive License granted in this Agreement.

(g) Ideas and Innovations. All concepts, recipes, inventions, ideas, applications, trademarks, service marks, enhancements, modifications, improvements or other processes, methods and designs, technologies, techniques, materials, computer software, electronic code, original works of authorship, formulas, patents, copyrights, marketing and business plans and ideas, and all improvements and enhancements thereto that Franchisee or any of its Owners, affiliates, guarantors, managers, directors, officers, employees, or contractors may develop, invent, discover, conceive or originate, alone or in conjunction with any other person or persons during the Initial Term or any Renewal Term that relate in any way, either directly or indirectly, to the Franchised Business and/or the System (collectively referred to as "Inventions and Ideas"), either in whole or in part, shall be the exclusive property of Franchisor. Franchisee must promptly disclose the existence of any and all Inventions and Ideas to Franchisor. To the extent any Invention or Idea does not qualify as a "work made-for-hire" for Franchisor, Franchisee and all its Owners and guarantors of this Agreement hereby assign to Franchisor, without compensation, all right, title and interest in such Inventions and Ideas, and agree that they will execute any and all instruments and do any and all acts necessary or desirable to establish and perfect in Franchisor the entire right, title and interest in such Inventions and Ideas. Franchisor may incorporate such Inventions and Ideas into the System. As Franchisor may reasonably request, Franchisee shall, at Franchisor's expense, take all actions reasonably necessary to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

(h) **Customer and Other Data.** Franchisee shall maintain a current list of the names, addresses, email addresses and telephone numbers of the customers and past customers who have provided such information to the Shop ("Customer List"). Franchisee shall provide the Customer List to the Franchisor upon request. Franchisee shall also use the Computer Systems that Franchisor designates to create, store, maintain, and share the Customer List. The Customer List shall be the property of Franchisor and Franchisor shall have the right to use the Customer List for any purposes, in Franchisor's sole discretion. Franchisee shall not collect, use, process, store, share, or sell any information from the Customer List to or with any person or entity other than Franchisor without the express written consent of Franchisor. Franchisee shall not delete any information that is in the Customer List without Franchisor's prior written consent or unless doing so is in accordance with the Data Protection and Security Policies. Likewise, other data collected by Franchisee or Franchisee's Computer Systems in connection with the Shop (Customer List and the other data collectively referred to herein as "Franchised Business Data") is deemed to be owned by Franchisor, and Franchisee agrees to furnish the Franchised Business Data to Franchisor at any time that Franchisor requests it. Franchisee shall also use the Computer Systems that Franchisor designates to create, store, maintain, and share the Franchised Business Data. Franchisor hereby grants Franchisee a non-exclusive limited license to use Franchised Business Data while this Agreement or a successor franchise agreement is in effect, but only in accordance with the standards, specifications, procedures, and policies that Franchisor establishes periodically and applicable law. Upon termination, non-renewal, transfer, or expiration of this Agreement for any reason, Franchisor shall be the exclusive owner of Franchised Business Data and Franchisee shall not use or disclose the Franchised Business Data in any form or manner. Franchisee shall not be due any compensation based upon Franchisor's use of the Franchised Business Data. Franchisee may not collect, sell, disclose, share, transfer, or use Franchised Business Data for any purpose other than operating the Shop. The Customer List and Franchised Business Data are expressly subject to the provisions of Section 11(v) and may constitute Personal Information.

(i) **Artificial Intelligence Prohibition.** Franchisee is expressly prohibited from utilizing any form of artificial intelligence (AI) technology in the operation, management, or marketing of the Franchised Business without the express approval of Franchisor. This includes, but is not limited to, AI-driven customer service, data analysis, image generation, text generation, code generation, sound generation, and decision-making tools. Any breach of this provision will be considered a material violation of this Agreement.

8. Advertising.

(a) Contributions and Expenditures. Recognizing the value of advertising and the importance of the standardization of advertising to the furtherance of the goodwill and public image of the System, Franchisor and Franchisee agree as follows:

(i) Grand-Opening Advertising. Franchisee is required to spend a minimum of Five Hundred Dollars ($500) for grand-opening advertising to publicize the existence and opening of the Shop, which advertising shall be in such form designated by Franchisor and which shall be conducted prior to commencement of and during the first two (2) months of operation of the Shop. Franchisee may expend additional amounts on such advertising, provided the form and content is approved by Franchisor as provided in Section 8(f).

(ii) Monthly Contributions and Expenditures.

(A) Brand Fund. Each month for which a brand fund ("Brand Fund") has been established, Franchisee shall contribute to the Brand Fund such amount as Franchisor may designate from time to time, which amount shall be between one-half percent (0.5%) and one and one-half percent (1.5%), not to exceed one and one-half percent (1.5%) of the monthly Gross Sales of the Shop, and which amount is currently one-half percent (0.5%) of monthly Gross Sales of the Shop. Franchisor has the sole discretion to settle or forgive any accrued and unpaid Brand Fund contributions owed by any franchisee.

(B) Local Advertising. Franchisee shall expend such amounts as Franchisor may designate from time to time for local advertising as provided in Section 8(a)(iii); provided, that the aggregate amount that Franchisee may be required to spend on local advertising together with Franchisee's Brand Fund and Cooperative contributions will not exceed four percent (4%) of the Gross Sales of the Shop, and provided further that Franchisee's expenditures for grand-opening advertising under Section 8(a)(i) shall be credited against Franchisee's local advertising obligations.

(iii) Local Advertising. Subject to the limits set forth in Section 8(a)(ii)(B), Franchisee agrees to spend for local advertising at least one percent (1%) of its monthly Gross Sales, or such percentage of its Gross Sales, less tips, sales taxes and gift card redemptions, as Franchisor may from time to time direct ("Local Advertising Requirement"). Franchisee shall submit verification of its local advertising expenditures at such times and in such form as may be requested by Franchisor from time to time. In the event that Franchisee fails to meet the Local Advertising Requirement and/or fails to provide Franchisor with verification thereof, Franchisee shall pay to the Brand Fund Franchisee's Local Advertising Requirement, less the amount Franchisee actually paid for local advertising.

(b) Brand Fund.

(i) Use. Franchisor has the sole discretion to determine where the Brand Fund contributions will be spent to promote, enhance, or further the growth of the BURNEY'S

SWEETS & MORE brand, shops, and System, including, but not limited to: research; promotional marketing, public relations, and advertising expenses to promote the brand; hiring marketing, public relations and advertising agencies, technology companies, or in-house personnel to assist in developing the BURNEY'S SWEETS & MORE brand name; developing, evaluating, or using technologies that may benefit the brand, the customers, the franchisees, or the brand's reputation; developing new products and franchisee revenue sources; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, radio, billboard, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; brand partnerships; expenses associated with conducting market research; development of technology and enhancements for the brand; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials; expenses incurred in developing and maintaining non-franchise sales portion of an Online Presence; developing and maintaining any Online Presence; and expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand, and for any other use Franchisor determines. Sums paid by Franchisee shall not be used to defray any of Franchisor's expenses, except for such reasonable administrative costs and overhead, if any, that Franchisor may incur in activities reasonably related to the administration or direction of the Brand Fund and promotion and advertising programs for franchisees and the System, including, among other things, the cost of personnel for creating and implementing the programs paid for by the Brand Fund.

(ii) Administration. The Brand Fund is not and shall not be an asset of Franchisor or its designee. The Brand Fund is not audited. Franchisor has no obligation to provide Franchisee with an accounting of the Brand Fund expenditures. At Franchisor's option, Franchisor can create a separate entity to be the recipient of Franchisee's Brand Fund contributions and Franchisee agrees, upon Franchisor's request, to tender Brand Fund payments to said entity. Franchisor, in Franchisor's sole discretion, may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year, and the Brand Fund may borrow from Franchisor or other lenders to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus. Franchisee acknowledges that other franchisees may not be required to contribute to the Brand Fund or may be required to contribute at a different rate than Franchisee. Franchisor is not obligated to maintain the Brand Fund contributions or income earned in a separate account from other Franchisor funds.

(iii) No Proportionality. Franchisee agrees and acknowledges that Franchisor does not undertake any obligation to ensure that expenditures from the Brand Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Brand Fund by franchisees operating in such geographic area or that Franchisee or the Shop will benefit directly or in proportion to its contribution to the Brand Fund.

(iv) Liability. Neither Franchisor and its affiliates nor any of its respective officers, directors, agents or employees, shall be liable to Franchisee with respect to the maintenance, direction or administration of the Brand Fund, including without limitation, with respect to contributions, expenditures, investments or borrowing, except for acts constituting willful misconduct. THE BRAND FUND IS NOT A TRUST FUND. FRANCHISOR SHALL HAVE NO FIDUCIARY DUTY TO FRANCHISEE IN CONNECTION WITH THE COLLECTION OR USE OF THE BRAND FUND MONIES OR ANY ASPECT OF THE OPERATION OF THE BRAND FUND. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR WILL HAVE NO LIABILITY TO FRANCHISEE FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED TO THE BRAND FUND OR ANY ADVERTISING PROGRAMS OR FRANCHISOR'S MODIFICATION OR DISCONTINUANCE FOR ANY REASON OF THE BRAND FUND OR ANY MARKETING, BRANDING, OR ADVERTISING PROGRAMS, OR FRANCHISEE'S PARTICIPATION THEREIN.

(c) Local Cooperative Advertising. Franchisee agrees that Franchisor shall have the right, in its sole discretion, to designate from time to time a geographical area in which the Franchised Business is located for the purpose of establishing an advertising cooperative ("Cooperative"). If a Cooperative has been established applicable to the Franchised Business at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Cooperative. If a Cooperative applicable to the Franchised Business is established at any later time during the Initial Term, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. In no event shall the Franchised Business be required to contribute to more than one Cooperative. Franchisor has the sole discretion to create, change, dissolve, or merge a Cooperative. Franchisor also has the sole discretion to determine membership of a Cooperative.

The following provisions shall apply to each Cooperative:

(i) Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, approved in advance by Franchisor in writing.

(ii) Each Cooperative shall be organized for the purposes of producing and conducting general advertising programs and activities for use in and around the applicable geographic area and developing standardized promotional materials for use by the members.

(iii) No advertising programs or materials may be used by the Cooperative or furnished to its members, and no advertising or promotional activities may be conducted by the Cooperative, without the prior written approval of Franchisor. All such programs, materials and planned activities shall be submitted to Franchisor for approval in accordance with the procedure set forth in Section 8(f).

(iv) Members of the Cooperative shall make contributions to the Cooperative in such amounts as are determined by the governing body of the Cooperative. Each member of the Cooperative shall make contributions to the Cooperative on the same basis as the other members, whether owned by Franchisee, another franchisee, Franchisor, or Franchisor's affiliates. In no event shall members be required to contribute more than Four Percent (4%) of monthly Gross Sales.

(v) Franchisee shall make its contributions to the Cooperative on the date and in the manner designated by the Cooperative. Franchisee shall also submit such statements and reports as may be designated from time to time by the Cooperative. The Cooperative shall submit to Franchisor such statements and reports as Franchisor may designate from time to time. The Cooperative shall prepare written governing documents that shall be available to Franchisee and Franchisor for review. These written governing documents are subject to Franchisor's approval. The Cooperative is responsible for determining its own voting procedures; however, each BURNEY'S SWEETS & MORE franchised business that is a member of the Cooperative is entitled to one vote. The Cooperative must prepare quarterly and annual financial statements and these statements must be made available to all members in the Cooperative. The members of the Cooperative and their governing body are responsible for administering the Cooperative.

(vi) Notwithstanding the foregoing to the contrary, Franchisor, in its sole discretion, may grant to any BURNEY'S SWEETS & MORE franchised business an exemption from the requirement of membership in a Cooperative. Such an exemption may be for any length of time and may apply to one (1) or more businesses owned by the exempted party.

(vii) The Cooperative is not a trust fund. Franchisor and its affiliates shall have no fiduciary duty to Franchisee in connection with the collection or use of the Cooperative monies or any aspect of the operation of any Cooperative.

(d) Supplemental Advertising. Franchisee shall have the right to conduct, at its separate expense, supplemental advertising in addition to the expenditures specified in this Section 8. All such supplemental advertising shall either have been prepared by Franchisor or approved by Franchisor pursuant to Section 8(f).

(e) Directory Advertising. Franchisee shall arrange for the listing of the Franchised Business's telephone number and email address in any print or online directory designated by Franchisor under the name "BURNEY'S SWEETS & MORE" or such other name as the Franchisor may designate. All advertising and promotion in such media (beyond a simple listing of name, address, and telephone number) shall be subject to Franchisor's approval. Franchisor has the right to arrange for directory listings for franchisees operating Franchised Businesses under the System and, at Franchisee's expense, for Franchisee; in which case Franchisee shall pay Franchisor as Franchisor may designate. Franchisee's rights to use and benefit from its assigned telephone number, email address, and directory listings are subject to the provisions of Section 18 of this Agreement.

(f) Approval by Franchisor. Any and all advertising and promotional materials Franchisee uses must be approved by Franchisor. Prior to their use by the Cooperative or by Franchisee, all advertising and promotional materials not prepared or previously approved by Franchisor within the ninety (90) day period preceding their intended use shall be submitted to Franchisor for approval. If approval is not received within twenty (20) days from the date of receipt by Franchisor of such materials, the materials shall be deemed disapproved by Franchisor. Franchisor may disapprove of any advertising or promotional materials at any time. Neither the Cooperative nor Franchisee shall use any disapproved advertising or promotional materials regardless of whether any such items had been previously approved by Franchisor.

(g) <u>Franchisor Advertising</u>. Franchisor may from time to time expend its own funds to produce such promotional materials and conduct such advertising as it deems necessary or desirable. In any advertising conducted solely by or for Franchisor, Franchisor shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed and Franchisor shall not have any duty or obligation to supply Franchisee with any advertising or promotional materials produced by or for Franchisor at its sole expense. Franchisor disclaims and Franchisee hereby acknowledges that Franchisee has not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by Franchisor for use by Franchisee. Further, Franchisee acknowledges and agrees that all advertising and promotional plans and materials created in whole or in part by Franchisor are and remain the exclusive property of Franchisor. Franchisor shall have the right to include promotion of available franchises in all marketing and advertising materials, including, but not limited to, signage in Franchised Business, websites, print media, and TV or radio spots.

(h) <u>Ownership of Advertising</u>. Franchisor shall be the sole and exclusive owner of all materials and rights which result from advertising and marketing programs produced and conducted, whether by Franchisee, Franchisor, the Cooperative or the Brand Fund. Any participation by Franchisee in any advertising, whether by monetary contribution or otherwise, shall not vest Franchisee with any rights in the Marks employed in such advertising or in any tangible or intangible materials or rights, including copyrights generated by such advertising. If requested by Franchisor, Franchisee shall assign to Franchisor any contractual rights or copyright it acquires in any advertising.

(i) <u>Use of Online Presence and Email</u>. Franchisee will not, directly or indirectly, establish or operate an Online Presence that in any way concerns, discusses or alludes to Franchisor, the System or the Shop without Franchisor's written consent, which Franchisor is not obligated to provide and which Franchisor can revoke in its sole discretion. An "Online Presence" includes (1) the brand website, other webpages, URLs, or domain names; (2) accounts, pages, or profiles on social media sites; social networking sites; news sites; online, internet, or digital directories; video, audio, photography, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services; (5) mobile applications; (6) virtual reality platforms; (7) any identifiers of an Online Presence; or (8) a presence on any other type of online, internet, virtual, or digital tool, good, or service that may be developed. Further, the Marks may not be used as part of, in conjunction with, to establish or to operate any Online Presence or email address, unless specifically approved by the Franchisor, which approval Franchisor is not obligated to provide and which Franchisor can revoke in its sole discretion. Franchisee will not post, and will take such steps as necessary to ensure that its employees and independent contractors do not post, any information to an Online Presence relating to Franchisor, the System, the Marks, or the Shop that (a) does not comply with the Franchisor's then-current brand, social media, or Online Presence guidelines described in the Brand Standards Manual or otherwise provided to Franchisee, (b) is derogatory, disparaging, or critical of Franchisor, the System or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. Franchisee shall not establish or permit or aid anyone else to establish any links to any Online Presence which Franchisor may create. Any Online Presence will be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval under this Agreement. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by an Online Presence or email address without Franchisor's prior written approval of Franchisee's plan for transmitting such advertisements. Franchisor alone has the right, but not the obligation, to establish, maintain, modify or discontinue all internet and electronic commerce activities pertaining to the System, including through any Online Presence. Franchisor shall not be liable for downtime that may occur to any Online Presence or email address, whether such downtime is caused by Franchisor or a third-party. Franchisor alone will be, and at all times remain, the sole owner of the copyrights to all material which appears on any Online Presence, including any and all material Franchisee may furnish to Franchisor for use on an Online Presence. Ownership of all URLs, email addresses, and other identifiers with any such Online Presence shall vest exclusively in Franchisor. Franchisor shall have the right, but not the obligation, to designate one or more webpage(s) or other form of Online Presence to describe Franchisee and/or the Shops, and any such webpage(s) or Online Presence may be located within Franchisor's website or another Online Presence. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web page(s) and any other Online Presence. All content included on such an Online Presence shall be subject to Franchisor's approval. Franchisor shall have the right to refuse to post and/or discontinue posing any content and/or the operation of any webpage or Online Presence. Franchisee shall not establish a separate website, email address, or Online Presence, without Franchisor's prior written approval (which Franchisor shall not be obligated to provide and which Franchisor can revoke in its sole discretion). If approved to establish an Online Presence, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance, operation, and content of any such Online Presence and email address. For any Online Presence and email address Franchisee is approved to create or use, Franchisor reserves the right, at its sole option and discretion, to have the Online Presence and/or email address directly owned by Franchisor or to require any such Online Presence and/or email address be transferred to Franchisor upon the termination, expiration, or non-renewal of this Agreement for any reason. Franchisor has the right to require that any Online Presence or email address Franchisee is permitted to create, use, or maintain be registered in Franchisor's name. Upon request, Franchisee must provide Franchisor with any login credentials for any Online Presence or email address Franchisee is authorized to create, use, or maintain. Franchisor has the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of Franchisor's policies. Franchisee must adhere to the Online Presence policies established from time to time by Franchisor and Franchisee will require all of Franchisee's employees to do so as well. Franchisee shall not Franchisor shall have the right to Franchisor shall have the right to modify the provisions of this subsection relating to any Online Presence as Franchisor shall solely determine is necessary or appropriate.

9. Telephone Number.

Franchisee shall establish a local telephone number for the Shop. Franchisee shall keep Franchisor notified as to the current telephone number for the Shop. In no event shall Franchisee use such number for any other business. Franchisee further covenants that in the event it obtains any additional or substitute telephone service or telephone number at the Shop, it will promptly notify Franchisor and such additional or substitute number shall be subject to the terms of this Section 9. If Franchisee or its Owners use personal cellphone numbers in connection with the operation of the Shop, Franchisee shall also disclose those to Franchisor and Franchisor has the right to require them to assign the numbers to Franchisor.

10. Construction, Design and Appearance: Equipment.

(a) <u>Construction</u>. Franchisee agrees that it will construct or remodel the Premises at the accepted Location in accordance with Franchisor's construction or remodel plans and design, layout and decor specification ("Construction Standards"). The Construction Standards will be provided by Franchisor at no cost to Franchisee. Franchisee shall purchase or lease the equipment, displays, fixtures, and furnishings that conform with Franchisor's Construction Standards. Franchisee is solely responsible for the construction of the Premises. Franchisee shall obtain Franchisor's acceptance of Franchisee's proposed plans for construction, remodeling, layout, design, and décor for the Shop. Franchisee will commence any required construction promptly after execution of a lease for or closing on the purchase of the Premises. Franchisee shall maintain continuous construction of the Premises until completion. Franchisee will complete construction in accordance with the plans for the Shop Franchisor has accepted. Except as may be required to have the accepted plans changed to comply with the Applicable Law, Franchisee shall not deviate from the accepted plans without the prior approval of Franchisor. Franchisor has no obligation to include the requirements of any Applicable Law in the Construction Standards or in the Standard Plans. Franchisee also acknowledges that the requirements of the Construction Standards may exceed those required under the Applicable Law. "Applicable Law" means any law, rule, regulation, code or requirement applicable to the construction, remodeling, design, layout, building, permitting, and development of the Shop, including, without limitation the Americans With Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities. It is solely Franchisee's responsibility to make sure that the design and construction of the Shop and the Premises are in compliance with all Applicable Laws. Franchisee Indemnifying Parties (as defined in Section 19 of this Agreement) shall indemnify and hold Franchisor Indemnified Parties (as defined in Section 19 of this Agreement) harmless against any and all claims, actions, causes of action, costs, fees, fines and penalties, of every kind and nature, should the design and/or construction of the Premises fail in any way to comply with any Applicable Laws. Franchisor has the right to require Franchisee to use an approved architect, general contractor, construction manager, or other supplier of design, engineering, construction, and related services. Franchisee agrees provide to Franchisor construction progress updates in a form approved by Franchisor at the intervals designated by Franchisor.

(b) <u>Signs</u>. Franchisee shall prominently display, at its own expense, both on the interior and exterior of the Premises, advertising signs in such form, color, number, location and size, and containing such Marks, logos and designs as Franchisor shall designate. Any signs shall be obtained from a source designated or approved by Franchisor. Franchisee shall obtain all permits and licenses required for such signs and shall also be responsible for ensuring that all signs comply with all laws and ordinances. Franchisee shall not display in or upon the premises any sign or advertising of any kind to which Franchisor objects.

(c) <u>Remodeling and Re-equipping</u>. Franchisor reserves the right to require Franchisee to generally refurbish the Franchised Business and/or the Premises at Franchisee's expense, in order to conform to the building design, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for BURNEY'S SWEETS & MORE franchises, which include, without limitation, structural changes, installation of new materials and equipment, remodeling, redecoration, changing color schemes, and modifications and/or repairs to existing improvements. Such remodeling and re-equipping may include, without limitation, replacing worn out, obsolete, or dated equipment, fixtures, furnishings and signs;

structural modifications, redecorating; or purchasing more efficient or improved equipment. Franchisor may require Franchisee to perform remodeling and to purchase equipment at such times as Franchisor, in its sole discretion, deems necessary and reasonable; provided, that Franchisor may not require any remodeling requiring an expenditure in excess of Thirty Thousand Dollars ($30,000) during the first two (2) years of the Initial Term unless the expenditure is necessary for menu item production as determined by Franchisor. FRANCHISEE ACKNOWLEDGES THAT EQUIPMENT, ALTERATIONS AND RENOVATIONS REQUIRED BY FRANCHISOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY FRANCHISEE DURING THE INITIAL TERM. In the event of Franchisee's delay, refusal, or failure to make repairs or modifications to the Premises as specified by this Section 10(c), Franchisor or its agents may enter the Premises, without further notice and without liability for trespass or other tort and with Franchisee's complete cooperation, and remove, repair, and/or replace, at Franchisee's expense, any items which do not conform to Franchisor's then-current standards and specifications or which are not in conformity with Franchisee's obligation to maintain the Franchised Business and the Premises in the highest degree of repair and condition. In addition to any and all other remedies that Franchisor may have in law or in equity, Franchisee shall reimburse Franchisor for all out-of-pocket expenses incurred by Franchisor in connection with any refurbishing work performed by Franchisor pursuant to this Section 10(c), plus an administrative fee of fifteen percent (15%) of the total aggregate amount of expenses incurred by Franchisor. In the event that Franchisee fails to reimburse Franchisor within seven (7) days of the date Franchisee is billed for all such amounts, Franchisee authorizes Franchisor to collect all amounts due, including applicable interest rates and late fees described in this Agreement, through electronic banking transfers as specified in this Agreement. These remodeling and refurbishing obligations are in addition to Franchisee's general responsibility to maintain the condition and appearance of the Premises consistent with Franchisor's then-current standards. Franchisee must keep the Premises, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as determined by Franchisor.

(d) **Inspections**. Franchisee hereby grants Franchisor and its agents the right to enter the Premises and/or the Franchised Business at any time prior to occupancy by the Franchisee in order to inspect, photograph, and/or videotape on-going new construction or leasehold improvements, designs, purchased and installed equipment, operations and the performance of any and all services by Franchisee and/or Franchisee's employees, invitees or agents. Franchisee shall cooperate with Franchisor's representatives during those inspections by rendering whatever assistance they may reasonably request, including assistance necessary to enable Franchisor to contact and interview any architect, designer, vendor, contractor, subcontractor or Franchisee employee. Upon reasonable notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee, at its sole expense, shall take such steps as deemed to be necessary by Franchisor to immediately correct any and all deficiencies detected during any such inspection, including without limitation, correcting construction deficiencies or defects, replacing equipment and supplies, and requiring Franchisee to desist from the further use of any equipment, designs, advertising materials, products, and/or supplies that do not conform with Franchisor's then-current plans and specifications, standards or requirements.

11. Operations, Standards of Quality, Inspections.

(a) **Operations Manager**. Franchisee shall designate an individual to serve as the "Operations Manager" for the Franchised Business, which may be Franchisee, an Owner of

Franchisee or another Franchisee employee. The Operations Manager shall meet the following qualifications:

(i) **Management Responsibility**. The Operations Manager shall devote full time and best efforts to the management, supervision, and conduct of the development and operation of the Franchised Business in order to ensure compliance with this Agreement and to maintain Franchisor's high standards. Management responsibility shall include, without limitation, maintaining the highest standards of service, environmental safety, sanitation, product quality and consistency and supervising employees to ensure that the highest standard of service is provided and to ensure that Franchisee's employees deal with customers, suppliers, Franchisor, and all other persons in a courteous and polite manner. The Operations Manager should ensure that a trained manager is on-site at all hours of operation of the Franchised Business.

(ii) **Qualifications**. The Operations Manager shall be accepted by Franchisor, complete Franchisor's initial training requirements, participate in and complete to Franchisor's satisfaction all additional training as may be reasonably required by Franchisor. The Operations Manager shall agree in writing to be bound by non-compete, confidentiality and non-solicitation provisions substantially similar to those contained in Sections 14 and 15 of this Agreement.

(iii) **Change**. If at any time for any reason the Operations Manager no longer qualifies to act as such, Franchisee shall promptly designate another Operations Manager subject to the same qualifications set forth in this Section 11(a). The Franchisor shall receive advanced written notice of any change in the Operations Manager.

(b) **Compliance with Franchisor's Standards.** Franchisee shall operate the Shop through strict adherence to Franchisor's standards, specifications and policies as they now exist, and as they may from time to time be modified. Such standards and policies include, without limitation: (i) specifications and preparation methods for food and beverages; (ii) hours of operation as set forth in the Brand Standards Manual or as otherwise designated by Franchisor; (iii) menu items and services offered; (iv) employee uniform and qualification requirements and specifications; and (v) use of specified emblems and Marks on containers, bags, boxes, napkins, and other products. Franchisee agrees to follow the instructions of Franchisor as well as Franchisor's employees, agents, and/or Franchisor's area directors or developers. Franchisee understands and agrees that Franchisor may modify the System and any of its components from time to time in its sole discretion. Franchisor shall give Franchisee notice of all changes either by supplements to the Brand Standards Manual, in writing or electronically, or otherwise. Franchisee shall, at its own cost and expense, promptly adopt and use only those parts of the System specified by Franchisor and shall promptly discontinue the use of those parts of the System which Franchisor directs are to be discontinued. Franchisee shall not change, modify or alter the System in any way, except as Franchisor directs. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor, as well as all mandatory standards, specifications and procedures contained in the Brand Standards Manual, as amended from time to time. Franchisee recognizes agrees that changes and modifications that Franchisor may make to the System may necessitate that Franchisee make capital expenditures during the Initial Term in amounts that Franchisor cannot forecast. Nothing in this Agreement limits the frequency or cost of future changes to the System that Franchisor may require. Franchisee understands and agrees that Franchisor has no ability to identify with specificity the nature of these future general improvements or their expected cost and accepts the risk that future general improvements may be imposed that will require significant capital expenditures in an amount that is unknown on the Effective Date of this Agreement and that cannot be fully amortized over the period of time then remaining in the Initial Term.

(c) **Training.** It will be solely Franchisee's responsibility to ensure that all new employees and current employees are trained to perform their duties in a proper manner at the Shop and Franchisee shall implement and maintain an employee training program, at Franchisee's expense. Franchisee shall ensure that all employees have all necessary certifications and credentials as required by applicable state laws and licensing regulations, and that all employees must satisfy all continuing educational training requirements as may be specified by applicable laws and regulations. In the event that Franchisor provides training to Franchisee's employees upon Franchisee's request, Franchisee Indemnifying Parties (as defined in Section 19 of this Agreement) hereby release, indemnify and hold harmless the Franchisor Indemnified Parties (as defined in Section 19 of this Agreement) from all claims, causes of action, expenses, costs, debts, fees, liabilities and damages of every kind arising out of or related to the training and/or the continuing education of Franchisee's employees as set forth herein. Franchisor reserves the right to assess a training fee or attendance fee for any conferences, conventions, retreats, or other training Franchisor or its approved suppliers provide.

(d) **Compliance with Specifications and Procedures**. Franchisee acknowledges that the Brand Standards Manual are designed to protect Franchisor's Marks, brand image, goodwill, and standards and systems, and not to control the day-to-day operation of the business. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor, as well as all mandatory standards, specifications and procedures contained in the Brand Standards Manual, as amended from time to time.

(e) **Franchisee Control**. Franchisee acknowledges that it is responsible for the day-to-day operation of its Franchised Business, including hiring, setting the conditions of employment, supervision, discipline and termination of all personnel, purchases and maintenance of equipment and supplies, preparing Franchisee's own marketing plans and funding and implementing those marketing plans, maintenance of employment records, and daily maintenance, safety, security and the achievement of compliance with the Brand Standards Manual. Franchisor's ability to approve certain matters, to inspect the Franchised Business and its operations and to enforce its rights exists only to the extent necessary to protect its interest in the System and the Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee. Franchisee expressly has control over the following for its employees: wages, benefits, and other compensation; hours of work and scheduling; hiring and discharge; discipline; workplace health and safety; supervision; assignment; and work rules and directions governing the manner, means, or methods of work performance.

(f) **Employment Matters**. Franchisee's employees are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. Franchisee is solely responsible for performing all administrative functions at the Franchised Business, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment, housing or transportation for Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee. Franchisee shall comply with all employment laws and regulations. At all times, Franchisee shall ensure that Franchisee and Franchisee's employees are in compliance with federal, state, and local tax laws. Franchisee expressly has control over the following for its employees: wages, benefits, and other compensation; hours of work and scheduling; hiring and discharge; discipline; workplace health and safety; supervision; assignment; and work rules and directions governing the manner, means or methods of work performance.

(g) **Employer Acknowledgment**. Franchisee shall obtain from each of its employees an acknowledgment signed by such persons providing that such individual understands, acknowledges, and agrees that (i) he or she is an employee of Franchisee and not Franchisor and (ii) he or she shall look solely to Franchisee, and not to Franchisor or its affiliates, agents, or employees, for his or her compensation and for all other employment matters.

(h) **Evidence of Relationship.** Franchisee shall hold itself out to the public as an independent contractor by, without limitation: (i) clearly identifying itself in all dealings with third parties as a franchised, independently owned and operated entity, including on all public records, checks, stationery, contracts, receipts, marketing materials, envelopes, letterhead, business cards, employment applications, and other employment documents, invoices and other communications, electronic or otherwise; and (ii) displaying a sign in the Franchised Business so as to be clearly visible to the general public indicating that the Franchised Business is independently owned and operated as a franchised business.

(i) **Brand Standards Manual.** Franchisor will provide Franchisee with one or more manuals, policy and procedure statements, or other written notice of other standards and specifications which shall contain (i) the mandatory and suggested specifications, standards and operating procedures prescribed from time to time by Franchisor and (ii) information relative to other obligations of Franchisee hereunder and the operation of the Shop (collectively, the "Brand Standards Manual."). The Brand Standards Manual may be in print, video, audio, or other electronic forms. For purposes of this Agreement "Brand Standards Manual" also includes separate manuals and alternative or supplemental communications of Franchisor such as by bulletins, emails, video, audio, and other electronic or print methods. The Brand Standards Manual shall at all times remain the sole property of Franchisor and shall promptly be returned to Franchisor upon the expiration or other termination of this Agreement. Franchisor may, from time to time, revise the contents of the Brand Standards Manual. To the extent that Franchisor shall deem it necessary or appropriate, Franchisor will provide Franchisee with policy and procedure statements or other written notice of procedures, policies, menus, recipes, food products and other standards and specifications contained in the Brand Standards Manual, policy and procedure statements and other written notices as issued from time to time by Franchisor. Franchisee acknowledges and agrees that all information in the Brand Standards Manual, policy and procedure statements and other notices constitute confidential information and trade secrets, and shall not be disclosed at any time by Franchisee. Franchisee shall not copy, disclose, duplicate, record or otherwise reproduce, in whole or in part, for whatever reason, the Brand Standards Manual or any other communication or information provided by Franchisor. Franchisor shall have the right to modify the policies and procedures of the Brand Standards Manual at any time, which modifications shall be binding upon Franchisee.

(j) **Variations in Standards.** Because complete and detailed uniformity under varying conditions may not be possible or practical, Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the Chain, to vary standards within the Shop or any other Shop in the Chain based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee's territory, business practices or customs, or any other condition which Franchisor deems to be of importance to the operation of such Shop or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard specifications and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee. Franchisee understands and agrees that Franchisor has no obligation to waive, make any exceptions to, or permit Franchisee to deviate from, the standards of the System.

(k) **Compliance with Laws.** Franchisee shall at all times during the Initial Term and any Renewal Term comply with all laws, ordinances, rules and regulations of all applicable governmental bodies, and pay any and all taxes, assessments, fines and penalties arising out of the operation of the Shop, including state and federal unemployment taxes and sales taxes.

(l) **Courtesy, Cooperation, Fair Dealing and Ethical Business Practices.** In all dealings with customers, suppliers, Franchisor and others, Franchisee will act according to the highest standards of honesty, integrity, fair dealing and ethical conduct. At all times and under all circumstances, Franchisee and its employees shall treat all customers and other persons, including Franchisor's agents, officers, and employees with the utmost respect and courtesy, and shall fully cooperate with Franchisor and its agents, officers, and employees in all aspects of the franchise relationship. Franchisee will operate Franchisee's business in full compliance with all applicable laws, ordinances and regulations, including all licensing requirements. Franchisee will not engage in any illegal discriminatory practices. Franchisor makes no representations as to what (if any) licenses, permits, authorizations or otherwise will be required in connection with Franchisee's establishment or operation of Franchisee's business. Franchisee is solely responsible for determining what licenses, permits, authorizations or otherwise are required and to obtain them, all at Franchisee's expense. Franchisee will refrain from any practice which may injure the goodwill associated with the Marks. Franchisee will notify Franchisor in writing within five (5) 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 relates to, or which may affect the operation or financial condition of, Franchisee, Franchisee's business and/or the Marks.

Franchisee agrees to comply with and/or assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise. Franchisee agrees to comply with and assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to Franchisee's business as may be required by Franchisor or by law. Franchisee confirms that Franchisee is not listed in the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at http://www.treasury.gov). Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 19(b) of this Agreement pertain to Franchisee's obligations hereunder.

(m) **Business Relations.** Franchisee shall at all times operate the Shop in a financially sound, prudent and business-like manner and, without limiting the generality of the foregoing, pay all its bills and accounts promptly when due and shall take no action, or omit to take any action, the result of which would be to tend to disrupt, damage or jeopardize Franchisee's relationship with suppliers or customers, Franchisor's good reputation, or the good reputation of Franchisor's other franchisees. Franchisee will not engage in any trade practice or other activity which is harmful to the goodwill or reflects unfavorably on the reputation of Franchisee, Franchisor, the Franchised Business, the Marks, the services and/or products sold at the Franchised Business, or constitutes deceptive or unfair competition or otherwise is in violation of any applicable laws.

(n) **Crisis Situations.** Franchisee shall notify Franchisor immediately upon the occurrence of any situation that may have a significant negative impact on Franchisee, Franchisor, or the Franchised Business, or which could have a deleterious effect on the BURNEY'S SWEETS & MORE brand, Marks or System (a "Crisis"). Franchisee shall follow all of Franchisor's policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by Franchisor or as specified in the Brand Standards Manual, whether or not Franchisee has retained outside counsel or a public relations firm to assist with such matters. A Crisis includes, but is not limited to, any event that occurs at or about the Shop or related to the Franchised Business that has or may cause harm or injury to customers or employees. Examples include, but are not limited to, contagious diseases, food poisoning, food contamination, food spoilage, foodborne illness, cyber attacks, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Marks, or image or reputation of the Shop, the System or Franchisor. Franchisee will cooperate fully with Franchisor with respect to Franchisor's response to the Crisis. In the event of the occurrence of a Crisis, Franchisor may establish emergency procedures which may require Franchisee to temporarily close the Shop to the public, in which event Franchisor shall not be liable to Franchisee for any loss or costs, including consequential damages or lost profits occasioned thereby. Franchisor will have the right to take control of the management of communications if Franchisor determines that the publicity surrounding the event is likely to have a material adverse effect on the reputation or goodwill of the Shop, Marks, System, or Franchisor. Franchisee will obtain Franchisor's consent before any press releases, interviews or public statements are issued by Franchisee, or anyone on its behalf, about events that are likely to receive or are receiving significant negative public attention related to the Shop, Marks, System, or Franchisor.

(o) **Change in Marital Status.** All Owners, including any new Owners added during the Initial Term, and their spouses shall sign the personal guaranty, non-compete, non-solicit, and confidentiality agreements. If Franchisee or one of its Owners or guarantors has a change in marital status during the Initial Term and any applicable Renewal Term, Franchisee shall promptly inform Franchisor of that change and Franchisee agrees that any new spouse will sign Franchisor's form guaranty, non-compete, confidentiality and non-solicitation agreements.

(p) Books and Records; Financial Reporting.

(i) Books and Records. Franchisee shall maintain during the Initial Term and any Renewal Term, and shall preserve for at least five (5) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Franchisee's expense, full, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles. Franchisee shall maintain such records at the Premises, unless otherwise authorized by Franchisor. Franchisee agrees at all times to use the chart of accounts, format for financial statements, and accounting procedures established from time to time by Franchisor. Franchisor has the right to require Franchisee to grant Franchisor unlimited, remote, 24/7 access to Franchisee's books, records, and accounts that are provided through Computer Systems.

(ii) Submission of Performance Reports. By the fourteenth (14th) day of each month, Franchisee shall submit to Franchisor, for review or auditing, financial statements, including a balance sheet and income statement prepared on a monthly basis, Gross Sales reports and performance reports for monthly periods, and such forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, including without limitation, by electronic telecommunications data transmission methods, upon request and as specified from time to time in the Brand Standards Manual or otherwise in writing. If Franchisee prepares and submits to Franchisor monthly profit and loss statements, Franchisor may require Franchisee to have a certified public accountant review such statements on a quarterly basis, the expense of which shall be borne entirely by Franchisee, and then submit such quarterly reviews to Franchisor. Franchisee also shall immediately notify Franchisor in writing when one or more liens or judgments are filed against Franchisee, the Franchised Business and/or any of the personal guarantors (if any) under this Agreement.

(iii) Submission of Financial Statements and Tax Returns. Franchisee shall, submit, within forty-five (45) days following the close of business of Franchisee's fiscal year, copies of a balance sheet, profit and loss statement and cash flow report prepared and certified by a certified public accountant which cover the previous twelve (12) months of operations of the Franchised Business. Franchisee also shall submit, within five (5) days of their filing, its federal and state tax returns for each year during the Initial Term or any applicable Renewal Term; provided, however, that if Franchisee is not a corporation or partnership, Franchisee may, at its option, submit only those schedules to its personal tax filings which reflect the revenues and expenses of the Shop. If Franchisee does not use a point-of-sale system which reports Franchisee's gross sales to Franchisor, then Franchisor shall also be required to submit on the twentieth (20th) day of each calendar month the Shop's most current sales tax report. Failure to provide Franchisee with an accurate and timely sales tax report each month shall constitute a default of this Agreement.

(iv) Audit of Franchisee's Records. Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, and tax returns of the Shop and remove copies thereof from the Shop premises. Franchisor shall also have the right at any time, at Franchisor's expense, to have an independent audit made of the Shop books, records and accounts. If any inspection or audit reveals that an underpayment exists, Franchisee shall immediately pay to Franchisor the amount owing to Franchisor, as determined by the inspection or audit. Upon discovery of an understatement of two percent (2%) or more, in addition to prompt payment of the underreported amount, Franchisee shall reimburse Franchisor for the greater of One Thousand Five Hundred Dollars ($1,500) or the actual expense connected with such inspections or audits, including but not limited to reasonable accounting and legal fees as well as interest as provided for in Section 3(f) of this Agreement. Such payments shall be without prejudice to any other remedies Franchisor may have under this Agreement or otherwise at law. If a discrepancy of less than two percent (2%) is revealed, Franchisor will bear the costs of the audit.

(v) **Forms.** Franchisee will use only such forms, including, without limitation, those used in and generated by the software required, as are approved by Franchisor in the Brand Standards Manual or otherwise in writing. Franchisee will obtain all forms specified by Franchisor and/or the required software, at Franchisee's expense, from suppliers approved by Franchisor. Franchisor may maintain and make available to Franchisee all or a portion of such forms electronically, in addition to, or in lieu of, providing hard copies to Franchisee.

(vi) **Accounting Service Provider**. Franchisor has the right to require Franchisee to use an accounting service provider or payroll services provider mandated by Franchisor. Franchisee will be responsible for all charges related to the accounting service.

(vii) **Initial Investment Report.** Within one hundred twenty (120) days after opening for business, Franchisee shall submit to Franchisor a report detailing Franchisee's investment costs to develop and open the Franchised Business, with costs allocated to the categories described in Item 7 of Franchisor's Franchise Disclosure Document and with such other information as Franchisor may request.

(q) **Inspections.** Franchisor and its agents have the right to enter the Shop, with or without notice, in person or remotely via communications technology, in order to inspect, photograph, and/or video on-going new construction or leasehold improvements, equipment and operations, and the performance of any and all services provided in and around the Shop and/or the Premises or any other operations of the Shop to ensure compliance with all requirements of this Agreement, at all times before or after Franchisee opens the Shop. Franchisee will cooperate with Franchisor's representatives in those inspections by rendering whatever assistance Franchisor may reasonably request, including using communications or audiovisual technology, such as a smartphone, to facilitate the remote inspection by Franchisor or Franchisor's agents and the assistance necessary to enable Franchisor to contact and interview architects, designers, employees, contractors vendors and suppliers, as well as Franchisee's customers and former customers. Upon reasonable notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee will take such steps as may be necessary to correct the deficiencies detected during any such inspection, including without limitation immediately correcting any problems with construction or leasehold improvements, and immediately desisting from the further use of any equipment, advertising materials, products, or materials that do not conform to Franchisor's then-current plans and specifications, the Brand Standards Manual, or other standards or requirements, and to repair or replace anything in the Franchised Business that does not so conform. Franchisee acknowledges and agrees that any and all inspections by Franchisor and all demands made by Franchisor to correct deficiencies and conform to

Franchisor's standards and specifications will not constitute a representation or warranty by Franchisor that the Franchised Business or its accounting practices comply with applicable laws, codes, ordinances, regulations or governmental standards. Upon reasonable written notification from Franchisor of a scheduled inspection, one of Franchisee's Owners must be present during such inspection. Franchisor may remove samples of inventory and equipment from the Premises during inspections.

(r) **<u>Computer Systems</u>.** Franchisee, at its expense, shall purchase or lease and thereafter maintain such computer hardware and software, mobile application(s), cloud-based systems and/or software, robotics, automation equipment, smartphone(s), tablet, broadband high-speed internet service, active e-mail account, required dedicated telephone and power lines, modem(s) printer(s), point-of-sale systems, scheduling systems, electronics, communications systems, customer management systems, instructional systems, robotics, automation, and other computer-related or technology-related accessories or peripheral equipment as Franchisor specifies ("Computer Systems"). Franchisor's requirements for the Computer Systems will be updated from time to time as deemed necessary by Franchisor in accordance with changing technology and industry standards and may include the requirement to purchase or lease new Computer Systems at Franchisee's expense. Franchisee must periodically update, as required by the Franchisor and/or the Computer Systems' suppliers, all Computer Systems solely at the Franchisee's expense. Franchisee may be required to license proprietary Computer Systems directly from Franchisor or Franchisor's affiliates. Franchisee may be required to enter into license agreement(s) with Franchisor or other suppliers to provide all or part of the Computer Systems. Franchisor and its agents shall have the right to access all information related to the operation of the Shop that is accessed or stored on the Computer Systems, whether in-person or from a remote location, without the need for Franchisee's consent, at the times and in the manner prescribed by Franchisor, which may be unlimited, remote, 24/7 access. Franchisor shall be granted access and may use data from the Computer Systems or from any source utilized by Franchisee which deviates from the Computer Systems in any way it deems fit and Franchisee agrees to furnish such data to Franchisor at any time that Franchisor requests it. Franchisor has the right to require Franchisee to connect to Franchisor's own computer systems. Franchisee shall provide Franchisor with all required passwords or login credentials to access the Computer Systems and shall grant Franchisor any permissions necessary for Franchisor to view and access the data on the Computer Systems. Data relating to the Shop and/or the System that is generated by, stored on, saved to, downloaded or uploaded to, shared with the Computer Systems is part of the Franchised Business Data owned solely by Franchisor. Despite the fact that Franchisee agrees to buy, use, and maintain the Computer Systems according to Franchisor's standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer Systems; (2) the manner in which the Computer Systems interfaces with Franchisor's and any third party's computer system; and (3) any and all consequences if the Computer Systems is not properly operated, maintained, and upgraded. Franchisee may not install any software, other than authorized upgrades, or make any modifications to the Computer Systems that might hamper or interfere with the operation of the Computer Systems in the manner Franchisor requires. Franchisee acknowledges and agrees that Franchisor shall have no responsibility under any circumstances for any malfunction or "crash" of any Computer System provided by or approved by Franchisor, including, but not limited to, for any data lost as a result of such malfunction or "crash."

(s) **Gift Cards**. Franchisee shall sell or otherwise issue gift cards or certificates (together "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor and only in the manner specified by Franchisor in the Brand Standards Manual or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisor via its website, Franchisee or another franchisee. Franchisee shall sell, issue, and redeem (without any offset against any Royalties) Gift Cards in accordance with procedures and policies specified by Franchisor in the Brand Standards Manual or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other franchisees and for making timely payment to Franchisor, other operators of franchises, or a third-party service provider for Gift Cards issued by Franchisee that are honored by Franchisor or other franchisees.

(t) **Group Buying Services.** Franchisee agrees not to use any group buying services, including, without limitation, Groupon or Living Social, without first obtaining express written permission of Franchisor. As with all advertising, advertisements placed with a group buying service are subject to Franchisor's prior written approval.

(u) **Credit Card Processing.** Franchisee agrees to use such credit card processing services approved by Franchisor and to purchase and maintain, at Franchisee's expense, any equipment necessary to permit such credit card processing functionality. Notwithstanding the credit card processing requirement, Franchisor does not represent, nor does it certify or warrant, to Franchisee or Franchisee's customers that the credit card processing service approved by Franchisor is compliant, whether or not certified as such, with the PCI Data Security Standards.

(v) **Data Protection; Privacy.**

(i) **Definition of Personal Information.** As used in this Agreement, "Personal Information" shall mean (i) any information that can be used to identify, locate, or contact an individual or household, including but not limited to Franchisee's employees and customers and (ii) information that is defined as protected, personal information under any Privacy Law.

(ii) **Data Protection and Security Policies**. Franchisee shall comply with, or, as applicable, adopt policies consistent with the then-current version of Franchisor's data protection and security policies as may be described in the Brand Standards Manual ("Data Protection and Security Policies"). Such policies may govern how Franchised Business Data and Personal Information contained in such data shall be collected, used, store, processed, shared, or destroyed. Franchisor has the right, but not the obligation to create such Data Protection and Security Policies. Franchisee acknowledges that Franchisor may supplement, modify, or amend the Data Protection and Security Policies from time to time in its sole discretion, and that Franchisee shall comply with such modifications or amendments within thirty (30) days of notice from Franchisor. Franchisor may require Franchisee to institute a data privacy policy for its Shop. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

(iii) Privacy Laws. Franchisee warrants and represents and covenants that it shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council ("PCI-DSS"), (ii) those mandatory Data Protection and Security Policies, if any, and (iii) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting, and any other obligations related to the possession or use of Personal Information, including the Children's Online Privacy Protection Act (collectively, "Privacy Laws").

(iv) Marketing; Consumer Protection. Franchisee warrants and represents not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, SMS text message, or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail, electronic, or SMS text message advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 ("TCPA"), as amended from time to time. Franchisee must comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

(v) Security; Security Breach. Franchisee shall establish, maintain, and comply with appropriate internal, physical, and technical security measures in order to protect Personal Information associated with the Franchised Business and the Franchised Business Data against unauthorized disclosure and access and accidental or unlawful destruction, loss, or alteration. Franchisee shall cooperate with Franchisor in any audit that Franchisor may conduct from time to time of its data storage and management systems and Franchisee's storage of Personal Information. In addition, if Franchisee becomes aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction, transfer, or other compromise or acquisition of or access to any Personal Information, whether such information is stored in paper or electronic form, or information that might reasonably expose Franchisor to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into Franchisee's or Franchisor's computers, networks, servers, IT resources, or paper files ("Security Breach"), Franchisee shall immediately notify the Franchisor's President via telephone of such matter and shall thereafter cooperate with Franchisor to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by Franchisee unless Franchisor has authorized the provision of notice and the form of such notice in writing. Franchisee shall reimburse Franchisor for all reasonable Notification and Remediation Related Costs (hereinafter defined) incurred by Franchisor arising out of or in connection with any such Security Breach that is directly or indirectly caused by Franchisee or its personnel. "Notification and Remediation Related Costs" shall include Franchisor's internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (i) preparation and mailing or other transmission of legally required notifications to affected individuals, regulators and attorneys general; (ii) preparation and mailing or other transmission of such other communications to customers, agents or others as Franchisor deems reasonably appropriate; (iii) establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training); (iv) engagement of information technology consultants, public relations and other similar crisis management services; (v) payment of legal and accounting fees and expenses associated with Franchisor's investigation of and response to the Security Breach; and (vi) payment of costs for commercially reasonable credit reporting services that are associated with legally required notifications or are advisable under the circumstances. Franchisee Indemnifying Parties (as defined in Section 19 of this Agreement) agree to hold harmless, defend and indemnify Franchisor Indemnified Parties (as defined in Section 19 of this Agreement) from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which Franchisor Indemnified Parties shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with a Security Breach or Franchisee Indemnifying Parties', or their officers', directors', agents' or employees' violation of any Privacy Law, Data Protection and Security Policies, consumer protection-related law or regulation, e-mail marketing and other marketing laws and regulations, and the PCI-DSS.

(vi) **Inspection**. Franchisor, through its employees and/or any agents designated by Franchisor from time to time, may at any time during business hours, and without prior notice to Franchisee enter upon and inspect the Shop and examine Franchisee's Computer Systems, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws. Any such inspection shall be made at Franchisor's expense, provided that if such inspection is necessitated by Franchisee's repeated or continuing failure to comply with the Data Protection and Security Policies, Privacy Laws, this Agreement, Franchisor may charge Franchisee for the costs of making such inspection, including without limitation, travel expenses, room and board, and compensation of Franchisor's employees and/or agents.

(vii) **Personal Information Consent and Requests**. Franchisee is responsible for obtaining any required consent to the collection, use, storage, processing, and sharing of Personal Information from its customers, employees, and other parties from which it is required to obtain consent under the Privacy Laws or Data Protection and Security Policies. Franchisee shall retain copies of the consent and store them and share them with Franchisor in the manner Franchisor requires. Franchisee shall fully comply with Data Protection and Security Policies and Privacy Laws as they relate to a person's exercise of his or her rights under the Privacy Laws. If any person contacts Franchisee seeking to exercise any right under law pertaining to Personal Information, Franchisee shall comply with such request in accordance with the terms of this Agreement, including the Data Protection and Security Policies, the Brand Standards Manual, the Privacy Laws, and as otherwise instructed by Franchisor. If requested by Franchisor, Franchisee must cooperate or coordinate with Franchisor to provide information about the way that Franchisee has collected, used, stored, processed, and shared Personal Information.

(viii) Use of Personal Information. Franchisee warrants and represents and covenants that it shall not collect, use, store, process, or share Personal Information unless such action is permitted by (i) the terms of this Agreement, (ii) the terms of the Data Protection and Security Policies, (iii) the standards in the Brand Standards Manual, (iv) Privacy Laws, and if, applicable, (v) written approval of Franchisor. Franchisee shall collect, use, store, process, and share Personal Information only for purposes of operating the Shop. Franchisee shall not sell Personal Information. Franchisee shall not re-identify any Personal Information that has been de-identified. If Franchisee engages any vendor that will collect, use, store, process, or share Personal Information, Franchisee must contractually bind the vendor to the data protection obligations that Franchisor requires.

(w) Secret Shoppers; Toll-Free Number; Etc. Franchisor may, at its sole discretion, institute various programs for verifying customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including, without limitation, marketing research surveys, a toll-free number, customer comment cards, secret shoppers, or otherwise. Franchisor will share with Franchisee the results of such programs as they pertain to Franchisee's business and Franchisee agrees to reimburse Franchisor for all costs associated with any and all such programs, which cost may be drafted by EFT at the sole discretion of Franchisor.

(x) Franchise Advisory Council. Franchisor may, but is not obligated to, form a Franchise Advisory Council selected by Franchisor in Franchisor's sole discretion, which shall provide Franchisor input as Franchisor may request from time to time ("FAC"). The FAC exists at Franchisor's pleasure, and Franchisor is not obligated or bound by any input provided by the FAC. The FAC will consist of franchisees in full compliance with this Agreement and/or Franchisor's representatives. Franchisor has the right to add or remove members of the FAC in Franchisor's sole discretion.

(y) No Warranties. FRANCHISOR, ITS AFFILIATES, AND THEIR REPRESENTATIVES, MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS FRANCHISOR, ITS AFFILIATES, AND THEIR REPRESENTATIVES, APPROVE, SUPPLY, OR REQUIRE FRANCHISEE TO PURCHASE OR USE. FRANCHISOR, ITS AFFILIATES, AND THEIR REPRESENTATIVES EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT, SUPPLIES, OR OTHER APPROVED ITEMS.

(z) Customer Service and Payments. Franchisee must follow the procedures for customer complaints found in the Brand Standards Manual. Resolution of customer concerns may involve discounting goods or services and other such measures that affect the Gross Sales and profits of the Shop. Franchisor reserves the right to charge Franchisee for Franchisor's costs to respond and/or resolve a complaint by Franchisee's customers that Franchisee does not satisfactorily resolve. Franchisee shall comply with Franchisor's policies for customer refunds. Franchisee agrees to accept the types and forms of customer payment as Franchisor may require from time to time and shall not accept a type or form of payment that Franchisor has not authorized.

(aa) Hours of Operation. Franchisee must keep the Shop open to the public during the hours of operation Franchisor designates in the Brand Standards Manual.

12. Products; Menu.

(a) <u>Suppliers, Products, and Services</u>. In the operation of the Franchised Business, Franchisee shall use and sell only those products, materials, supplies, equipment, technology, Computer Systems, and services that have been specifically designated or approved by Franchisor. These products and materials include but are not limited to food items, ingredients, beverages, cooking materials, containers, boxes, cups, packaging, menus, and uniforms. To the extent that Franchisor has designated or approved a supplier, Franchisee shall obtain all products, materials, supplies, equipment, and services that are used in operation of the Franchised Business from suppliers that Franchisor shall have specifically designated or approved. Franchisee may be required to purchase from Franchisor certain products or services, or Franchisor may designate an affiliate as the designated supplier of any products, materials, supplies, equipment, technology, Computer Systems, or service used in the operation of the Franchised Business. Franchisor may designate exclusive suppliers for any products, materials, supplies, Computer Systems, equipment and service. Franchisor or its affiliates may receive payments, discounts, or other compensation from suppliers on account of the suppliers' dealings with Franchisor, Franchisee, or other franchised businesses or shops in the System. Franchisor may use any amounts that it receives from suppliers for any purpose that Franchisor deems appropriate. Franchisor and its affiliates may negotiate supply contracts with its suppliers under which Franchisor is able to purchase products, equipment, supplies, and services at a price lower than that at which franchisees are able to purchase the same items. Franchisor may, from time to time, amend the list of approved products, services, and suppliers, and Franchisee must comply with any such changes within 30 days after receiving notice of the change. Products and services other than those required to be obtained from Franchisor or a designated supplier may be purchased from any source provided that the particular supplier, services, and products have been approved by Franchisor. Franchisor may, from time to time, amend the list and this section of approved products and suppliers. If Franchisee requests that Franchisor review a new or alternate supplier or product, Franchisee shall pay Franchisor's then-current evaluation fee plus any costs and expenses Franchisor incurs as a result of its evaluation. Further if Franchisor and its affiliates sell any goods and services to Franchisee, Franchisor and its affiliates may make a profit. Franchisee hereby agrees that Franchisor and its affiliates are entitled to such profits, payments, discounts, or other compensation.

(b) <u>Menu Items</u>. Franchisee will offer for retail sale, and shall carry on its menu only the food and other menu items approved by Franchisor. Franchisee agrees to sell all of the menu items as directed by Franchisor. Franchisee agrees that it will not sell or carry on its menu any food item or other products not specified or approved by Franchisor. Franchisee agrees to precisely follow, and require its employees to precisely follow, the recipes and food preparation procedures for each menu item as determined by Franchisor. Franchisee shall sell all goods and services required by Franchisor.

(c) <u>Pricing</u>. Franchisee shall have the right to set prices provided that, subject to applicable antitrust laws, such pricing: (1) complies with any minimum or maximum prices set by Franchisor; and (2) complies with any prices specified by Franchisor; and (3) conforms to any bona fide promotional programs or national or regional accounts programs periodically established by Franchisor. Franchisor retains the right to modify its pricing policies from time to time in its sole discretion. Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the Chain, to vary pricing standards and policies within the

Shop or any other Shop in the Chain based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee's territory, business practices or customs, cost of a franchisee's rent or mortgage payments, or any other condition which Franchisor deems to be of importance to the operation of such Shop or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard pricing policies and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee. Franchisee must provide to Franchisor a price list containing all of the prices charged for the products supplied by the Franchised Business. The price list must be updated and supplied to Franchisor every time Franchisee alters its prices and, in any event, at least annually.

(d) **System Changes.** Franchisee acknowledges that the System, the services, menu, and products offered by the Shop may be modified (such as, but not limited to, the addition, deletion, and/or modification of operating procedures, menu items, products, and services) from time to time by Franchisor; and Franchisee agrees to comply, at its expense, with all such modifications, including, without limitation, all requirements needed to implement the modifications. Franchisee agrees there is no limit to Franchisor's ability to modify the System. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these System changes.

(e) **Technology Changes**. Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within Initial Term. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology and Computer Systems in the System; and Franchisee agrees that it will abide by those reasonable new standards established by Franchisor, at Franchisee's sole cost and expense. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these changes to technology.

(f) **Promotional Requirements**. Franchisor has the right to require Franchisee to participate in loyalty programs, and national, regional, and local giveaways and promotions at Franchisee's expense. Franchisee may be required to provide free or discounted products or services as a result of such loyalty programs, giveaways, or promotions. Franchisor is not required to reimburse Franchisee for Franchisee's costs and expenses incurred as a result of these loyalty programs, giveaways, or promotions. Franchisee must honor coupons, value cards, program rewards, or memberships sold or distributed by other shops if required by Franchisor. Franchisee must not issue or offer any loyalty, or similar program without or prior approval. Franchisee must issue, redeem, and honor loyalty program incentives, and promotions Franchisor requires in accordance with Franchisor's procedures and policies.

13. Transfer; Franchisor's Right of First Refusal.

(a) **Transfers by Franchisor.** This Agreement, and any and/or all of Franchisor's rights and/or obligations under it, are fully transferable by Franchisor in Franchisor's sole discretion and will inure to the benefit of any person or entity to whom Franchisor transfers it, or to any other legal successor to Franchisor's interest in this Agreement. If Franchisor transfers this Agreement, or any and/or all of Franchisor's rights and/or obligations under it, all past, current and future obligations of Franchisor to Franchisee will cease and be forever extinguished. Franchisor shall be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment, and Franchisee's obligations and duties shall be and will remain the same notwithstanding any such assignment. Franchisor may be sold and/or Franchisor may sell any or all of its assets to a competitive or other entity; or Franchisor may participate in an initial, or other, public offering or private placement of Franchisor's stock; may merge, acquire other entities and/or assets (competitive or not); may be acquired by a competitive or other entity; and/or may undertake any refinancing, leveraged buy-out and/or other transaction. Franchisee waives any and all claims, demands and/or damages with respect to any transaction or otherwise allowed under this section or otherwise.

(b) Transfers by Franchisee. The rights and interest of Franchisee under this Agreement are and shall remain personal to Franchisee. Franchisee recognizes that Franchisor has granted the License in reliance on the business and financial capacity and other attributes of Franchisee, the personal skill, qualifications and representations of the Owners, and in reliance upon Sections 14, 15, and 21 of this Agreement and the Owners' agreement to be bound thereby. Therefore, neither Franchisee's interest, rights or privileges in the Agreement, the License, the Shop, substantially all of the assets of the Franchised Business, nor the Owner's(s') interest in Franchisee or the Owner(s), in whole or in part, voluntarily or involuntarily, by operation of law or otherwise, in any manner, shall be transferred, except as provided in this Section 13. For purposes of this Agreement, the term "transfer" shall mean any issuance, sale, assignment, gift, pledge, mortgage or any other encumbrance (other than a lien against Franchisee's assets to secure a loan for the construction, remodeling, equipping or operation of the Shop), transfer by bankruptcy, transfer by judicial order, merger, consolidation share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary. Except as provided below, any ownership or structural changes in Franchisee including but not limited to, any merger, reorganization, issuance of additional shares or classes of stock or additional partnership interests, shall constitute and be deemed a transfer and shall be subject to the provisions of Section 13(d).

(c) Franchisor's Right of First Refusal.

(i) Exercise of Right. Franchisee or an Owner, as applicable, shall give Franchisor forty-five (45) days prior written notice of any intended transfer of any of its rights or interest in the Franchised Business or Franchisee. Such notice shall set forth the name of the proposed transferee and a detailed statement of all the terms and conditions of such intended or proposed transfer. Irrespective of the qualifications or acceptability of any prospective transferee, Franchisor shall have the first right and option to purchase the interest under the same terms and conditions contained in the offer or purchase and sale document. Should the proposed transfer not involve the payment of any consideration, Franchisor has the option to purchase the interest at a price equal to one and one-half (1.5) times the Net Profits of the Franchised Business over the previous twelve (12) month period (or the average monthly Net Profit of the Franchised Business if it has been operating less than twelve (12) months multiplied by twelve (12)) multiplied by the percentage which the interest to be transferred bears to all interest in the Franchised Business, of Franchisee, as the case may be. As used in this Agreement, Net Profits means the amount of profit, if any, determined from statements of profit and loss prepared by an independent public accountant that Franchisor in its sole discretion finds acceptable. Within forty-five (45) days after Franchisor receives notice of a proposed transfer, Franchisor will notify Franchisee and the Owner, if applicable, in writing that it is (a) exercising its right of first refusal, (b) approving the transfer or (c) denying approval of the transfer pursuant to this Section 13. During said forty-five (45) day period, Franchisor shall have the right to inspect all Franchisee's books and records relating to the Franchised Business, specifically including all financial records and statements for the three (3) full fiscal years preceding the date on which the forty-five (45) day right of first refusal commences. If Franchisor does not exercise its right of first refusal, any material change in the terms of an offer prior to closing shall cause it to be deemed a new offer, subject to the same right of first refusal by Franchisor as in the case of the initial offer. Franchisor has the unrestricted right to assign this option to purchase the assets or interests.

(ii) **Approval of Transfers.** If Franchisor decides not to exercise its right of refusal, Franchisor shall have the right to approve or disapprove the proposed transfer; provided, however, Franchisor's consent shall not be unreasonably withheld as provided in Section 13(d). If Franchisor approves the transfer in writing, Franchisee (or Owner, as applicable) may make the proposed transfer on the exact terms and conditions specified in Franchisee's notice to Franchisor within sixty (60) days after the expiration of Franchisor's right of first refusal. If the transfer is not consummated within such 60-day period, Franchisee may not thereafter transfer such interest without again complying with this Section 13.

(d) **Conditions on Transfer.** Provided Franchisor chooses not to exercise its right of first refusal, Franchisor agrees that it will not unreasonably withhold its consent to a proposed transfer if all the following conditions are satisfied:

(i) **Compliance.** Franchisee, its Owners, and its affiliates are in full compliance with this Agreement with any other agreement with Franchisor's affiliates and there are no uncured defaults by them thereunder, and all debts and financial obligations of Franchisee under this Agreement are current, including Franchisee's obligations to the Brand Fund, each Cooperative of which Franchisee is a member, and all vendors, including but not limited to, Franchisor and any affiliate. Franchisee will remain liable for all obligations to Franchisor in connection with the Franchised Business which arose prior to the effective date of the transfer.

(ii) **Agreements**. The proposed transferee executes such documents as Franchisor may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, including, but not limited to, the then-current version of the Franchise Agreement, and if required by Franchisor, the proposed transferee executes, and in appropriate circumstances, causes such other parties as Franchisor may require to execute, Franchisor's then-current ancillary agreements to this Agreement (including, specifically and without limitation, the personal guaranty), which documents may be substantially different than those executed contemporaneously with the execution of this Agreement provided, however, that the Royalty rate, Brand Fund and other advertising expenses payable by the transferee will not be increased to an amount which is greater than that which is required to be paid system-wide by Franchisor's new franchisees, the transferee will not be required to pay an additional Initial Franchise Fee, and the protected Territory of the Franchised Business, as designated in this Agreement will remain the same.

The Franchise Agreement between Franchisor and Franchisee will terminate once an approved transfer is completed.

(iii) **Release**. Franchisee; Owners; guarantors of the Franchisee; for themselves and on behalf of their respective predecessors, affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns execute a general release, in a form prescribed by Franchisor, releasing Franchisor; Franchisor's predecessors, affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities, from any and all claims, causes of action, demands, debts, liabilities, obligations, fees, costs and expenses, including without limitation, claims and causes of action arising under federal, state and local laws, rules, regulations and ordinances, arising prior to and including the date the transfer becomes effective.

(iv) **Training**. Prior to the date of the proposed transfer, the proposed transferee's owners, principal operator, and managers undertake and complete, to the satisfaction of Franchisor, such training and instruction as Franchisor shall deem necessary.

(v) **Qualifications**. Franchisor is satisfied that the proposed transferee, and if the proposed transferee is an entity, all owners of any interest in such entity, meets all of the requirement for Franchisor's new franchisees applicable on the date Franchisor receives notice of the proposed transfer and including, but not limited to, good reputation and character, business experience, Shop management experience, and financial strength and liquidity.

(vi) **Continuing Obligations**. Franchisee and any Owner transferring an interest in Franchisee acknowledges and agrees in writing that it is bound by Sections 14, 15 and 23 of this Agreement.

(vii) **Transfer Fee**. Franchisee or the Owner, as applicable, pays to Franchisor a transfer fee equal to fifty percent (50%) of the then-current franchise fee, which fee must be deposited with Franchisor on a non-refundable basis upon Franchisee's notification to Franchisor of the proposed transfer and prior to Franchisor's undertaking any review, drafting of documents, training or other activities. If Franchisor does not approve the transfer, Franchisee's transfer fee will be returned to Franchisee minus Franchisor's expenses incurred (including legal fees) for review and consideration of the transfer.

(viii) **Documents and Information.** The proposed transferee, and all owners of any interest in a transferee that is an entity, provide Franchisor, at least forty-five (45) days' prior to the proposed transfer date, with copies of financial statements for the preceding three years, and where applicable, its certificate of incorporation and bylaws (and any amendments or modifications thereof), minutes and resolutions and all other documents, records and information pertaining to the transferee's existence and ownership. Franchisor has the right to require Franchisee to prepare and furnish to the proposed transferee and/or Franchisor such financial reports and other data relating to the Franchised Business and its operations as Franchisor deems reasonably necessary or appropriate for transferee and/or Franchisor to evaluate the Franchised Business and the proposed transfer. Franchisee agrees that Franchisor has the right to confer with the proposed transferee and furnish it with information concerning the Franchised Business and proposed transfer without being held liable to Franchisee, except for intentional misstatements made to a transferee. Any information furnished by Franchisor to proposed transferees is for the sole purpose of permitting them to evaluate the Franchised Business and proposed transfer and must not be construed in any manner or form whatsoever as claims of success or failure.

(ix) **Refurbish.** Within the time specified by Franchisor, Franchisee, at its expense, shall refurbish the Franchised Business, as necessary, to conform the Franchised Business to Franchisor's then-current standards and specifications, including, without limitation, specifications regarding, size, color, trade dress, presentation of the Marks, fixtures, flooring, carpeting, and installed equipment.

(x) **Payment of Creditors and Suppliers.** Prior to or upon closing of the transfer, Franchisee shall pay in full all creditors and suppliers of the Franchised Business.

(e) **Permitted Transferees.** Notwithstanding the foregoing, an Owner of less than Fifty-One Percent (51%) interest in Franchisee may transfer all or a portion of his interest in Franchisee to another Owner or to Franchisee (such person or entity being referred to as a "Permitted Transferee") and such a transfer shall not be subject to the restrictions of this Section 13; provided, however, Franchisee shall promptly notify Franchisor of any such transfer and the exiting Owner shall sign Franchisor's form of a general release and termination agreement.

(f) **Transfer to a Wholly Owned Entity**. Notwithstanding anything in this Section 13 to the contrary, if Franchisee consists of one or more individual(s), Franchisee may transfer its interest under this Agreement to a corporation, limited liability company or other legal entity without such a transfer being subject to the restrictions of this Section 13 so long as: (1) the legal entity is owned entirely by all of the original individual franchisees or personal guarantors hereof; (2) each and all of the obligations of Franchisee and the new legal entity are personally guaranteed by the original individual franchisees or personal guarantors hereof; (3) Franchisor receives prior written notice of the transfer along with a complete set of the new legal entity's filed, date stamped formation documents; and (4) Franchisee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Franchisor pursuant to which the new legal entity assumes and agrees to discharge all of Franchisee's obligations under this Agreement.

(g) **Death or Disability.**

(i) **Transfer Upon Death or Disability.** Upon the death or disability of Franchisee or any Owner of Franchisee, the Franchisee's or any such Owner's executor, administrator, conservator, guardian, or other personal representative must transfer the Franchisee's interest in this Agreement, or the Owner's ownership interest in Franchisee, to a third party (which may be Franchisee's or the Owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 13. Failure to transfer Franchisee's interest in this Agreement, or the Owner's ownership interest in Franchisee, within this period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Owner from operating the Shop in the manner required by this Agreement and the Brand Standards Manual or from performing its, his, or her obligations under this Agreement and the Brand Standards Manual.

(ii) **Operation upon Death or Disability.** During the period between death or disability of Franchisee or any Owner of Franchisee and the completion of the transfer described in Section 13(g)(i), the Shop still must be operated in accordance with the terms and conditions of this Agreement. Upon the death or disability of Franchisee or any Owner of Franchisee, the Franchisee's or any such Owner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed thirty (30) days from the date of death or disability, appoint an Operations Manager (unless Franchisee or the Owner had previously appointed an Operations Manager who remains responsible for the day-to-day operation of the Shop). Any new Operations Manager must complete Franchisor's standard training program at Franchisee's expense, sign Franchisor's then-current form guaranty, non-compete, confidentiality and non-solicitation agreements, and comply with any of Franchisor's then-current requirements for acceptance of an Operations Manager.

(h) **Non-Waiver**. Franchisor's consent to a transfer of any interest in Franchisee or the Franchised Business granted through this Agreement will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

(i) **Transfer Damages.** If Franchisee or an Owner engages in a transfer without first complying with the applicable transfer provisions of this Agreement (including without limitation, the provisions of Section 13) Franchisee agrees to pay to Franchisor, within fifteen (15) days of receiving notice from Franchisor, in addition to the amounts owed under this Agreement, transfer damages equal to (a) fifteen percent (15%) of the price paid by the transferee to Franchisee or the Owners, as applicable, or (b) Twenty-Five Thousand Dollars ($25,000), whichever is greater. The parties to this Agreement acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's unauthorized transfer. The parties consider this transfer damages provision to be a reasonable, good faith pre-estimate of those damages.

14. Covenants Against Unfair Competition and Solicitation.

(a) **Franchisee's Covenant Against Unfair Competition – During Term**. Franchisee acknowledges it will receive valuable, specialized training and Confidential Information (as defined in Section 15) regarding the production, operational, sales, promotional, and marketing methods of the BURNEY'S SWEETS & MORE Shop that Franchisor has developed through monetary and other resource expenditures that provide competitive advantages to Franchisor's System. During the Initial Term, Franchisee and its Owners will not, without Franchisor's prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, or offer or grant franchises or licenses for, any business or commercial activity that receives twenty-five percent (25%) or more of its gross sales from the sale of bakery items, including, but not limited to, cakes, croissants, and/or pies, and related items on a dine-in or carry-out basis, or that sells any amount of glazed and deep-fried croissants ("Competitive Business"); or

(ii) offer or grant franchises or licenses for any Competitive Business or become a franchisee or licensee of any Competitive Business; or

(iii) become a franchisee or licensee of any Competitive Business; or

(iv) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) **Franchisee's Non-Solicitation Covenant – During Term.** Franchisee acknowledges it will receive customer and vendor information that is considered Confidential Information of the Franchisor. During the Initial Term, Franchisee and its Owners will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) solicit, divert or attempt to solicit or divert any person or party who is or was a customer of the Shop at any time during the Initial Term, to any Competitive Business, as Franchisee agrees that all goodwill associated with Franchisee's operation under the Marks and the System, and all customer information associated therewith, inure to Franchisor; or

(ii) solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Shop to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease providing supplies, products, equipment, merchandise, or services to BURNEY'S SWEETS AND MORE businesses.

(c) **Franchisee's Covenant Against Unfair Competition – Post-Term.** In partial consideration for Franchisor allowing Franchisee to license Franchisor's Marks and Confidential Information, Franchisee and each of the Franchisee's Owners covenant and agree that for a period of two (2) years after the termination, expiration, or non-renewal of this Agreement, regardless of the reason for such termination, expiration, or non-renewal ("Restrictive Period"), Franchisee and its Owners shall not, within the Restrictive Territory (as defined in Section 14(e) below) engage in any of the following:

(i) franchise, license, or own an interest in any Competitive Business, including as franchisor, licensor, franchisee or licensee, provided that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 14(c) so long as Franchisee does not own themselves or through their spouses or partners more than one percent (1%) of the securities of such corporation; or

(ii) engage in any Competitive Business as an officer, director, employee, consultant, manager, operator, or independent contractor in any capacity in which Franchisee or its Owners would be in a position to use or disclose Confidential Information.

(d) **Franchisee's Non-Solicitation Covenant – Post-Term.** In partial consideration for Franchisor allowing Franchisee to license Franchisor's Marks and Confidential Information, Franchisee and each of the Franchisee's Owners covenant and agree that during the Restrictive Period, Franchisee and its Owners shall not, within the Restrictive Territory engage in any of the following:

(i) solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Shop during the one (1) year period prior to the expiration, termination, or non-renewal of this Agreement to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease providing supplies, products, equipment, merchandise, or services to BURNEY'S SWEETS & MORE businesses; or

(ii) solicit, divert or attempt to solicit or divert any person or party that was a customer of the Shop during the one (1) year period prior to the expiration, termination, or non-renewal of this Agreement, to any Competitive Business.

(e) **Restrictive Territory.** For purposes of this Section 14, the term "Restrictive Territory" means the following:

(i) At the Location of the Franchised Business; or

(ii) The Territory served by Franchisee (as defined in Attachment 1) as that Territory exists on the date of termination, expiration, non-renewal, or transfer of this Agreement; or

(iii) The territories in which Franchisor or its affiliates operate any BURNEY'S SWEETS & MORE businesses or locations as of the date of termination, expiration, non-renewal, or transfer of this Agreement, including their locations; or

(iv) The territories of any of Franchisor's other BURNEY'S SWEETS & MORE franchisees as those territories exist as of the date of termination, expiration, non-renewal, or transfer of this Agreement, including their locations; or

(v) An area which is within a 10-mile radius of:

(A) The Location of the Franchised Business as of the date of termination, expiration, non-renewal, or transfer of this Agreement, including the Location, or

(B) The location of any other BURNEY'S SWEETS & MORE shops owned by Franchisor or its affiliates or franchisees as of the date of termination, expiration, non-renewal, or transfer of this Agreement, including those locations.

(f) **Reasonableness.** The above post-termination covenant not to participate in a similar Competitive Business shall apply regardless of how or why the Agreement terminates, expires, or does not renew. The parties agree that the foregoing covenants contained in this Section 14 contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect Franchisor's goodwill or Franchisor's other business interest and its franchisees and the provisions do not prevent

Franchisee or its Owners from earning a living. Franchisee agrees that the scope of activities prohibited in this Section 14, and the length of the term and geographical restrictions in this Section 14, are necessary to protect the legitimate business interests and are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind. Franchisee's full, uninhibited, and faithful observance of each of the covenants in this Section 14 will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants in this Section 14 will not impair Franchisee's or its Owners' ability to obtain employment commensurate with Franchisee's or its Owners' abilities or on terms fully acceptable to Franchisee or otherwise to obtain income required for the comfortable support of Franchisee and its Owners and their families, and the satisfaction of the needs of all of Franchisee's and its Owners' creditors. Franchisee's and its Owners' special knowledge of BURNEY'S SWEETS & MORE shops (and anyone acquiring this knowledge through Franchisee or its Owners) is such as it would cause Franchisor serious injury and loss if Franchisee or its Owners (or anyone acquiring this knowledge through Franchisee or its Owners) were to use this knowledge to the benefit of a competitor or were to compete with Franchisor or its franchisees. The covenants in this Section 14 are to be construed as independent of any other covenant or provision of this Agreement. The existence of any claim Franchisee or any of its Owners may have against Franchisor or any of its affiliates (regardless of whether arising under this Agreement) is not a defense to the enforcement of these covenants against Franchisee or its Owners. In the event of any violation of the provisions of this Section 14, the Restrictive Period shall be extended by a period of time equal to the period of the violation. Franchisee and Franchisor agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation.

(g) Managerial and Supervisory Employees. Franchisee covenants that it shall cause all persons who are involved in managerial or supervisory positions with Franchisee to enter into an agreement to be bound by provisions substantially similar to Sections 14 and 15 of this Agreement. Franchisee agrees to provide Franchisor with copies of such executed agreement upon request. If Franchisee has reason to believe that any person has violated any such provisions of this Agreement, Franchisee shall promptly notify Franchisor and cooperate with Franchisor to protect Franchisor against unfair competition, infringement, or other unlawful use of the Marks, trade secrets, recipes, or System of Franchisor. Franchisee further grants Franchisor the right, but not the obligation, to prosecute any such lawsuits at Franchisor's expense on behalf of Franchisee.

15. Trade Secrets and Confidential Information.

Franchisee understands and agrees that Franchisor has disclosed or will hereafter disclose to Franchisee certain confidential or proprietary information and trade secrets (collectively, "Confidential Information"). Except as necessary in connection with the operation of the Shop and as approved by Franchisor, Franchisee shall not, during the Initial Term or at any time after the expiration, non-renewal, or termination of this Agreement, regardless of the cause of termination, directly or indirectly, use for its own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any Confidential Information. Franchisee, the Owners, and all guarantors of this Agreement will divulge Confidential Information only to personnel, if any, who must have access to it in order to operate the Shop. Further, Franchisee will require all personnel having access to any Confidential Information to execute an agreement, requiring them to maintain the confidentiality of information they receive in connection with their employment at the Shop and disclose to its employees only such Confidential Information as is necessary to operate the Shop and then only while this Agreement is in effect. Those agreements will be in a form satisfactory to Franchisor. "Confidential Information" includes any information, not generally known to the public, in any form, relating to the System and/or the Shop and its operations, including all trade secrets of the Shop; all knowledge, know-how, standards, methods, and procedures related to the establishment and operations of the Shop not generally known to the public; recipes; knowledge or know-how concerning the recipes or food products; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Shop (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); product formulas, recipes or methods of production; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that Franchisor or its affiliates designate as confidential, including all information contained in the Brand Standards Manual.

16. Insurance.

(a) **Types and Extent of Coverage.** Franchisee shall obtain and maintain throughout the Initial Term such insurance coverages with such limits as specified below (or such greater amounts of insurance as may be required by the terms of any lease or mortgage relating to the Premises):

(i) fire, extended coverage, vandalism, malicious mischief and special extended peril insurance at not less than ninety percent (90%) of the actual replacement value of the building (if owned), and contents, and improvement;

(ii) workers' compensation and other insurance required by law;

(iii) business interruption insurance; and

(iv) comprehensive general liability insurance on an occurrence basis naming Franchisor and its officers, directors and employees as an additional insured as follows;

(A) Bodily injury to or death of one or more persons with minimum coverage of One Million Dollars ($1,000,000);

(B) property damage or destruction with minimum coverage of One Million Dollars ($1,000,000) per occurrence;

(C) public and product liability with minimum coverage of One Million Dollars ($1,000,000); and

(D) non-owned vehicle coverage with minimum coverage of Five Hundred Thousand Dollars ($500,000).

(b) **Other Insurance Requirements.** Franchisee shall obtain from a nationally recognized insurance company and at all times during the Initial Term maintain in force and pay the premiums for all types of insurance listed above with complete operations coverage. All policies of insurance required to be maintained hereunder shall: (i) be written as primary policy coverage and not "excess over" or contributory with any other applicable insurance, including Franchisor's insurance; (ii) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer(s)' liability; (iii) shall not contain any special limitations on the scope of coverage afforded to Franchisor; (iv) shall provide that any failure by Franchisee or any of Franchisee's employees, agents, subcontractors, or suppliers, to comply with any notice, reporting, or other similar provisions of such policies shall not affect the coverage provided to Franchisor. From time to time in Franchisor's sole discretion, Franchisor may increase or modify such limits of liability or require additional types of coverage, including cyber liability coverage. The insurance policies shall name Franchisor and any affiliates, officers, members, owners, and employees Franchisee designates as an "additional insured" and shall expressly protect both Franchisor and Franchisee (and any other additional insured) on a primary and non-contributory basis and shall require the insurer to defend both Franchisee and Franchisor (and any other additional insured) in any action while reserving Franchisor's right to involve counsel of Franchisor's own choosing in protection of its own and system wide interests. Additionally, Franchisee's insurance policy must provide a waiver of subrogation in favor of Franchisor, its successors, assigns, officers, shareholders, and employees, thus waiving on behalf of Franchisee's insurer any right of subrogation by the insurance company against Franchisor and Franchisor's officers, shareholders, and employees. Franchisee understands that doing so does not necessarily furnish Franchisee with protection levels adequate to Franchisee's needs and that Franchisee's obligation to indemnify Franchisor as set forth above in this Agreement may exceed the amount of insurance Franchisee is required to obtain or does obtain. At least thirty (30) days prior to the time any insurance is first required to be carried by Franchisee and at least thirty (30) days prior to opening, Franchisee will deliver or caused to be delivered to Franchisor Certificates of Insurance evidencing the proper coverage with limits not less than those required by this Agreement and evidencing that Franchisor is named as an additional insured under such policy on a primary and non-contributory basis as required in this Agreement. At least thirty (30) days prior to expiration of any such policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing that Franchisee has procured proper renewal or replacement coverage with limits not less than those required by this Agreement and reflecting that Franchisor and its affiliates are additional insured under the policy on a primary and non-contributory basis as required herein. All Certificates will expressly provide that at least thirty (30) days' prior written notice will be given to Franchisor in the event of any alteration to, or cancellation of, the coverage evidenced by the Certificates of Insurance. Franchisor, or its insurer, shall have the right to participate in discussions with Franchisee's insurance company or any claimant (in conjunction with Franchisee's insurance company) regarding any claim of liability, and Franchisee agrees to adopt Franchisor's reasonable recommendations to its insurance carrier regarding the settlement of any such claims. The obligations of Franchisee Indemnifying Parties (as defined in Section 19 of this Agreement) to indemnify Franchisor Indemnified Parties (as defined in Section 19 of this Agreement) are separate from and in addition to these insurance obligations.

(c) **<u>Failure to Procure</u>**. Should Franchisee for any reason fail to procure or maintain the insurance required by this Agreement, Franchisor will have the right and authority to immediately procure such insurance deemed to be necessary and to charge the amount of the cost to procure and maintain such insurance to Franchisee, along with a reasonable fee for Franchisor's expenses in procuring the insurance, Franchisor is authorized to collect from Franchisee all insurance related expenses paid on behalf of Franchisee through automatic EFT as provided for in Section 3 of this Agreement.

17. Termination.

(a) Automatic Termination. Franchisee shall be in default under this Agreement, and this Agreement and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee in the event that (i) Franchisee makes a general assignment for the benefit of creditors or a petition in bankruptcy is filed by Franchisee; (ii) a petition in bankruptcy is filed against and not opposed by Franchisee; (iii) Franchisee is adjudicated as bankrupt or insolvent; (iv) a bill in equity or other proceeding is filed for the appointment of a receiver or other custodian for Franchisee's business or assets if filed and consented to by Franchisee; (v) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) proceeding for a composition with creditors under any state or federal law should be instituted by or against Franchisee; (vii) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or supersedeas bond is filed); (viii) Franchisee is dissolved; (ix) any portion of Franchisee's interest in the Shop becomes subject to an attachment, garnishments, levy or seizure by any credit or any other person claiming against or in the rights of Franchisee; (x) execution is levied against Franchisee's business or property; or (xi) the real or personal property of Franchisee's Shop shall be sold after levy thereupon by any sheriff, marshal, or constable.

(b) Termination with Notice; No Opportunity to Cure. Franchisee shall be in default and Franchisor may, at its option, terminate this Agreement and all rights granted herein, without affording Franchisee any opportunity to cure the default, effective upon the date the notice is deemed received pursuant to Section 22 and in no event longer than five (5) days after Franchisor sent such notice, upon the occurrence of any of the following events:

(i) Franchisee at any time ceases to operate or otherwise abandons the Shop for more than seven (7) days without Franchisor's prior written permission.

(ii) Franchisee forfeits the right to do or transact business in the jurisdiction where the Shop is located or loses the right to possession of the Premises; provided, however, that if any such loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Franchisee the Premises are damaged or destroyed, then Franchisee shall have forty-five (45) days after either such event in which to apply for Franchisor's approval to relocate or reconstruct the Premises (which approval shall not be unreasonably withheld), provided, Franchisee shall either relocate or commence and diligently pursue reconstruction of the Shop within sixty (60) days after the event.

(iii) Except as otherwise permitted in this Agreement, any Owner of more than five percent (5%) interest in Franchisee transfers all or part of such interest or Franchisee transfers any interest in the Shop or a material portion of the assets of the Shop.

(iv) Franchisee or an Owner of more than twenty-five percent (25%) of Franchisee is convicted of, or pleads guilty or no contest to, (A) a felony, (B) a crime involving moral turpitude, (C) a crime harming children, (D) fraudulent conduct, or (E) any other crime or offense that is reasonably likely to have an adverse effect on the Chain, the Marks or the goodwill associated therewith, or Franchisee or an Owner is proven to have engaged in any of the above; provided, that if the act or conviction involves an Owner, Franchisor will not terminate this Agreement if Franchisee notifies Franchisor promptly after it learns of the event constituting the default, and within fifteen (15) days of the date of the notice, either (a) the person or entity that committed the wrongful act divests his or its entire interest in Franchisee, or (b) Franchisee obtains Franchisor's consent for such owner to maintain his or its ownership interest.

(v) An approved transfer is not effected within nine (9) months of the death or disability of any individual Franchisee; or the death or disability of any owner of an interest in Franchisee.

(vi) Twice within a twelve (12) month period or three (3) times within a three (3) year period, Franchisee is given notice of being in default under any of the terms or requirements of this Agreement, whether or not such defaults are timely cured after notice.

(vii) Franchisee or an Owner fails to comply with any of the covenants of Franchisee or an Owner set forth in this Agreement.

(viii) Franchisee, an Owner, or an Operations Manager makes any misrepresentation to Franchisor or breaches any warranty of representation made to Franchisor, whether in this Agreement or otherwise.

(ix) Franchisee knowingly or intentionally maintains false books or records or knowingly submits any false records, statement or report to Franchisor.

(x) Franchisee, an Owner, or an Operations Manager by act or omission, impairs the value of, or the goodwill associated with, the Chain, any of the Marks or the System.

(xi) Franchisee, an Owner, or an Operations Manager takes, withholds, misdirects, or appropriates for its own use any funds from Franchisee's employees' wages for employees' taxes, FICA, insurance or benefits, or generally fails to deal fairly and honestly with Franchisee's employees or customers.

(xii) Franchisee loses or is denied any federal, state or local license that Franchisee must possess in order to operate the Shop.

(xiii) Franchisee, after curing a default pursuant this Agreement, commits the same act of default again within six (6) months.

(xiv) Any of the following occur prior to the opening date: (A) any representations or warranties of Franchisee and/or the Operations Manager prove to be inaccurate or false, (B) the Operations Manager fails to take or pass any of Franchisor's required training, (C) the Operations Manager and/or Franchisee fails to pass any credit or character check performed by or on behalf of Franchisor, and/or (D) Operations Manager and/or Franchisee fail to timely or diligently perform any duties or obligations during the period prior to the opening date.

(xv) Franchisee operates under any trademark not approved by Franchisor or otherwise uses any trademark not approved by Franchisor in the operation of the Shop.

(xvi) Franchisee opens the Shop without prior written approval from Franchisor.

(xvii) Franchisee (1) uses unauthorized goods and services, (2) sells unauthorized goods and services, (3) uses an unauthorized supplier, or (4) fails to use an authorized supplier, in connection with the Shop.

(xviii) Franchisee, the Operations Manager, or any Owner engages in any other act or omission which cannot be cured.

(c) **Termination After Opportunity to Cure.** Except for those defaults provided for under Sections 17(a) or 17(b), Franchisee shall be in default hereunder for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or in any Brand Standards Manual, policy and procedure statement or other written document provided by Franchisor, or to carry out the terms of this Agreement in good faith. For such defaults, Franchisor will provide Franchisee with written notice and fifteen (15) days to cure or, if a default cannot reasonably be cured within fifteen (15) days, to initiate within that time substantial and continuing action to cure such default and to provide Franchisor with evidence of such actions. If the defaults specified in such notice are not cured within the fifteen (15) day period, if substantial and continuing action to cure has not been initiated, or if the default is not curable Franchisor may, at its option, terminate this Agreement upon written notice to Franchisee. Such defaults shall include, without limitation, the occurrence of any of the following events:

(i) Franchisee fails to construct or remodel or to commence operating the Shop in accordance with this Agreement, Franchisee fails to provide prior to opening a commitment letter from a financial institution representing sufficient working capital within the range identified in Item 7 of the Franchise Disclosure Document provided to Franchisee, or Franchisee fails to obtain the Premises within the required timeline.

(ii) Franchisee fails, refuses, or neglects to promptly pay any monies owing to Franchisor, its affiliates or the Brand Fund when due or to submit the financial or other information required under this Agreement.

(iii) Any Owner of five percent (5%) or less of Franchisee makes a transfer of such interest in violation of this Agreement; provided, however, that Franchisee's right to cure such a default shall be conditioned upon Franchisee immediately notifying Franchisor of the improper transfer and taking all actions necessary to either (a) obtain Franchisor's approval thereof, or (b) if approval is not desired or the transfer or transferee is not approved by Franchisor, to re-acquire the interest so transferred.

(iv) A threat or danger to public or customer health or safety results from the construction, maintenance, or operation of the Shop.

(v) Franchisee or any of its Owners, employees, or contractors misuses or makes any unauthorized use of the System or the Marks.

(vi) Franchisee, an Operations Manager, or any Owner(s) commits acts of abuse, abuses customers, uses employees who do not meet Franchisor's then-current standards and training requirements, uses illegal drugs or abuses alcohol, or permits unlawful activities at Franchisee's business.

(vii) Franchisee maintains false books or records, or submits any false reports to Franchisor.

(viii) Franchisee submits to Franchisor on two (2) or more separate occasions at any time during the Initial Term or any renewal hereof, any reports or other data, information or supporting records which understate the Gross Sales of the Franchised Business, the Royalties and/or any other sums owed to Franchisor for any period of, or periods aggregating, three (3) or more weeks.

(ix) Franchisee fails to maintain a good credit rating by failing to make prompt payment of undisputed bills, invoices or statements from suppliers of products and services or Franchisee fails to pay undisputed invoices to suppliers timely.

(x) Franchisee fails to have sufficient funds in the Account.

(xi) Franchisee fails to use an approved good, service, or supplier where required, or uses an unauthorized good, service, or supplier.

(xii) Franchisor receives repeated customer complaints about the Shop.

(d) **Third-Party Disclosure Authorization.** Franchisee hereby authorizes Franchisor to notify any lender, creditor, customer, vendor, or landlord of Franchisee or the Franchised Business upon the occurrence of any default under this Section 17, or any event or circumstances which the giving or notice or passage of time or both would constitute an event of default under this Section 17, and to otherwise communicate with such lenders, creditors, customers, vendors, or landlords with respect to any such default, or any such event or circumstance.

(e) **Relief in Equity.** Franchisee agrees that neither termination of this Agreement nor an action at law, nor both, would be an adequate remedy for a breach or default by Franchisee, or by any other persons bound by this Agreement, in the performance of any obligation relating to Franchisor's Marks or indicia, the trade secrets revealed to Franchisee in confidence pursuant to this Agreement or the obligations of Franchisee and such other persons upon and after termination of this Agreement. The parties therefore agree that in the event of any such breach or default, in addition to all other remedies provided elsewhere in this Agreement or by law, Franchisor shall be entitled to relief in equity from a judge or arbitrator, at its option, (including a temporary restraining order, temporary or preliminary injunction and permanent mandatory or prohibitory injunction) to restrain the continuation of any such breach or default or to compel compliance with such provisions of this Agreement.

(f) **Termination by Franchisee.** If Franchisor fails to perform any material obligation imposed upon it by this Agreement, and such failure is not cured within ninety (90) days after Franchisee delivers written notice of such failure to Franchisor, or, if such failure cannot reasonably be cured within ninety (90) days, Franchisor fails to initiate within that time substantial and continuing action to cure such default, then, provided Franchisee is otherwise compliant with Franchisee's obligations under this Agreement and any other agreement with Franchisor, Franchisee may terminate this Agreement at any time thereafter by delivering thirty (30) days' written termination notice to Franchisor. If Franchisee terminates this Agreement, Franchisee shall comply with Section 18 of this Agreement.

(g) Limitation of Services or Benefits. Franchisor shall have the right, but not the obligation, to temporarily or permanently limit or remove certain services or benefits provided or required to be provided to Franchisee hereunder in lieu of exercising its right to terminate this Agreement pursuant to the terms hereof, including, without limitation, eliminating Franchisee's right to use Franchisor's website free of charge, restricting or removing Franchisee's right to purchase products directly or indirectly from Franchisor or its affiliates, limiting Franchisor's advertising and promotional assistance, and restricting or removing Franchisee's right to use any Computer Systems which are provided by or are proprietary to Franchisor or its affiliates. If Franchisee defaults under this Agreement, Franchisor has the right to modify Franchisee's Territory and the protections described in in Section 5. Nothing in this Section 17(g) constitutes a waiver of any other right or remedy of Franchisor under this Agreement. Franchisee acknowledges that Franchisor's exercise of its rights pursuant to this Section 17(g) shall not be deemed a constructive termination. Any services, Territory protections or benefits removed or limited pursuant to this Section 17(g) may be reinstated at any time in Franchisor's sole discretion.

(h) Cross-Defaults. Any default by Franchisee (or any Owner or affiliate of Franchisee) under this Agreement shall be a default under any other agreement between Franchisor (or any of Franchisor's affiliates) and Franchisee (or any owner or affiliate of Franchisee). Any such default under any other agreement or any other obligation between Franchisor (or any affiliate of Franchisor) and Franchisee (or any Owner or affiliate of Franchisee) shall be a default under this Agreement. Any default by Franchisee (or any Owner or affiliate of Franchisee) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between Franchisee (or any Owner or affiliate of Franchisee) and Franchisor (or any affiliate of Franchisor).

(i) Extended Cure Period. Notwithstanding anything to the contrary in this Agreement, Franchisor reserves the right to grant to Franchisee in Franchisor's sole discretion an extended cure period for any breach. Franchisee acknowledges that Franchisor's decision to grant such an extended cure period shall not operate as a waiver of any of Franchisor's rights and that Franchisor can choose to condition such an extension upon the signing of a general release by Franchisee; owners; guarantors of the Franchisee; and their respective predecessors, affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns. If any law applicable to this Section requires a longer notice period prior to termination of this Agreement than is specified in this Agreement, a different standard of "good cause," or the taking of some other action not required under this Agreement, the prior notice, "good cause" standard, and/or other action required by such law will be substituted for the comparable provisions in this Agreement.

(j) Noncompliance. Without waiving Franchisor's rights that Franchisor may have, and in Franchisor's sole discretion, Franchisor may elect not to terminate Franchisee's franchise agreement as a result of a default. In the event a default occurs, Franchisor may elect to give written notification (a "Notice of Noncompliance") to Franchisee that its Shop is not in compliance with the terms and conditions of this Agreement. Such Notice of Noncompliance shall state a period for Franchisee to cure the noncompliance, which shall be a period not less than thirty (30) days. For a period of six (6) months from and after the date of such Notice of Noncompliance, Franchisee shall reimburse Franchisor for reasonable costs that Franchisor incurs with respect to the Shop, including without limitation the costs of any audit or inspection of the Shop in excess of Franchisor's normal audit program, any mystery shopping for the Shop during such six (6) month period in excess of Franchisor's normal mystery shopping program applied to all franchised businesses, additional training that Franchisor determines is required to bring the Shop up to Franchisor's standards, and any personnel costs incurred by Franchisor at the Shop to ensure the proper management and operation of the Shop. Nothing in this subsection shall limit Franchisor's termination rights as otherwise set forth in this Agreement, which Franchisor reserves the right to exercise at any time.

(k) **Damages.** Franchisee shall promptly reimburse Franchisor upon request for any damages, costs, losses, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default under this Agreement.

18. Obligations upon Termination, Expiration, or Non-renewal.

Upon termination, expiration, or non-renewal of this Agreement, regardless of such reason for termination, expiration, or non-renewal, all rights granted hereunder to Franchisee shall terminate and revert to Franchisor, and Franchisee shall have the following obligations:

(a) **Cease to Operate**. Franchisee shall immediately cease to operate the business licensed under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a BURNEY'S SWEETS & MORE franchisee with respect to such business.

(b) **Cease to use Information**. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, all confidential information, methods, procedures and techniques used by or associated with the System, and the proprietary mark BURNEY'S SWEETS & MORE and all other Marks and distinctive forms, slogans, signs, symbols, logos, trade dress, décor, branding materials and devices associated with the BURNEY'S SWEETS & MORE Chain.

(c) **Return Franchisor's Property**. Franchisee shall immediately return to Franchisor any property held or used by Franchisee which is owned by Franchisor, including the Customer Lists and Franchised Business Data, and shall cease to use, and either destroy or convey to Franchisor, all signs, advertising materials, displays, stationery, forms, and any other materials that bear or display the Marks. Franchisee shall deliver to Franchisor all login credentials associated with any directory, marketing, Computer Systems, Online Presences, and all other accounts and systems affiliated with the Franchised Business. Franchisee shall immediately deliver to Franchisor all manuals, policy and procedure statements, instructions, Brand Standards Manual, and other materials related to operating the Shop, including, without limitation, brochures, charts and any other materials provided by Franchisor and all copies thereof, and shall neither retain nor convey to another any copy or record of any of the foregoing.

(d) **Cancel Assumed Names**. Franchisee shall take such actions as may be necessary to cancel any assumed name or similar registration which contains the mark BURNEY'S SWEETS & MORE or any other Marks of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with its obligation within thirty (30) days after termination, expiration, or non-renewal of this Agreement.

(e) **Pay All Sums Due.** Franchisee shall promptly pay all sums owed to Franchisor upon request. Such sums shall include all damages, costs, losses, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and the termination. Any outstanding obligations to Franchisor shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by Franchisee located on the Premises on the date this Agreement is terminated, expires, or does not renew. Within fifteen (15) days of the date of expiration, termination, or non-renewal of this Agreement, Franchisee shall pay in full all of the creditors and suppliers to the Franchised Business.

(f) **Pay All Subsequent Amounts**. Franchisee shall promptly pay to Franchisor all damages, costs and expenses including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination, expiration, or non-renewal of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement.

(g) **Cease use of Marks**. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, the Mark "BURNEY'S SWEETS & MORE" and all other Marks and distinctive forms, slogans, signs, symbols, logos and devices associated with the BURNEY'S SWEETS & MORE Chain and System.

(h) **Cooperate with Franchisor's Assumption Rights**. Franchisor shall have the option, to be exercised within thirty (30) days of termination, non-renewal, or expiration of this Agreement, to assume Franchisee's assumed name or equivalent registration and business licenses, telephone numbers, telephone directory listings and advertisements (whether in print or part of an Internet directory), and e-mail addresses and/or Internet domain names which contain the Mark of Franchisor or its affiliates, and Franchisee shall sign all documents necessary to permit Franchisor to assume Franchisee's rights in such items. If Franchisor elects not to exercise this option, Franchisee shall take all action necessary to cancel each of the items listed above and shall furnish Franchisor with evidence satisfactory to prove its compliance within fifteen (15) days after receiving notice of Franchisor's termination, expiration, or non-renewal of this Agreement and the expiration of the option granted herein. In the event Franchisee fails to timely do so, Franchisor shall have the right, for which purpose Franchisee hereby appoints Franchisor as its attorney-in-fact, to obtain such cancellation on Franchisee's behalf and at Franchisee's expense.

(i) **Comply with Covenants**. Franchisee and its Owners shall comply with the covenants contained in this Agreement, including, but not limited to, the covenants not to compete or solicit and the covenants not to disclose trade secrets or confidential information.

(j) **Leased Premises.** Franchisee shall, if Franchisor so requests, assign to Franchisor or its designee any interest which Franchisee has in any lease for the Premises or any other agreement related to the Premises. Franchisee will do whatever is necessary to effectuate and complete the assignment.

(k) **Owned Premises**. Franchisee shall, if Franchisor so requests and if Franchisee owns the real property on which the Shop is located, lease the Premises to Franchisor on substantially the same terms and conditions contained in Franchisee's lease for the Premises, or if no lease exists or if the existing lease is not commercially reasonable, then on commercially reasonable terms. The lease shall be for an initial five (5) year term, with two (2) five (5) year renewal terms (at Franchisor's option). If the parties cannot agree on the rent to be charged under the lease within thirty (30) days after the expiration, termination, or non-renewal of the Agreement, the rent will be determined by a qualified independent appraiser. Franchisee and Franchisor shall each present their proposed rent, and the independent appraiser will select the most commercially reasonable rent from the two proposals. The independent appraiser's determination will be binding on the parties. If the parties are not able to agree on an independent appraiser within forty-five (45) days of the termination, non-renewal, or expiration of this Agreement, each party will select an independent appraiser. The independent appraisers chosen will then select a third independent appraiser whose determination will be binding on the parties. The parties agree to select their respective appraisers within fifty-five (55) days after the termination, non-renewal, or expiration of this Agreement and the two appraisers chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party-appointed appraisers is appointed. Franchisor and Franchisee will bear the cost of their own appraisers and share equally the reasonable fees and expenses of the third appraiser. The parties will take reasonable actions to cause the third appraiser to complete his or her appraisal within fifteen (15) days after the third appraiser's appointment. During the period when the parties are determining the rent and having the appraisal, Franchisor shall have the right but not the obligation to occupy the Premises. Promptly after the determination of the rent, Franchisor shall pay any rent due to Franchisee for any time Franchisor occupied the Premises while the rent was being determined.

(l) **Franchisor's Right to Purchase**. If Franchisor requests, Franchisee shall sell to Franchisor any assets used in connection with the operation of Franchisee's Shop. Franchisor has the right, but not the obligation, to exercise this right by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after the termination, non-renewal, or expiration of this Agreement and paying Franchisee the book value for such assets within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the assets less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any assets that is subject to a lease or finance agreement, the purchase price of such assets shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Shop, or Franchisor may require that Franchisee close the Shop during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Shop and its assets. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's assets, including, without limitation, representations and warranties as to ownership and condition of and title to the assets; liens and encumbrances on the assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise. Franchisor may purchase all or only a portion of the assets of the Franchised Business and may exclude from its purchase any assets or cash, for any reason, in Franchisor's sole discretion. Franchisor shall have the right to set off and apply any amounts due to Franchisee pursuant to this subsection against any and all other amounts which may be due from Franchisee to Franchisor.

(m) Third Party Notice. Franchisee shall notify the telephone company, all telephone directory publishers, and all domain name registries and Internet service providers, or any provider of an Online Presence, of the termination or expiration of Franchisee's right to use any telephone, facsimile, Online Presence, or other numbers, names, telephone directory listings, or Online Presences, associated with any Mark, and/or instruct the telephone company, domain name registries, Online Presence service provider, and Internet service providers to forward all calls, e-mails and electronic communications made to Franchisee's names, numbers, or addresses to names, numbers, or addresses Franchisor specifies. If Franchisee fails to do so, Franchisor may take whatever action and sign whatever documents Franchisor deems appropriate on Franchisee's behalf to effect these events.

(n) Customer List. Franchisee shall comply with Franchisor's instructions relating to Franchised Business Data and shall immediately transfer all ownership interest in Franchised Business Data, at Franchisor's request and in accordance with all applicable law.

(o) Computer Systems. Franchisee shall comply with Franchisor's instructions relating to the Computer System.

(p) De-Identification. If Franchisor does not exercise its rights to purchase or assume the lease, Franchisee shall de-identify the Premises within ten (10) days of the notice from Franchisor that Franchisor is not going to exercise its rights. The de-identification procedures include removing all references to BURNEY'S SWEETS & MORE, complying with Franchisor's instructions to remove trade dress items, branding items, signage, color schemes, fixtures, and décor items from the Shop.

(q) Access Right. In the event Franchisee does not comply with the above requirements, Franchisor may enter the Premises, without being guilty of trespass and without incurring any liability to Franchisee, to undertake these post-termination obligations, including removing all signs, trade dress, equipment, and other items identifying the Premises as a BURNEY'S SWEETS & MORE Shop and to make such other modifications as are reasonably necessary to protect the Marks and the BURNEY'S SWEETS & MORE System and to distinguish the Premises from BURNEY'S SWEETS & MORE Shops.

(r) Liquidated Damages. If Franchisor terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 17(f)), then within 10 days thereafter Franchisee shall pay to Franchisor a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average monthly Royalty Fees and Brand Fund contributions that Franchisee owed to Franchisor under this Agreement for the 52-week period preceding the date on which Franchisee ceased operating the Business; multiplied by (y) the lesser of (1) 104 or (2) the number of weeks remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 52 weeks, then (x) will equal the average Royalty Fees and Brand Fund contributions that Franchisee owed to Franchisor during the period that Franchisee operated the Business. The "average Royalty Fees and Brand Fund contributions that Franchisee owed to Franchisor" shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Brand Fund contributions set forth in an addendum to this Agreement, unless this Section 18(r) is specifically amended in such addendum. Franchisee acknowledges that a precise calculation of the full extent of Franchisor's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to Franchisor under this Section will be in lieu of any direct monetary damages that Franchisor may incur as a result of Franchisor's loss of Royalty Fees and Brand Fund contributions that would have been owed to Franchisor after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under this Section 18(r), Franchisor's right to injunctive relief for enforcement of Section 7, and any attorneys' fees and other costs and expenses to which Franchisor is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that Franchisor may have under this Agreement or otherwise.

19. Independent Contractor; Indemnification.

(a) <u>Independent Contractor</u>. It is understood and agreed by the parties that this Agreement creates only a contractual relationship between the parties subject to the normal rule of contract law. This Agreement does not create a fiduciary relationship between the parties and Franchisee is and shall remain an independent contractor. Franchisee agrees to hold itself out to the public as an independent contractor, separate and apart from Franchisor. Franchisee agrees that it shall not make any contract, agreement, warranty, or representation on Franchisor's behalf without Franchisor's prior written consent, and Franchisee agrees that it shall not incur any debt or other obligation in Franchisor's name. This Agreement shall not be deemed to confer any rights or benefits to any person or entity not expressly named herein.

(b) <u>Indemnification</u>. Franchisee; Owners; guarantors of the Franchisee; for themselves and on behalf of their respective predecessors, affiliates, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns ("Franchisee Indemnifying Parties") agree to fully protect, indemnify, defend, reimburse, and hold Franchisor; Franchisor's predecessors, affiliates; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, "Franchisor Indemnified Parties") harmless from and against all liabilities, losses, obligations, claims, demands, damages (consequential or otherwise), penalties, fines, costs, and expenses (including attorneys' fees) of any nature whatsoever (collectively, "Losses") incurred in connection with any action, suit, proceeding, claim, demand, judgment, investigation, inquiry, assessment, or formal or informal inquiry (regardless if reduced to judgment), or any settlement of the foregoing, of whatsoever nature (collectively, "Action"), arising from any of the following: (1) Franchisee Indemnifying Parties' actual or alleged violation of any law, rule, regulation, or ordinance; (2) damage to property; (3) injury to or death or disability of any person; (4) negligence, recklessness, misconduct, or criminal conduct by the Franchisee Indemnifying Parties', or any of Franchisee's employees or agents; (5) data breaches; (6) Franchisee Indemnifying Parties' breach of this Agreement or any representations and warranties they make herein; (7) infringement of any intellectual property rights; (8) product and equipment recalls; (9) any failure to warn or give instructions related to any products or services provided by Franchisor Indemnified Parties or by Franchisee; (10) any labor or employment law disputes relating to the Premise or the Shop or claims arising out of Franchisee's employment practices, including claims that any of the Franchisor Indemnified parties are the employer, joint employer, or co-employer of Franchisee or Franchisee's agents, employees, or contractors; (11) any third party claim that arises from or is connected that explicitly or implicitly is premised on Franchisor's direct and vicarious liability or arises from Franchisee's employment and personnel decisions, including wrongful termination, wage and hour violations, and employee harassment and discrimination; (12) any acts, errors, or omissions of the Shop, the Franchisee Indemnifying Parties, and their employees, contractors, and agents; (13) losses, claims or damages incurred by persons, other than Franchisee, due to errors or omissions contained in financial statements prepared by Franchisee pursuant to this Agreement, even if caused by the negligence of Franchisee, its employees, agents, contractors, or others for whom Franchisee is, in law, responsible; or (14) any third party claim that arises from or is connected with the ownership, establishment, use, non-use, possession, condition, operation, closure, or maintenance of the Premises and the Shop. Franchisee Indemnifying Parties agree that this obligation to indemnify is regardless of the cause or concurrent or contributing fault or negligence of the Franchisor Indemnified Parties. Franchisee Indemnifying Parties hereby waive all claims against Franchisor Indemnified Parties arising from any of the foregoing. Franchisor Indemnified Parties shall not be liable for any act or omission of Franchisee Indemnifying Parties or their employees, contractors, or agents connected to or arising from the ownership, establishment, use, non-use, possession, condition, operation, or maintenance of the Premises and the Shop.

Franchisee will also notify Franchisor by telephone of any Action within forty-eight (48) hours after such Action is initiated and in writing within four (4) days after such Action is initiated. Franchisor Indemnified Parties shall have the right, in their sole discretion, and at Franchisee's expense and risk, to: (1) retain counsel of their own choosing to represent them with respect to any claim; and (2) control the response thereto and the defense thereof, including the right to enter into settlements or take any other mitigating, remedial, corrective, or other actions they deem appropriate. Franchisee Indemnifying Parties must reimburse Franchisor Indemnified Parties for all of Franchisor Indemnified Parties' costs, expenses, and all attorneys' fees immediately upon Franchisor Indemnified Parties' request. Franchisee Indemnifying Parties shall not, without the prior written consent of the Franchisor Indemnified Party, (A) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Franchisor Indemnified Parties, or (B) settle or compromise any claim in any manner that may adversely affect the Franchisor Indemnified Parties. Franchisee Indemnifying Parties agree to give their full cooperation to Franchisor Indemnified Parties in assisting with the defense of any such claim. Franchisor Indemnified Parties' undertaking of defense and/or settlement will in no way diminish Franchisee Indemnifying Parties' obligations to indemnify Franchisor Indemnified Parties and to hold Franchisor Indemnified Parties harmless. Under no circumstance will Franchisor Indemnified Parties be required to seek recovery from any insurer or other third party or otherwise mitigate Franchisor Indemnified Parties' or the third parties' losses to maintain a claim for indemnification against Franchisee Indemnifying Parties. Franchisee Indemnifying Parties agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by Franchisor Indemnified Parties from Franchisee.

Any and all of the Franchisee Indemnifying Parties' indemnification obligations under this Agreement shall survive the expiration, non-renewal, or sooner termination of this Agreement.

(c) <u>Payment of Taxes</u>. Franchisee shall promptly pay to Franchisor an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on Royalties, any similar taxes or levies, imposed upon or required to be collected or paid by Franchisor or Franchisor's affiliates by reason of the furnishing of products, intangible property (including trademarks and trade names) or services by Franchisor to Franchisee through the sale, license, or lease of property or property rights provided by this Agreement other than taxes on Franchisor's net income.

20. Franchisee Representations.

(a) EVEN THOUGH THIS AGREEMENT CONTAINS PROVISIONS REQUIRING FRANCHISEE TO OPERATE THE SHOP IN COMPLIANCE WITH FRANCHISOR'S SYSTEM: (1) FRANCHISOR OR FRANCHISOR'S AFFILIATES DO NOT HAVE ACTUAL OR APPARENT AUTHORITY TO CONTROL THE DAY-TO-DAY CONDUCT AND OPERATION OF FRANCHISEE'S BUSINESS OR EMPLOYMENT DECISIONS; AND (2) FRANCHISEE AND FRANCHISOR DO NOT INTEND FOR FRANCHISOR OR FRANCHISOR'S AFFILIATES TO INCUR ANY LIABILITY IN CONNECTION WITH OR ARISING FROM ANY ASPECT OF FRANCHISOR'S SYSTEM OR FRANCHISEE'S USE OF THE FRANCHISOR SYSTEM OR THE OPERATION OF THE SHOP WHETHER OR NOT IN ACCORDANCE WITH THE REQUIREMENTS OF THE BRAND STANDARDS MANUAL.

(b) IF FRANCHISEE IS A CORPORATION, A LIMITED LIABILITY COMPANY OR A PARTNERSHIP, FRANCHISEE MAKES THE FOLLOWING REPRESENTATIONS AND WARRANTIES: (1) FRANCHISEE IS DULY ORGANIZED AND VALIDLY EXISTING UNDER THE LAWS OF THE STATE OF ITS FORMATION; (2) FRANCHISEE IS QUALIFIED TO DO BUSINESS IN THE STATE OR STATES IN WHICH THE SHOP IS LOCATED; (3) EXECUTION OF THIS AGREEMENT AND THE DEVELOPMENT AND OPERATION OF THE SHOP IS PERMITTED BY ITS GOVERNING DOCUMENTS; AND (4) FRANCHISEE'S ARTICLES OF INCORPORATION, ARTICLES OF ORGANIZATION OR WRITTEN PARTNERSHIP AGREEMENT SHALL AT ALL TIMES PROVIDE THAT FRANCHISEE'S ACTIVITIES ARE LIMITED EXCLUSIVELY TO THE DEVELOPMENT AND OPERATION OF THE SHOP.

(c) IF FRANCHISEE IS AN INDIVIDUAL, OR A PARTNERSHIP COMPRISED SOLELY OF INDIVIDUALS, FRANCHISEE MAKES THE FOLLOWING ADDITIONAL REPRESENTATIONS AND WARRANTIES: (I) EACH INDIVIDUAL HAS EXECUTED AN AGREEMENT WHEREBY THEY AGREE TO BE BOUND BY ALL THE TERMS OF THIS AGREEMENT; (II) EACH INDIVIDUAL SHALL BE JOINTLY AND SEVERALLY BOUND BY, AND PERSONALLY LIABLE FOR THE TIMELY AND COMPLETE PERFORMANCE AND ANY BREACH OF, EACH AND EVERY PROVISION OF THIS AGREEMENT; AND (III) NOTWITHSTANDING ANY TRANSFER FOR CONVENIENCE OF OWNERSHIP, PURSUANT TO THIS AGREEMENT, EACH INDIVIDUAL SHALL CONTINUE TO BE JOINTLY AND SEVERALLY BOUND BY, AND PERSONALLY LIABLE FOR THE TIMELY AND COMPLETE PERFORMANCE AND ANY BREACH OF, EACH AND EVERY PROVISION OF THIS AGREEMENT.

(d) IF FRANCHISEE IS A CORPORATION, A LIMITED LIABILITY COMPANY OR A PARTNERSHIP, FRANCHISEE HAS PROVIDED TO FRANCHISOR A CURRENT LIST OF ALL OWNERS AND FRANCHISEE AGREES THAT FRANCHISEE WILL ADVISE FRANCHISOR OF ANY AND ALL CHANGES IN OWNERSHIP.

(e) IF FRANCHISEE IS A CORPORATION, FRANCHISEE SHALL MAINTAIN STOP-TRANSFER INSTRUCTIONS AGAINST THE TRANSFER ON ITS RECORDS OF ANY VOTING SECURITIES, AND EACH STOCK CERTIFICATE OF THE CORPORATION SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: "ANY ASSIGNMENT OR TRANSFER OF THIS STOCK IS SUBJECT TO THE RESTRICTION IMPOSED ON ASSIGNMENT BY FRANCHISOR, PURSUANT TO FRANCHISE AGREEMENT(S) TO WHICH THE CORPORATION IS A PARTY." IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH MEMBERSHIP OR MANAGEMENT CERTIFICATE OR OTHER EVIDENCE OF INTEREST IN FRANCHISEE SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: "ANY ASSIGNMENT OR TRANSFER OF AN INTEREST IN THIS LIMITED LIABILITY COMPANY IS SUBJECT TO THE RESTRICTIONS IMPOSED ON ASSIGNMENT BY FRANCHISOR PURSUANT TO FRANCHISE AGREEMENT(S) TO WHICH THE LIMITED LIABILITY COMPANY IS A PARTY." IF FRANCHISEE IS A PARTNERSHIP, ITS WRITTEN AGREEMENT SHALL PROVIDE THAT OWNERSHIP OF AN INTEREST IN THE PARTNERSHIP IS HELD SUBJECT TO, AND THAT FURTHER ASSIGNMENT OR TRANSFER IS SUBJECT TO, ALL RESTRICTIONS IMPOSED ON ASSIGNMENT BY THIS AGREEMENT.

(f) FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE PROPOSED FRANCHISE AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS OWNER OR BUSINESS.

(g) FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY, OR GUARANTEE, OR REPRESENTATION OTHER THAN AS SET FORTH IN THE DISCLOSURE DOCUMENT, EXPRESS OR IMPLIED, FROM ANY EMPLOYEE OR AGENT OF FRANCHISOR AS TO THE POTENTIAL SALES VOLUMES, PROFITS, OR LEVEL OF SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. FRANCHISOR HAS NOT REPRESENTED THAT (I) FRANCHISEE WILL EARN, CAN EARN, OR IS LIKELY TO EARN A GROSS OR NET PROFIT, (II) FRANCHISOR HAS KNOWLEDGE OF THE RELEVANT MARKET, OR (III) THE MARKET DEMAND WILL ENABLE FRANCHISEE TO EARN A PROFIT FROM THE SHOP.

(h) FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED A COPY OF THE COMPLETE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, THE ATTACHMENTS THERETO, AND THE AGREEMENTS RELATED THERETO, IF ANY, AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS SIGNED OR CONSIDERATION PAID.

(i) FRANCHISEE ACKNOWLEDGES THAT, IN ALL OF ITS DEALINGS WITH FRANCHISOR'S OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, AND REPRESENTATIVES, THESE INDIVIDUALS ACT ONLY IN THEIR REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS

BETWEEN FRANCHISEE AND THESE INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR. NOTWITHSTANDING THE FOREGOING, IF FRANCHISOR ENGAGES ANY BROKER, THAT BROKER WILL BE SOLELY LIABLE FOR ITS CONDUCT WITH FRANCHISEE EXCEPT THAT FRANCHISOR WILL REMAIN LIABLE FOR THE BROKER'S CONDUCT SOLELY TO THE EXTENT OF FRANCHISOR'S OWN CRIMINAL, INTENTIONAL OR GROSSLY NEGLIGENT CONDUCT IN ENGAGING THE BROKER. IN ADDITION, FRANCHISOR MAKES NO WARRANTY AS TO FRANCHISEE'S ABILITY TO OPERATE THE FRANCHISED BUSINESS IN THE JURISDICTION IN WHICH THE FRANCHISED BUSINESS WILL BE OPERATED. FRANCHISEE MUST SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE. IF LEGISLATION IS ENACTED, OR A REGULATION PROMULGATED, BY ANY GOVERNMENTAL BODY THAT PREVENTS FRANCHISEE FROM OPERATING THE FRANCHISED BUSINESS, FRANCHISOR IS NOT LIABLE FOR DAMAGES NOR REQUIRED TO INDEMNIFY FRANCHISEE IN ANY MANNER WHATSOEVER OR TO RETURN ANY MONIES RECEIVED FROM FRANCHISEE.

21. Governing Law; Jurisdiction and Venue.

(a) **Actions**. The term "Action" as referred to in this Section 21, means any claim, counterclaim, action, proceeding, lawsuit, arbitration, dispute, or controversy, whether in law or in equity, arising from or related to this Agreement, any agreement between Franchisee (or its Owners, affiliates, and guarantors) and Franchisor (or its affiliates) relating to the Franchised Business, the rights, performance, and obligations of Franchisor and Franchisee under such agreements, the interpretation, validity, or enforceability of such agreements, the sale of the franchise, the relationship between Franchisor and Franchisee (and its Owners, affiliates, and guarantors).

(b) **Mediation; Arbitration.**

(i) **Mediation**. Before Franchisee (or any of its Owners, guarantors, or affiliates) and Franchisor (or its affiliates) may bring an Action against the other, the parties must first meet to mediate the Act (except as otherwise provided below). Any such mediation shall be non-binding. Mediation shall be (i) conducted by a mediator mutually agreeable to the parties who has franchise law experience, (ii) conducted in accordance with the American Arbitration Association rules for mediation of commercial disputes and (iii) held in the city of Franchisor's then-current principal place of business (currently Elizabethtown, NC). Nevertheless, the parties may mutually agree on a mediator, venue, and/or procedures for mediation. The mediation shall be commenced by the party requesting mediation ("complainant") providing written notice of the request for mediation ("request") to the party with whom mediation is sought ("respondent"). The request shall specify with reasonable particularity the matter or matters on which mediation is sought. A copy of the request shall be given by the complainant simultaneously to Franchisor if Franchisor is not a complainant or respondent. Mediation commenced under this Section 21 shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service.

(ii) **__Arbitration__**. Franchisee acknowledges that it has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of North Carolina, where Franchisor's decision-making authority is vested, franchise operations are conducted and supervised, and where this Agreement was rendered binding. Therefore, the parties agree that, to the extent that any Actions cannot be resolved directly between Franchisee and Franchisor, and following compliance with the applicable mediation requirements set forth in Article 21(b)(i) above, any Action arising out of or relating to this Agreement or the making, performance, or interpretation thereof shall upon thirty (30) days written notice by either party be resolved, except as elsewhere expressly provided in this Agreement, upon application by any such party by binding arbitration in the city of Franchisor's then-current principal place of business (currently Elizabethtown, North Carolina), in accordance with the Federal Arbitration Act using the Commercial Arbitration Rules then prevailing of the American Arbitration Association, including without limitation the Optional Rules for Emergency Measures of Protection ("AAA"), and not under any state arbitration laws, and judgment on the arbitration award may be entered in any court of competent jurisdiction. The arbitrator need not be affiliated the AAA. Franchisee and Franchisor agree that arbitration shall be conducted on an individual - not a class-wide basis. The Federal Arbitration Act shall apply to all arbitration and arbitration venue questions. Any award by the arbitrator(s) shall be final, binding and nonappealable. The matter shall be heard by one arbitrator mutually selected by the parties having at least ten (10) years' experience in practicing franchise law during which franchise law is or has been their primary area of practice and shall have substantial experience in the preparation of franchise agreements and franchise disclosure documents. Franchisee understands that by agreeing to arbitrate it gives up jury and appeal and other rights it might have in court.

(c) **__Injunctive Relief.__** Notwithstanding the provisions of Section 21(b) above, Franchisee agrees that Franchisor, at its option, will have the right to seek preliminary injunctive relief from a court of competent jurisdiction, to restrain any conduct by Franchisee, the Owners, or the guarantors that (i) could materially damage the goodwill associated with the System, the Marks, and the Chain (including but not limited to conduct related to trademark or other intellectual property infringement), (ii) that involves the disclosure or use of Franchisor's Confidential Information, including but not limited to the Customer List and Franchised Business Data, or (iii) that relates to Franchisee's, the Owners', or a managerial employee's covenants against unfair competition or solicitation, provided that if Franchisee counters, as Franchisee may, by initiating arbitration, Franchisor agrees to arbitrate the entire dispute thereafter except preliminary injunctive relief (and permanent injunctive relief also, if Franchisee will not agree that the preliminary injunction shall remain effective indefinitely until the arbitrator shall dissolve it), leaving the court action pending, if it chooses, to facilitate enforcement. Franchisee agrees that Franchisor will not be required to post a bond to obtain any injunctive relief with respect to use of the Marks.

(d) **__Prevailing Party, Attorney's Fees and Costs.__** The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Shop or Premises, the parties' relationship, or the Shop will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in the prosecution or defense of any such claim, lawsuit, litigation or arbitration.

(e) JURY TRIAL AND CLASS ACTION WAIVER. FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT BY FRANCHISOR (AND ITS AFFILIATES, IF APPLICABLE) AND FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE). NEITHER FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) NOR FRANCHISOR SHALL SEEK TO BRING AN ACTION AGAINST ANY OF THE OTHER PARTIES EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY. NO ACTION SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) AND FRANCHISOR (AND ITS AFFILIATES, IF APPLICABLE) AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, THEM, UNLESS BOTH FRANCHISEE AND FRANCHISOR CONSENT IN WRITING. FRANCHISOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. FRANCHISEE (AND ITS OWNERS, GUARANTORS, AND AFFILIATES, AS APPLICABLE) AGREES AND ACKNOWLEDGES THAT ANY ACTION WILL BE CONSIDERED UNIQUE ON ITS FACTS AND SHALL NOT BE BROUGHT AS A CLASS OR GROUP ACTION. FRANCHISEE (AND ITS OWNERS, GUARANTORS, AND AFFILIATES, AS APPLICABLE) MAY NOT BRING ANY ACTION ON A CLASS-WIDE BASIS (OR JOIN ANY THIRD-PARTY CLAIM).

(f) WAIVER OF CERTAIN DAMAGES. EXCEPT FOR FRANCHISEE INDEMNIFYING PARTIES' OBLIGATIONS TO INDEMNIFY FRANCHISOR INDEMNIFIED PARTIES UNDER THIS AGREEMENT AND ACTION FRANCHISOR BRINGS AGAINST FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) FOR UNAUTHORIZED USE OF THE MARKS, UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION, OR BREACH OF NON-COMPETITION OR NON-SOLICITATION COVENANTS, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS, AFFILIATES, AND GUARANTORS, IF APPLICABLE) WAIVE ANY RIGHT TO OR CLAIM FOR PUNITIVE, CONSEQUENTIAL, EXEMPLARY, MULTIPLE, INCIDENTAL, OR OTHER DAMAGES IN EXCESS OF THE ECONOMIC DAMAGES ACTUALLY SUSTAINED BY THE PARTY, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON STATUTORY OR COMMON LAW. THE FOREGOING DOES NOT LIMITED THE PARTIES' ABILITY TO SEEK EQUITABLE RELIEF.

(g) Remedies Cumulative. All rights and remedies conferred upon Franchisee and Franchisor by this Agreement and by law shall be cumulative of each other, and neither the exercise nor the failure to exercise any such right or remedy shall preclude the exercise of any other such right or remedy.

(h) **<u>Governing Law</u>.** This Agreement and any claim or controversy arising out of or relating to rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed under the laws of the State of North Carolina and any dispute between the parties shall be governed by and determined in accordance with the substantive law of the State of North Carolina and the Federal Arbitration Act, which laws shall prevail in the event of any conflict of law. The venue for any arbitration concerned with the enforcement and interpretation of this Agreement shall be Elizabethtown, North Carolina. Nothing in this subsection 21(g) is intended, or shall be deemed, to make any North Carolina law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable. Any and all Actions brought by Franchisee or its affiliates or Owners against Franchisor, shall be commenced within one (1) year from the occurrence of the facts giving rise to such Action, or such Action shall be barred.

(i) **<u>Survival</u>.** The provisions of this Section 21 shall continue in full force and effect subsequent to and notwithstanding the termination, expiration or non-renewal of this Agreement.

22. Notices.

Except as otherwise provided in this Agreement, all notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be given (i) by personal delivery, (ii) by registered or certified mail, return receipt requested, postage prepared, or (iii) by delivery to a nationally recognized overnight courier service, in each case, addressed as follows:

If intended for Franchisor, addressed to

DMG BURNEY, INC.
Attn: President
PO Box 1450
1107-C West Broad St.
Elizabethtown, NC 28337

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

Manning, Fulton & Skinner, P.A.
Attn: Ritchie W. Taylor
3605 Glenwood Avenue
Suite 500
Raleigh, North Carolina 27612

If intended for Franchisee, addressed to

the notice address set forth in the Franchise Rider, or,

if Franchisee has opened its Franchised Business, the address of the accepted

Location of the Franchised Business, or

in either case, to such other address as may have been designated by notice to the other party.

Notice shall be deemed given and effective upon the first to occur of receipt, when proper delivery is refused, or two (2) calendar days after deposit in registered or certified U.S. Mail or with a nationally recognized overnight courier, as described above. Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.

Additionally, Franchisor may provide the notice described in this Section 22 by email or other electronic system to (a) the email address set forth on the Franchise Rider, (b) the email address Franchisor has approved or provided for Franchisee to use with the Franchised Business, or (c) another electronic account that Franchisor has approved or provided for Franchisee to use with the Franchised Business. Such email notices shall be deemed given and effective upon the day on which the email was sent, unless Franchisor receives notice of rejected delivery by the email account or other electronic account.

23. Miscellaneous.

(a) Severability. The invalidity or unenforceability of any one or more provision of this Agreement shall in no way affect any other provision. If any court of competent jurisdiction determines any provision of this Agreement to be invalid, illegal or unenforceable, that portion shall be deemed severed from the rest, which shall remain in full force and effect as though the invalid, illegal or unenforceable portion had never been a part of this Agreement.

(b) Construction. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, as the case may require. All acknowledgements, warranties, representations, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement as Franchisee.

(c) Entire Agreement. This Agreement, the documents incorporated herein by reference and the exhibits attached hereto, comprise the entire agreement between the parties and all prior understandings, representations (including, unless otherwise agreed upon by the parties, the representations of any franchise sellers), or agreements concerning the subject matter hereof are canceled and superseded by this Agreement. This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Franchisee expressly acknowledges that no oral promises or declarations were made to it and that the obligations of Franchisor are confined exclusively to those set forth in this Agreement. Franchisee understands and assumes the business risks inherent in this enterprise. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in the Franchise Disclosure Document.

(d) Assignees. This Agreement shall be binding upon the heirs, successors, permitted assigns and legal representatives of the parties.

(e) **Amendments.** Franchisor reserves the right to amend this Agreement if a Franchise Agreement change proposed by Franchisor is agreed to by seventy percent (70%) of the then-current Franchisees. Further, except for those permitted to be made unilaterally by Franchisor, no supplement, amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

(f) **Waivers.** No failure of Franchisor to exercise any right given to it hereunder, or to insist upon strict compliance by Franchisee with any obligation, agreement or undertaking hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand full and exact compliance by Franchisee and shall not affect or impair Franchisor's rights with respect to any subsequent default of the same or of a different nature, nor shall any delay or omission of Franchisor to exercise any right arising from such default affect or impair Franchisor's rights as to such default or any subsequent default. Franchisor has the unrestricted right to elect to not enforce (or to selectively enforce) any provision of this Agreement or any other agreement, standard or policy, whether with respect to Franchisee and/or any other franchisee or other person, or any affiliate of Franchisee or Franchisor, without liability.

(g) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same Agreement. The parties to this Agreement may utilize electronic means, including electronic mail and facsimile, to execute and transmit the Agreement or PDF copies of the Agreement and all such electronically transmitted copies of the Agreement shall be deemed as valid as originals.

(h) **Headings.** The headings used in the Agreement are for convenience only, and the paragraphs shall be interpreted as if such headings were omitted.

(i) **Time of Essence.** Franchisee agrees and acknowledges that time is of the essence with regard to Franchisee's obligations hereunder, and that all of Franchisee's obligations are material to Franchisor and this Agreement.

(j) **Territory Boundaries.** As described in the Franchise Rider.

(k) **Agreement Binding Upon Signature of Franchisor.** Franchisee acknowledges that this Agreement shall not take effect until its acceptance and execution by an officer of Franchisor.

(l) **Evolving Agreements.** Franchisee acknowledges that Franchisor has entered, and will continue to enter, into agreements with other Franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Franchisor and franchisees other than Franchisee may have different rights and obligations does not affect the parties' duty to comply with this Agreement.

(m) **Delegation.** Franchisor shall have the right to delegate Franchisor's duties under this Agreement to any affiliated or non-affiliated entity, agent, or employee and Franchisee agrees to such assignment without any right to approve such actions.

(n) **Final Act.** The last signature applied to this Agreement shall be the signature of Franchisor's officer at Franchisor's headquarters in North Carolina. Franchisee acknowledges that this Agreement shall not take effect until its acceptance and execution by Franchisor's authorized officer. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same Agreement. This Agreement may, but is not required to, be executed using electronic signatures. Electronic signatures shall be treated for all purposes as originals.

(o) **Fines.** For each instance where Franchisee fails to obtain prior written approval for advertisements, fails to attend required training or franchisor sponsored conventions, offers unauthorized menu items or services, fails to timely provide reports, or otherwise violates the standards set forth in the Brand Standards Manual or this Agreement, Franchisor shall, at Franchisor's option, have the right to levy a fine in an amount up to One Thousand Dollars ($1,000) per occurrence. Alternatively, in the case of failure to attend required training or franchisor sponsored conventions, Franchisee's Royalty for the balance of the calendar year shall increase by one percent (1%). Additionally, in the event that Franchisee fails inspection or is in default and Franchisor inspects and/or re-inspects the Shop, then Franchisee shall reimburse Franchisor for its inspection costs on request. The imposition of a fine pursuant to this Section 23(o) shall not act as a waiver of any of Franchisor's other remedies under this Agreement. Furthermore, Franchisor has the right to collect any such fines by means of EFT.

(p) **Covenant of Good Faith**. No covenant of good faith and fair dealing shall be implied into this Agreement, except that if applicable law shall imply such a covenant in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such a covenant, Franchisee acknowledges that (a) this Agreement grants Franchisor the discretion to make decisions, take actions, and refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations hereunder that may favorably or adversely affect Franchisee's interests; (b) Franchisor will use its judgment in exercising such discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests of Franchisee and other franchisees within the Chain generally; (c) Franchisor will have no liability to Franchisee for the exercise of its discretion, so long as such discretion is not exercised in bad faith toward Franchisee; and (d) in absence of such bad faith, no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised.

(q) **Modification of Agreement.** If any term or provision, or any portion thereof, of this Agreement, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereto, and Franchisor will have the right, in its sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable.

(r) **Security Agreement**. Franchisee agrees to give no security interests, pledges or encumbrances in Franchisee's inventory, leasehold, fixtures, securities or franchise agreement without the prior written approval of Franchisor, which shall not be deemed a consent to assignment. Franchisor will not unreasonably withhold approval but is legitimately concerned to ensure: (a) that Franchisee not lose the business; (b) that the business not be lost to the franchise system; and (c) that Franchisor not have to defend a claim to franchisee rights by anyone it shall not have agreed to accept as a franchisee. In order to secure the prompt performance of Franchisee's obligations under this Agreement, Franchisee grants Franchisor and Franchisor takes a first priority security interest in all of Franchisee's assets, including without limitation, all present and after acquired inventory and equipment wherever located, accounts, deposit accounts, chattel paper, instruments, contract rights (including Franchisee's rights under this Agreement) and general intangibles, including payment intangibles, and all proceeds and products thereof including insurance proceeds. All items in which a security interest is granted are referred to as the "Collateral". This Agreement and the Franchise granted to Franchisee hereunder may not be used by Franchisee as collateral or be the subject of a security interest, lien, levy, attachment or execution by Franchisee's creditors, any financial institution, or any other party, except with Franchisor's prior written approval. The Security Interest is to secure payment of the following (the "Indebtedness"): (a) all amounts due under this Agreement or otherwise by Franchisee; (b) all sums which Franchisor may, at Franchisor's option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness; (c) all expenses, including reasonable attorneys' fees, which Franchisor incurs in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting Franchisor's rights under the Security Interest and this Agreement; and (d) all other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisor executes any extension agreement or renewal instruments. Franchisee will from time to time as Franchisor requires join with Franchisor in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor. Upon default and termination of Franchisee's rights under this Agreement, Franchisor shall have the immediate right to possession and use of the Collateral. Franchisee agrees that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at Franchisor's option and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under the Uniform Commercial Code of North Carolina (or other applicable law), including, without limitation, Franchisor's right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth above. This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

(s) **Policies Subject to Change.** Any policies that Franchisor adopts and implements from time to time to guide Franchisor in its decision-making are subject to change, are not a part of this Agreement, and are not binding on Franchisor.

(t) **Right to Refuse Approval.** Except where this Agreement expressly obligates Franchisor reasonably to approve or accept or to not unreasonably withhold approval of any of Franchisee's actions or requests, Franchisor has the absolute right to refuse any request Franchisee makes or to withhold approval or acceptance of any of Franchisee's proposed, initiated, or completed actions that require Franchisor's approval or acceptance.

(u) **Survival.** In the event of expiration, termination, or non-renewal of this Agreement, Franchisee will remain liable for Franchisee's obligations pursuant to this Agreement or any other agreement between Franchisee and Franchisor or its affiliates that expressly or by their nature survive the expiration, termination, or non-renewal of this Agreement.

[*Remainder of page intentionally left blank. Signatures on following page*]

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

FRANCHISEE:	FRANCHISOR:
________________________________	DMG BURNEY, INC.
By: ____________________________	By: ____________________________
Name: __________________________	Name: __________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR ACCEPTED LOCATIONS IN OHIO: You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Notice of cancellation

____
(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to DMG BURNEY INC., 1107-C West Broad St. (P.O. Box 1450), Elizabethtown, North Carolina 28337 910-874-0874 not later than midnight of ____________________.

I hereby cancel this transaction.

____
(Purchaser's Signature)

(Date) ______________________________________

Notice of cancellation

____
(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to DMG BURNEY INC., 1107-C West Broad St. (P.O. Box 1450), Elizabethtown, North Carolina 28337 910-874-0874 not later than midnight of ____________________.

I hereby cancel this transaction.

____
(Purchaser's Signature)

(Date) ____

ATTACHMENT 1 TO FRANCHISE AGREEMENT

FRANCHISE RIDER

Initial Franchise Fee

The Initial Franchise Fee, which is due and payable upon execution of this Franchise Agreement, is Twenty Thousand Dollars ($20,000) for (i) the initial training offered by Franchisor at Franchisor's facility and (ii) the right to open a Shop.

Royalty

The Royalty is currently three percent (3%) of monthly Gross Sales but can be raised in Franchisor's sole discretion to as much as five percent (5%) of monthly Gross Sales. For purposes of this Attachment 1, "Gross Sales" shall mean the total of gross revenue derived from the operation of the Franchised Business, including, but not limited to, revenue from services rendered by the Franchised Business and from the sale of products, whether from sales for cash or credit and regardless of the collection thereof, including sales made on a retail, wholesale, or any other basis. Gross Sales also includes any business interruption insurance proceeds Franchisee receives. Gross Sales does not include tips, sales taxes or gift cards when redeemed, nor does it include sales to other franchisees and company-owned Shops. Royalties on gift cards are assessed when the gift card is sold, not redeemed. The Royalty due monthly on the fifteenth (15th) day of the month shall be calculated based on the Gross Sales of the Shop during the month immediately preceding the Due Date of the Royalty.

The following address is Franchisee's address under Section 22 of the Franchise Agreement.

Franchisee's Address for Notice:

____

____

____

____

Email Address:

____

Already-Accepted Location and Territory (If Applicable)

If the Location has already been selected by Franchisee and accepted by Franchisor, then the following are Franchisee's Location and Territory for the Initial Term:

Location: ____

Territory: ____

Unassigned Location and Territory (If Applicable)

If no Location has been determined at the time this Franchise Agreement is executed, then the Location will be within the following area, provided the exact location will be subject to Franchisor's review and acceptance: ____ (the "Prospective Market Area").

Franchisor has not given its acceptance of Franchisee operating at a specific Location at the time the Franchise Agreement is approved, Franchisor reserves the right to sell franchises— and grant territories to others who will operate Shops — in and around the Prospective Market Area. Franchisee may then be required to choose a final location outside of any protected territory given to any other franchisee, and that territory may be outside of the Prospective Market Area set forth above.

When Franchisee selects its desired location for the Franchised Business, Franchisee must follow the acceptance process set forth in Section 6(a) of the Franchise Agreements and Franchisor's Brand Standards Manual. If Franchisor accepts Franchisee's proposed location, Franchisor will send Franchisee its form site acceptance letter ("Site Selection Acceptance Letter"). The location set forth in the Site Selection Acceptance Letter shall constitute the "Location" of the Franchised Business pursuant to Section 1 of the Franchise Agreement. Franchisee's Territory shall be the area that is within a ten (10) mile radius of the Location set forth in the Site Selection Acceptance Letter.

ATTACHMENT 2 TO FRANCHISE AGREEMENT

LEASE RIDER

This Lease Rider is executed as of this date of _____________, by and between ____________________ ("Tenant") and _______________ ("Landlord") as a Rider to the lease dated _____________ (as amended, renewed, and/or extended from time to time, the "Form Lease") for the Premises located at ____________________________ ("Premises").

In the event of a conflict between the terms and conditions set forth within this Rider and the terms and conditions set forth in the Form Lease to which this Rider is attached, the terms and conditions set forth within this Rider shall govern and control.

1. **Permitted Use.** The Premises are leased to Tenant for the operation of a franchised limited-seating, fast-casual Shop emphasizing high-quality, glazed and stuffed croissants, donuts, cakes, pies, cookies, other dessert items, coffee and other beverages. The Tenant may also use the Premises for promotions, celebrations, meetings, and other group functions where Tenant's services and products will be offered or sold. Landlord covenants that from and after the date hereof, Landlord shall not permit any other tenant to operate a Shop in the same shopping center as the Premises that receives twenty-five percent (25%) or more of its gross sales from the sale of bakery items, including but not limited to, cakes, croissants, and/or pies, on a dine-in or carry-out basis.

2. **Signage.** Notwithstanding anything contained within the Form Lease to the contrary, Tenant shall, subject to the requirements of local law, have the right to utilize its standard signage and other proprietary marks and identification on both the exterior and within the interior of the Premises as approved by DMG BURNEY, INC., a North Carolina corporation and franchisor of the BURNEY'S SWEETS & MORE concept **("Franchisor")**.

3. **Assignment and Subletting.** Landlord's consent to an assignment of the Form Lease or subletting of the Premises shall not be required in connection with an assignment or subletting as a part of a merger, reorganization or sale of all or substantially all of Tenant's assets or business or an assignment or sublet, or as otherwise provided for in the Franchise Agreement between Franchisor and Tenant to Franchisor, any parent, subsidiary or affiliate of Tenant or affiliate of Franchisor, or another BURNEY'S SWEETS & MORE franchisee. Landlord shall approve as an assignee or sublettee any tenant who has become a transferee of the Franchise Agreement by and between Tenant and Franchisor (the Franchise Agreement") as a result of a merger, reorganization or sale of all or substantially all of Tenant's assets, or as otherwise provided for in the Franchise Agreement between Franchisor and Tenant. Tenant shall also have the right, without the consent of Landlord, to assign the Form Lease to: (i) a company incorporated or to be incorporated by Tenant; (ii) a limited liability company formed or to be formed by Tenant; or (iii) a partnership formed or to be formed by Tenant, provided that Tenant owns or beneficially controls: (i) a majority of the issued and outstanding shares of capital stock of the company; (ii) a majority of the membership interest in the limited liability company; or (iii) or is the managing general partner of the partnership.

4. **Notices; Opportunity to Cure.** Copies of any demand letters, default notices or other similar notices of non-compliance **("Notice")** sent by Landlord to Tenant shall also be sent to Franchisor at the following address:

Michael Burney
DMG BURNEY, INC.
PO Box 1450
1107-C West Broad St.
Elizabethtown, NC 28337

In the event Tenant fails to cure or otherwise remedy the subject matter of the Notice, and prior to exercising any remedies under the Form Lease, Landlord shall grant Franchisor the identical period of time in which to cure same (said cure period to commence immediately upon Notice from Landlord to Franchisor (at the address set forth herein) that Tenant has failed to cure in a timely manner) and Landlord agrees to accept the performance of Franchisor within said period of time as performance by Tenant pursuant to the terms of the Form Lease.

5. **Option to Lease.** Landlord hereby agrees that, (i) in the event of the termination, non-renewal, or expiration of the Franchise Agreement by and between Tenant and Franchisor; (ii) the termination of the Form Lease for any cause whatsoever including, without limitation, a default by Tenant under the Form Lease after expiration of any applicable notice and cure periods; (iii) in the event of Tenant's failure to exercise any extension option contained in the Form Lease, (iv) upon the expiration of the Form Lease and any rights to extension or renewal; or (v) as otherwise permitted under the Franchise Agreement, Franchisor, any parent, subsidiary or affiliated company of Franchisor, or another BURNEY'S SWEETS & MORE franchisee shall have the option to lease the Premises pursuant to the same terms and conditions as are contained in the Form Lease, in accordance with the following:

(a) Landlord agrees to promptly give Notice to Franchisor (at the address set forth herein) in the event the Form Lease is terminated as the result of a default by Tenant or in the event Tenant fails to exercise any remaining options to extend the term of the Form Lease;

(b) If Franchisor, any parent, subsidiary or affiliated company of Franchisor, or another BURNEY'S SWEETS & MORE franchisee elects to lease the Premises, such party shall notify Landlord in writing of its election to exercise this option to lease within thirty (30) days after (1) termination, non-renewal, or expiration of the Franchise Agreement; (2) Franchisor's receipt of Notice from Landlord that the Form Lease has been terminated; (3) receipt of Notice from Landlord that Tenant has failed to exercise an option to extend the term of the Form Lease; or (4) Notice from Landlord that the Form Lease and any rights to extension or renewal will expire;

(c) If Franchisor, any parent, subsidiary or affiliated company of Franchisor, or another BURNEY'S SWEETS & MORE franchisee elects to lease the Premises under any of the conditions set forth in 5(i) to (v) above, Franchisor, any parent, subsidiary or affiliated company of Franchisor, or another BURNEY'S SWEETS & MORE franchisee shall sign and deliver to Landlord a lease containing all of the same terms and conditions (including rental rates, terms and remaining options to extend the term of the Form Lease) as are contained in the Form Lease; provided, however, that such party's leasehold interest shall not be subject to any defaults or claims that may exist between Landlord and Tenant and any such lease shall permit Franchisor or any parent, subsidiary or affiliated company of Franchisor, or another BURNEY'S SWEETS & MORE franchisee to assign the lease or sublease the Premises to a franchisee of Franchisor for use as a BURNEY'S SWEETS & MORE franchised location; and

(d) Nothing contained herein shall affect Landlord's right to recover any and all amounts due under the Form Lease from Tenant or to exercise any right of Landlord against Tenant as provided under the Form Lease.

6. De-identification. Landlord and Tenant hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a BURNEY'S SWEETS & MORE franchise location operated by Tenant. Landlord agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Tenant, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor; provided, however, that Landlord shall not be required to bear any expense thereof. Tenant agrees that if Tenant fails to de-identify the Premises promptly upon termination, expiration, or non-renewal as required under the Franchise Agreement, Franchisor may cause all required de-identification to be completed at Tenant's sole cost and expense. Landlord hereby agrees that Franchisor, its employees, and agents have the right to enter into and temporarily occupy the Premises for all purposes permitted under the Franchise Agreement or to otherwise enforce the Franchise Agreement.

7. Assignment of Interest. This Rider is binding and shall inure to the benefit of Landlord, Tenant, and Franchisor, any parent, subsidiary or affiliated company of Franchisor, or another BURNEY'S SWEETS & MORE franchisee, their assigns, and successors-in-interest. Franchisor, any parent, subsidiary or affiliated company of Franchisor, or another BURNEY'S SWEETS & MORE franchisee are intended beneficiaries of this Rider, provided Franchisor shall have no liability for any of Tenant's obligations under the Form Lease. Franchisor signs below for the limited purpose of acknowledging and agreeing to the provisions of this Rider.

8. Non-disturbance from Mortgage Lenders. It is a condition of the Form Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agrees not to disturb Tenant's rights under the Form Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations under the Form Lease beyond any applicable grace or cure period provided therein. If a mortgage, deed of trust or deed to secure debt currently encumbers the Premises, it is a condition precedent to Tenant's obligations under the Form Lease that the holder of such encumbrance enter into a written recordable form of subordination and non-disturbance agreement with Tenant, in a form reasonably acceptable to Tenant, as described above.

9. Security Interest. Any security interest and/or landlord's lien of Landlord in Tenant's trade fixtures, trade dress, signage, equipment and other personal property is hereby subordinated to any security interest and pledge granted to Franchisor in such items.

LANDLORD:	**TENANT:**
______________________________	______________________________
______________________________	______________________________
By: ___________________________	By: ___________________________
Its: ___________________________	Its: ___________________________

Agreed to:

FRANCHISOR:

DMG BURNEY, INC.

By: ______________________________
Name: ____________________________
Title: ____________________________
Date: ____________________________

ATTACHMENT 3 TO FRANCHISE AGREEMENT

INTERNET, SOCIAL MEDIA, AND TELEPHONE ASSIGNMENT

This Assignment Agreement (the “Assignment”) is made, and entered into, between DMG BURNEY, INC., a North Carolina corporation (“Franchisor”) and the undersigned Franchisee (“Franchisee”).

RECITALS

A. Franchisor and Franchisee have entered into a Franchise Agreement dated __________________ (the “Franchise Agreement”), pursuant to which Franchisee was granted the right to operate a BURNEY’S SWEETS & MORE franchised Shop; and

B. It is the desire of and in the best interests of Franchisor and the BURNEY’S SWEETS & MORE system that in the event the Franchise Agreement terminates, expires, or is not renewed, the telephone numbers, telephone directory listings, internet addresses, and social media accounts used by Franchisee in connection with the operation of its BURNEY’S SWEETS & MORE franchised business are assigned to Franchisor.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and Franchisor agreeing to enter into the Franchise Agreement, Franchisor and Franchisee agree as follows:

1. Franchisee hereby agrees to assign to Franchisor: (i) those certain telephone numbers and regular, classified or other telephone directory listings used by Franchisee in connection with operating the BURNEY’S SWEETS & MORE franchised business, including personal cellphone numbers, (ii) all e-mail addresses that use the Marks or that are used by Franchisee in connection with the operation of the Franchised Business, (iii) any Online Presence (as that term is defined in the Franchise Agreement) which uses the Marks, which Franchisee uses in connection with the operation of the Franchised Business, or which Franchisee has been permitted by Franchisor to create, and (iv) all rights, title, and interest in the content of any Online Presence, whether now-existing or adopted by Franchisee in the future (collectively the “Listings”).

2. This Assignment is for collateral purposes only and, except as specified herein, Franchisor will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee’s use of the Listings unless and until Franchisor notifies the telephone company, listing agencies, internet service providers, or other parties that provide the Listings (collectively, the “Providers”) to effectuate the assignment pursuant to the terms hereof.

3. Upon termination, expiration, or nonrenewal of the Franchise Agreement (without renewal or extension), Franchisor will have the right and is hereby empowered to effectuate the assignment of the Listings to itself or to any third party it designates. In the event Franchisor exercises its assignment rights Franchisee will have no further right, title or interest in the Listings; provided, however, Franchisee will pay all amounts owed in connection with the Listings, including all sums owed to Franchisor, Franchisor’s affiliates, or Franchisor’s approved suppliers under existing contracts for the Listings and immediately, at the Franchisor's request, (i) take any other action as may be necessary to transfer the Listings to the Franchisor or Franchisor's designated agent, (ii) install and maintain, at Franchisee's sole expense, an intercept message, in a form and manner acceptable to Franchisor on any or all of the Listings; (iii) disconnect, cancel, delete, remove, or discontinue the Listings; (iv) relist any Listing in a different location or with a new provider, whether published or online; (v) modify the Listing and any content in the Listing; (vi) provide all login or other access credentials to the Listings; and/or (vii) cooperate with Franchisor or its designated agent in undertaking any or all of the foregoing.

4. Franchisee appoints Franchisor as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings covered by the Assignment to Franchisor or Franchisor's designated agent or taking any other actions required of Franchisee under this Agreement. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the forgoing powers, including full power of substitution and execution or completion of any documents required or requested by any Provider to transfer or modify such Listings, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, termination, or nonrenewal of Franchisee's rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

5. The parties agree that the Providers may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Listings upon such termination, expiration or nonrenewal of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon a Provider's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Providers require that the parties execute the Providers' assignment forms or other documentation at the time of termination, expiration or nonrenewal of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination, expiration, or non-renewal of the Franchise Agreement.

6. The validity, construction and performance of this Assignment is governed by the laws of the State in which Franchisor is located. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All Franchisor's rights inure to Franchisor's benefit and to the benefit of Franchisor's successors and assigns.

[*Remainder of page intentionally left blank. Signatures on following page]*

Agreed to as of ___________________________.

FRANCHISEE:	FRANCHISOR:
____________________________________	DMG BURNEY, INC.
By: _______________________________	By: _________________________________
Name: _______________________________	Name: _______________________________
Title: ________________________________	Title: ________________________________
Date: ________________________________	Date: ________________________________

ATTACHMENT 4 TO FRANCHISE AGREEMENT

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement, (together with any revisions, modifications, and amendments thereto, the "Agreement") between DMG BURNEY, INC. ("Franchisor") and ____________________ ("Franchisee") dated of even date herewith, the undersigned (each a "Guarantor"), for themselves, their heirs, successors, and assigns, do jointly, individually, and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms, and conditions in the Agreement, to be paid, kept and performed by the Franchisee.

A. Except for those designated as "Spouse" and not "Owner" in the signature block below, each Guarantor, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete, non-solicitation, dispute resolution, and indemnification provisions, and agree that this Personal Guaranty will be construed as though each Guarantor and each of its heirs, successors, and assigns executed an agreement containing the identical terms and conditions of the Agreement. If a Guarantor is an Owner, Guarantor hereby (1) makes all representations of, and (2) accepts and agrees to comply with all obligations of, owners, shareholders, members, and partners of the Franchisee as set forth in the Agreement.

B. Each Guarantor's liability under this Personal Guaranty shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and, as applicable, any other guarantors of Franchisee. Each Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so. Franchisor may proceed against each Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against any Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Each Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this Personal Guaranty or any negotiations relative to the obligations hereby guaranteed or in enforcing this Personal Guaranty against any Guarantor. This Personal Guaranty is enforceable by and against the respective administrators, executors, heirs, successors, and assigns of each Guarantor, and the death of any Guarantor will not terminate the liability of such Guarantor or limit the liability of other Guarantors hereunder.

C. Each Guarantor consents and agrees that: (1) each Guarantor's liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to any or all Guarantors; (3) any liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty, which shall be continuing and irrevocable; and (4) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without any Guarantor receiving notice thereof.

D. Each Guarantor waives: (1) notice of demand for payment of any indebtedness or on performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; (4) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and (5) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

E. Each Guarantor agrees that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of Franchisor's successors and assigns.

F. This Personal Guaranty shall be governed by the choice of law and dispute resolution provisions set forth in the Agreement.

GUARANTORS:

Signature: ____
Name: ____
Address: ____
City:_______________ State: ______ Zip Code:________________
Owner or Spouse: ______________________________________

Signature: ____
Name: ____
Address: ____
City:_______________ State: ______ Zip Code:________________
Owner or Spouse: ______________________________________

Signature: ____
Name: ____
Address: ____
City:_______________ State: ______ Zip Code:________________
Owner or Spouse: ______________________________________

Signature: ____
Name: ____
Address: ____
City:_______________ State: ______ Zip Code:________________
Owner or Spouse: ______________________________________

Signature: ____
Name: ____
Address: ____
City:_______________ State: ______ Zip Code:________________
Owner or Spouse: ______________________________________

ATTACHMENT 5(a) TO FRANCHISE AGREEMENT

NONCOMPETITION AGREEMENT

This Noncompetition Agreement ("Agreement") is made and entered into as of _________________________ ("Effective Date") by and between DMG BURNEY INC., a North Carolina corporation ("Franchisor") and ____________________ ("Associate"). All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

RECITALS

A. The Franchisor is engaged in the business of franchising a unique system for operating limited-seating, fast-casual Shops emphasizing high-quality, glazed and stuffed croissants, donuts, cakes, pies, cookies, other dessert items, coffee and other beverages ("Franchised Business"). The Franchised Businesses are operated under the Franchisor's trademark "BURNEY'S SWEETS & MORE" and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the "Marks");

B. The Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to the Franchisor's Confidential Information (defined below) and such Confidential Information as may be further developed from time to time by the Franchisor ("System");

C. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and customer service, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

D. Associate desires to become involved with a _________ ("Franchisee"), a franchisee of the Franchisor that operates a Franchised Business in _______________ in the capacity of an owner, officer, partner, director, or agent of the Franchised Business, or is a spouse or domestic partner of an owner of a Franchised Business, and will become privileged as to certain Confidential Information. Associate may or may not have signed the Franchise Agreement or Guaranty and Assumption of Franchisee's Obligations form; and

E. Associate and the Franchisor have reached an understanding with regard to noncompetition by Associate with the Franchisor and other franchisees of the Franchisor. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using the Franchisor's Confidential Information.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Franchisor, intending legally to be bound, agree as follows:

1) Definitions.

(a) "Associate" shall mean the individual described in the first paragraph of this Agreement.

(b) "Competitive Business" as used in this Agreement means any business or commercial activity, other than a BURNEY'S SWEETS & MORE business that Franchisee is authorized by Franchisor to operate, that receives twenty-five percent (25%) or more of its gross sales from the sale of bakery items, including, but not limited to, cakes, croissants, and/or pies, and related items on a dine-in or carry-out basis, or that sells any amount of glazed and deep-fried croissants.

(c) "Confidential Information" shall include, without limitation, any information, not generally known to the public, in any form, relating to the System and the Franchised Business and its operations, including all trade secrets of the Franchised Business; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); product formulas, methods of production; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that we or our affiliates designates as confidential, including all information contained in the Brand Standards Manual.

(d) "Franchise Agreement" shall mean the franchise agreement between Franchisor and ____________________ ("Franchisee") dated ____________________________ as amended or renewed from time to time.

(e) "Location" shall mean the accepted location of Franchisee's Franchised Business.

(f) "Restrictive Period" shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate's association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

(g) "Restrictive Territory" shall mean:

i) At the Location of the Franchised Business; or

ii) The Territory served by Franchisee as that Territory exists on the date of termination, expiration, non-renewal, or transfer of the Franchise Agreement, including the Location; or

iii) The territories in which Franchisor or its affiliates operate any BURNEY'S SWEETS & MORE businesses or locations as of the date of termination, expiration, non-renewal, or transfer of the Franchise Agreement, including those locations; or

iv) The territories of any of Franchisor's BURNEY'S SWEETS & MORE franchisees as those territories exist as of the date of termination, expiration, non-renewal, or transfer of the Franchise Agreement, including those locations; or

v) An area which is within a 10-mile radius of:

(1) The Location of the Franchised Business as of the date of termination, expiration, non-renewal, or transfer of the Franchise Agreement, including the Location, and

(2) The location of any other BURNEY'S SWEETS & MORE shops owned by Franchisor or its affiliates or franchisees as of the date of termination, expiration, non-renewal, or transfer of the Franchise Agreement, including the Location.

(h) "Term" shall mean the period between the Effective Date and the first date of the Restrictive Period.

(i) "Territory" shall have the meaning defined in the Franchise Agreement.

2) Confidential Information. Associate and the Franchisor acknowledge that the Confidential Information that is developed and utilized in connection with the operation of the Franchised Business is unique and the exclusive property of the Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates. Associate further acknowledges that the Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3) Nondisclosure of Confidential Information. During the Term and for all periods after the Term, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchised Business, any of the Confidential Information of the Franchisor or its affiliates.

4) In-Term Covenant Against Unfair Competition. During the Term, Associate will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any Competitive Business; or

(ii) offer or grant franchises or licenses for any Competitive Business; or

(iii) become a franchisee or licensee of any Competitive Business; or

(iv) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

5) Post-Termination Covenant Against Unfair Competition. Associate covenants and agrees that for the Restrictive Period Associate shall not, within the Restrictive Territory, engage in any of the following:

(i) franchise, license, or own an interest in any Competitive Business, including as franchisor, licensor, franchisee or licensee, provided that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 5 so long as Associate does not own themselves or through his or her spouses or partners more than one percent (1%) of the securities of such corporation; or

(ii) engage in any Competitive Business as an officer, director, employee, consultant, manager, operator, or independent contractor in any capacity in which Associate would be in a position to use or disclose Confidential Information.

6) Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars ($500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

7) Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Associate to disclose any such Confidential Information in any circumstances. Associate

agrees that the running of the applicable post-termination Restrictive Period shall be tolled during any period of a violation of this Agreement.

8) Effect of Waiver. The waiver by Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9) Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Franchisor and their respective heirs, executors, representatives, successors and assigns.

10) Entire Agreement. This instrument contains the entire agreement of Associate and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11) Governing Law; Jurisdiction and Venue.

(i) If Associate is an owner or guarantor of Franchisee, the governing law and dispute resolution provisions of the Franchise Agreement shall apply to this Agreement.

(ii) For Associates that are not an owner or guarantor of Franchisee, the following terms apply: The laws of North Carolina (without giving effect to its conflicts of law principles) govern all matters arising under and relating to this Agreement, including torts. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

12) Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

13) Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

14) Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or

justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, unless herein defined.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

ASSOCIATE:	FRANCHISOR:
____________________________________	DMG BURNEY, INC.
____________________________________	By: ________________________________
Date: ______________________________	Name: ______________________________
	Title: ______________________________
	Date: ______________________________

ATTACHMENT 5(b) TO FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-SOLICITATION AGREEMENT

This Nondisclosure and Non-Solicitation Agreement ("Agreement") is made and entered into as of ________________________ ("Effective Date") by and between DMG BURNEY INC., a North Carolina corporation ("Franchisor") and ___________________ ("Associate"). All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

RECITALS

A. The Franchisor is engaged in the business of franchising a unique system for operating limited-seating, fast-casual Shops emphasizing high-quality, glazed and stuffed croissants, donuts, cakes, pies, cookies, other dessert items, coffee and other beverages ("Franchised Business"). The Franchised Businesses are operated under the Franchisor's trademark "BURNEY'S SWEETS & MORE" and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the "Marks");

B. The Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to the Franchisor's Confidential Information (defined below) and such Confidential Information as may be further developed from time to time by the Franchisor ("System");

C. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and customer service, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

D. Associate desires to become involved with a _________ ("Franchisee"), a franchisee of the Franchisor that operates a Franchised Business in _______________ in the capacity of an owner, officer, partner, director, or agent of the Franchised Business, or is a spouse or domestic partner of an owner of a Franchised Business, and will become privileged as to certain Confidential Information. Associate may or may not have signed the Franchise Agreement or Guaranty and Assumption of Franchisee's Obligations form; and

E. Associate and the Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to non-solicitation of customers, vendors, and employees by Associate. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using the Franchisor's Confidential Information.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Franchisor, intending legally to be bound, agree as follows:

1) Definitions.

(a) "Associate" shall mean the individual described in the first paragraph of this Agreement.

(b) "Competitive Business" as used in this Agreement means any business or commercial activity, other than a BURNEY'S SWEETS & MORE business that Franchisee is authorized by Franchisor to operate, that receives twenty-five percent (25%) or more of its gross sales from the sale of bakery items, including, but not limited to, cakes, croissants, and/or pies, and related items on a dine-in or carry-out basis, or that sells any amount of glazed and deep-fried croissants.

(c) "Confidential Information" shall include, without limitation, any information, not generally known to the public, in any form, relating to the System and the Franchised Business and its operations, including all trade secrets of the Franchised Business; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Franchised Business not generally known to the public; all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business (such as all names, addresses, phone numbers, e-mail addresses for customers and suppliers; customer purchase records and mail lists); product formulas, methods of production; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that we or our affiliates designates as confidential, including all information contained in the Brand Standards Manual.

(d) "Franchise Agreement" shall mean the franchise agreement between Franchisor and ____________________ ("Franchisee") dated ____________________________ as amended or renewed from time to time.

(e) "Location" shall mean the accepted location of Franchisee's Franchised Business.

(f) "Restrictive Period" shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate's association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

(g) "Restrictive Territory" shall mean:

i) At the Location of the Franchised Business; or

ii) The Territory served by Franchisee as that Territory exists on the date of termination, expiration, non-renewal, or transfer of the Franchise Agreement, including the Location; or

iii) The territories in which Franchisor or its affiliates operate any BURNEY'S SWEETS & MORE businesses or locations as of the date of termination, expiration, non-renewal, or transfer of the Franchise Agreement, including those locations; or

iv) The territories of any of Franchisor's BURNEY'S SWEETS & MORE franchisees as those territories exist as of the date of termination, expiration, non-renewal, or transfer of the Franchise Agreement, including those locations; or

v) An area which is within a 10-mile radius of:

(1) The Location of the Franchised Business as of the date of termination, expiration, non-renewal, or transfer of the Franchise Agreement, including the Location, and

(2) The location of any other BURNEY'S SWEETS & MORE shops owned by Franchisor or its affiliates or franchisees as of the date of termination, expiration, non-renewal, or transfer of the Franchise Agreement, including the Location.

(h) "Term" shall mean the period between the Effective Date and the first date of the Restrictive Period.

(i) "Territory" shall have the meaning defined in the Franchise Agreement.

2) Confidential Information. Associate and the Franchisor acknowledge that the Confidential Information that is developed and utilized in connection with the operation of the Franchised Business is unique and the exclusive property of the Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates. Associate further acknowledges that the Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3) Nondisclosure of Confidential Information. During the Term and for all periods after the Term, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchised Business, any of the Confidential Information of the Franchisor or its affiliates.

4) Covenant Against Solicitation. During the Term, Associate will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) solicit, divert or attempt to solicit or divert any person or party that is or has been a customer of Franchised Business at any time during the Term, to any Competitive Business, as Franchisee agrees that all goodwill associated with Franchisee's operation under the Marks and the System, and all customer information associated therewith, inure to Franchisor; or

(ii) solicit, divert, or attempt to solicit or divert, any vendor that does has done business with Franchisee to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease providing supplies, products, equipment, merchandise, or services to BURNEY'S SWEETS & MORE businesses.

5) Post-Termination Covenant Against Solicitation. Associate covenants and agrees that for the Restrictive Period Associate shall not, within the Restrictive Territory, engage in any of the following:

(i) solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Franchised Business within one (1) year of the Restrictive Period to provide supplies, products, equipment, merchandise, or services to a Competitive Business or to cease providing supplies, products, equipment, merchandise, or services to BURNEY'S SWEETS & MORE businesses; or

(ii) solicit, divert or attempt to solicit or divert any person or party that has been a customer of Franchised Business as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period, to any Competitive Business.

6) Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars ($500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

7) Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Associate to disclose any such Confidential Information in any circumstances. Associate

agrees that the running of the applicable post-termination Restrictive Period shall be tolled during any period of a violation of this Agreement.

8) Effect of Waiver. The waiver by Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

9) Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Franchisor and their respective heirs, executors, representatives, successors and assigns.

10) Entire Agreement. This instrument contains the entire agreement of Associate and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11) Governing Law; Jurisdiction and Venue.

(i) If Associate is an owner or guarantor of Franchisee, the governing law and dispute resolution provisions of the Franchise Agreement shall apply to this Agreement.

(ii) For Associates that are not an owner or guarantor of Franchisee, the following terms apply: The laws of North Carolina (without giving effect to its conflicts of law principles) govern all matters arising under and relating to this Agreement, including torts. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

12) Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

13) Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

14) Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, unless herein defined.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

ASSOCIATE:	FRANCHISOR:
Name: _______________________________	DMG BURNEY, INC.
_____________________________________	By: _________________________________
Date: ________________________________	Name: _______________________________
	Title: ________________________________
	Date: ________________________________

EXHIBIT B-1

SHOP DIRECTORY/LISTING OF CURRENT FRANCHISEES AND LICENSEES AS OF APRIL 30, 2025

Name	Address	City	ST	Zip	Phone
Brother's 2 LLC	2668 NC-24	Cameron	NC	28326	910.929.3617
K3D, Inc.*	1200 N. Davidson St.	Charlotte	NC	28206	980.819.9949
BURNEYSOFCLAYTON, LLC	312 E. Main St.	Clayton	NC	27520	919.243.2546
S & L Sweets, LLC	107 Vance St.	Clinton	NC	28328	910.590.2564
MITYCO, Inc.	121 E H Street	Erwin	NC	28339	910.694.3012
LL&M. Inc.	3319 Raeford Rd.	Fayetteville	NC	28303	910.745.8975
LILY MAE'S CAKES, LLC	14542 US-17	Hampstead	NC	28443	910.319.0591
Southern Sweets South of the Bridge, LLC	503 Olde Waterford Way, Suite 105	Leland	NC	28451	910.769.4934
The Kelly Group, Inc.	4500 Falls of Neuse Rd.	Raleigh	NC	27609	919.298.2800
Coastal Sweets & More LLC	5051-3 Main St.	Shallotte	NC	28470	910.664.1006
Happy Distributing, LLC	517 Outlet Center Dr.	Smithfield	NC	27577	919.300.1691
Rays of Joy, Inc.	808 N Howe St.	Southport	NC	28461	910.454.4222
Sweets On Main, Inc.	105 NW Railroad St.	Wallace	NC	28466	910.665.1412
Southern Sweets & More, LLC	6801 Parker Farm Dr., Space 140	Wilmington	NC	28405	910.237.1170

*This franchise operates an outlet in Waxhaw, North Carolina that does not produce any food. For purposes of this chart, Item 19, and Item 20, we count the full-service Charlotte location plus the Waxhaw outlet as one unit.

EXHIBIT B-2

LISTING OF CERTAIN PAST FRANCHISEES

FRANCHISEES DEPARTED DURING 2024
or who have not been in communication within 10 weeks

Another Slice LLC*	16 NE Court Square,	Graham	NC	27253	336.270.3872
The Gas Mart, Inc. **	4100 Pine Hollow Rd.	Myrtle Beach	SC	29588	910.876.3650
MAKIN SWEETS LLC***	107 Vance St.	Clinton	NC	28328	910.520.2564

*This franchisee operated a commissary location in Mebane, NC which elected to cease operating during 2024.

** This franchisee operated express and commissary locations. This franchise elected to cease operating during 2024.

*** This franchisee departed the system in 2024 because they transferred their business.

EXHIBIT C

FINANCIAL STATEMENTS

DMG BURNEY, INC.
Elizabethtown, North Carolina
FINANCIAL STATEMENTS
December 31, 2024 and 2023

DMG Burney, Inc.

INDEX

December 31, 2024 and 2023

INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENT	
EXHIBIT A – BALANCE SHEETS	3
EXHIBIT B – STATEMENTS OF RETAINED EARNINGS	4
EXHIBIT C – STATEMENTS OF INCOME	5
EXHIBIT D – STATEMENTS OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7-10

Thompson, Price, Scott, Adams & Co., P.A.
Post Office Box 1690
Elizabethtown, North Carolina 28337
Telephone (910) 862-8129
Fax (910) 862-8120

R. Bryon Scott, CPA
Gregory S. Adams, CPA
Alan W. Thompson, CPA

Independent Auditors' Report

To the Board of Directors and Shareholders
of DMG Burney, Inc.

We have audited the accompanying financial statements of DMG Burney, Inc. (a North Carolina Corporation) which comprise of the balance sheets as of December 31, 2024 and 2023 and the related statements of income, retained earnings 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 DMG Burney, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DMG Burney, Inc. 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 fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DMG Burney Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DMG Burney, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Thompson, Price, Scott, Adams & Co., PA
Elizabethtown, North Carolina
April 9, 2025

DMG Burney, Inc.
Elizabethtown, North Carolina
BALANCE SHEETS
As of December 31, 2024 and 2023

EXHIBIT A

SEE INDEPENDENT AUDITORS' REPORT

ASSETS

		2024		2023
Current Assets				
Cash in Bank	$	107,085	$	110,127
Accounts Receivable		52,386		44,963
Total Current Assets		159,471		155,090
Property and Equipment, net of accumulated depreciation		87,980		54,948
TOTAL ASSETS	$	247,451	$	210,038

LIABILITIES AND STOCKHOLDERS' EQUITY

		2024		2023
Current Liabilities				
Accounts Payable - Trade	$	1,153	$	236
Payroll Liabilities		2,120		17,682
Franchise Fee Refund		-		15,000
Current Portion of Long Term Debt		16,694		7,907
Total Current Liabilities		19,967		40,825
Noncurrent Liabilities				
Deferred Revenue		50,000		56,000
Long Term Debt, net of current portion		27,013		13,409
Total Liabilities		96,980		110,234
Stockholders' Equity				
Capital Stock (100,000 shares authorized at $0 par value, 200 shares issued.)		-		-
Retained Earnings		150,471		99,804
Total Stockholders' Equity		150,471		99,804
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	247,451	$	210,038

See Accompanying Notes to the Financial Statements.

DMG Burney, Inc.
Elizabethtown, North Carolina
STATEMENT OF RETAINED EARNINGS
For The Years Ended December 31, 2024 and 2023

EXHIBIT B

SEE INDEPENDENT AUDITORS' REPORT

	2024	2023
Beginning Balance - Retained Earnings	$ 99,804	$ 142,199
Add - Net Income for Year	137,687	160,125
Less S-Corporation Distributions	(87,020)	(202,520)
Ending Balance - Retained Earnings	$ 150,471	$ 99,804

See Accompanying Notes to the Financial Statements.

DMG Burney, Inc.
Elizabethtown, North Carolina
STATEMENT OF INCOME
For The Years Ended December 31, 2024 and 2023

EXHIBIT C

SEE INDEPENDENT AUDITORS' REPORT

		2024		2023
Income				
Income from Sale of Franchises	$	16,000	$	30,000
Royalties		198,613		174,611
Rebates Received		144,633		126,169
Total Income		359,246		330,780
Expenses				
Advertising		22,015		23,111
Automobile Expense		8,236		3,118
Bank Fees		668		286
Depreciation		30,936		25,096
Dues and Subscriptions		342		356
Insurance		10,309		4,636
Interest		791		1,729
Legal and Professional Fees		15,369		25,594
Meals and Entertainment		1,685		-
Office Supplies		1,236		119
Payroll Expenses		104,422		60,000
Rent Expense		5,500		6,000
Repairs and Maintenance		390		800
Tax and License		966		2,158
Travel		495		14,235
Website		18,199		3,417
Total Expenses		221,559		170,655
Net Income	$	137,687	$	160,125

See Accompanying Notes to the Financial Statements.

DMG Burney, Inc.
Elizabethtown, North Carolina
STATEMENT OF CASH FLOWS
For The Years Ended December 31, 2024 and 2023

EXHIBIT D

SEE INDEPENDENT AUDITORS' REPORT

	2024	2023
Cash Flows From Operating Activities		
Cash Received From Franchisees and Rebates	$ 345,823	$ 354,323
Cash Paid to Suppliers and Employees	(220,268)	(118,102)
Net Cash Provided (Used) by Operating Activities	125,555	236,221
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(26,669)	(16,870)
Net Cash Provided (Used) by Investing Activities	(26,669)	(16,870)
Cash Flows From Financing Activities		
Repayments of long-term debt	(14,908)	(31,686)
Shareholder Distributions	(87,020)	(202,520)
Net Cash Provided (Used) by Financing Activities	(101,928)	(234,206)
Net Increase (Decrease) in Cash	(3,042)	(14,855)
Cash at Beginning of Year	110,127	124,982
Cash at End of Year	$ 107,085	$ 110,127

Cash Flows From Operating Activities		
Net Income	$ 137,687	$ 160,125
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	30,936	25,096
(Increase)/Decrease In:		
Accounts Receivable	(7,423)	8,543
Increase/(Decrease) In:		
Current Liabilities	(29,645)	27,457
Change in Deferred Revenue	(6,000)	15,000
Total Adjustments	(12,132)	76,096
Net Cash Provided (Used) by Operating Activities	$ 125,555	$ 236,221

See Accompanying Notes to the Financial Statements.

DMG BURNEY, INC.
Elizabethtown, North Carolina
Notes to the Financial Statements
December 31, 2024 and 2023

SEE INDEPENDENT AUDITOR'S REPORT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of DMG Burney, Inc. (DMG) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity.

Business Activities

DMG Burney, Inc., created under the laws of the State of North Carolina on August 13, 2014 and is located in Elizabethtown, North Carolina, operates as a franchisor of croissants, homemade desserts, and menu items prepared in accordance with secret and protected recipes and systems developed by DMG.

Basis of Accounting

The financial statements of the Company have been prepared in accordance accounting principles generally accepted in the United States. Which are prepared on an accrual basis of accounting, which recognized all revenue as income when earned and operating expenses as deductions from income when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

For the purpose of these financial statements, cash and cash equivalents includes cash in checking, on hand and in certificates of deposit.

Allowance for Doubtful Accounts

Accounts receivable are recorded at the amount the Company expects to collect on balances outstanding at year end. An allowance for doubtful accounts is recorded based on a combination of write-off history or any known troubled accounts. Accounts are monitored closely and delinquencies are determined based on payment history. Accounts are written off when they are determined to be uncollectible. Accounts receivable has not been reduced by an allowance at this time, all are deemed collectible by management.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the following useful lives:

Furniture and Equipment	5-10 years
Vehicles	5 years

Repair and maintenance costs are expenses as incurred. When property and equipment are retired or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective year. Depreciation expense was $30,936, and $25,096 for the year ended December 31, 2024 and 2023, respectively.

Revenue and Cost Recognition

The Company's revenues consist of fees from franchised restaurants operated by conventional franchisees. Revenues from conventional franchised restaurants include royalties based on a percent of sales in additional to the recognized initial franchise fee amount. Financial Accounting Services Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This new guidance that went into effect January 1, 2019, establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. Topic 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The standard does not change the recognition of vendor rebates or royalties from restaurants operated by franchisees, which are based on a percent of sales and recognized at the time the underlying sales occur. The standard does change the timing in which the Company recognizes initial fees from franchisees for new restaurant openings and new franchise terms. The Company's accounting policy through December 31, 2018, was to recognize initial franchise fees when received, upon a new restaurant opening and at the start of a new franchise term. Beginning in January 2019, initial franchise fees have been to recognize a portion in the current as the Company satisfies the initial performance obligation and then an amount of revenue to be recognized over the franchise term, which is generally 10 years. The Company has not restated any prior financial information as a result of the adoption of Topic 606, reason is the initial franchise fee amount in previous years was only enough to cover current expenses. 2019 Franchises Agreements were modified with an increased amount.

Rebate income is based on vendor rebates. DMG reserves the rights to enter into agreements with vendors, suppliers and distributors, who provide products and services to the Franchisee. The payment of a rebate or other consideration to DMG on account of Franchisees' purchases is recognized when received from the vendor based the period of time the rebate is for.

Deferred Liability

Due to the adoption of Topic 606, the amount of initial franchise not recognized in the current year is reported on the balance sheet as deferred revenue. Revenue will be recognized in equal annual amounts over the remaining years of the franchise agreement.

Income Taxes

The financial statements include only those assets and results of operations which relate to the business of the Company. The financial statements do not include any assets, revenue, or expenses attributable to the shareholders' individual activities.

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for federal and state income tax purposes may differ from net income in these financial statements.

DMG Burney, Inc. is a North Carolina corporation that elected to be treated as an S-corporation for federal and state income tax purposes. Under existing provisions of the Internal Revenue Code, the income or loss of an S-corporation is recognized by the shareholders for income tax purposes. Accordingly, no provision for income tax has been provided for in the accompanying financial statements.

DMG Burney, Inc. elected to pay a newly imposed North Carolina Pass-Through Entity Tax ("PTE Tax") on behalf of the shareholders. This tax is assessed at the individual income tax rate on its taxable income and is applied to reduce each shareholder's proportionate share of federal taxable income reportable on the shareholder's personal income tax return. Accordingly, each shareholder recognizes a federal income tax benefit as if the shareholder's state income tax were fully deductible on the shareholder's personal federal income tax return. Since the income tax benefits associated with the PTE Tax exclusively benefit the shareholders, each shareholder's proportionate share of the tax is recognized as a distribution to that shareholder. Each of the shareholder's distributions include $7,020 representing that shareholder's share of the PTE Tax paid on their behalf for the year ended December 31, 2024.

The Company follows the generally accepted accounting guidance for uncertainty in income taxes, which prescribes when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken on its income tax returns, including the position that the Company continues to qualify to be treated as an S Corporation for both federal and state income tax purposes. This guidance requires management to evaluate the likelihood that, upon examination by relevant taxing authorities, those income tax positions would be sustained.

Based on that evaluation, if it were more than 50% likely that a material amount of income tax would be imposed at the Company level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheet along with any interest and penalties that would result from that assessment. Should any such penalties and interest be incurred, the Company's policy would be to recognize them as operating expenses.

Based on management's evaluation at December 31, 2024 and 2023, the Company had no such liabilities resulting from uncertain tax positions. Years open for examination are December 31, 2022, 2023, and 2024.

Advertising Costs
Advertising costs are expensed as incurred. The company expended $22,015, and $23,111 in advertising cost for the years ended December 31, 2024 and 2023, respectively.

Fair Value of Financial Instruments
The carrying amount of cash approximates fair value due to the short maturity of these financial instruments. The carrying value of short and long-term debt approximates fair value because those financial instruments bear interest at rates that approximate current market rates for loans with similar maturities and credit quality.

NOTE 2: CONCENTRATION OF CREDIT RISK
As of December 31, 2024 and 2023, all of the cash held in the bank was covered by the FDIC.

NOTE 3: ACCOUNTS RECEIVABLE
Accounts receivable are made up of the following:

	2024	2023
Initial Franchise Fees	$ -	$ -
Allowance for Doubtful Accounts	-	-
Net	-	-
Franchise Rebates	35,756	29,971
Royalties	16,630	14,992
Allowance for Doubtful Accounts	-	-
Net	52,386	44,963
Total Accounts Receivable	$ 52,386	$ 44,963

NOTE 4: NOTES PAYABLE

	2024	2023
Notes Payable - Acura loan in the amount of $37,300 is payable beginning August 2024 and payable in 60 monthly payments of $686 including interest of 3.9%. Collateral is vehicle purchased. Final payment expected August 2029.	34,051	-
Notes Payable - Truist loan in the amount of $46,742 is payable beginning January 2021 and payable in 72 monthly payments of $711 including interest of 2.99%. Proceeds were for purchase of vehicle which is listed as collateral. Final payment expected December 2026.	9,656	21,316
	$ 43,707	$ 21,316
Less Current Portion	(16,694)	(7,907)
	27,013	13,409

Maturities of long-term debt are as follows:

Year Ended December 31	Amount
2025	16,694
2026	7,319
2027	7,609
2028	7,912
2029	4,173
Total Notes Payable	$ 43,707

DMG BURNEY, INC

NOTE 5: INITIAL FRANCHISE FEE REVENUE

Deferred revenue represents initial franchise sales for which substantially all services to be provided by the Company have not yet been performed, as described in Note 1. The amounts deferred as of December 31, 2024 and 2023 were $50,000 and $56,000, respectively.

NOTE 6: OPERATING LEASES

The Company rents office space with Burney's Sweets & More, Inc. on a month-to-month basis lease cost share without commitment. Shareholders Michael and Gina Burney are shareholders of both entities. Lease payments are approximately $800/month plus utilities. DMG Burney, Inc. reimburses Burney's Sweets and More, Inc. $500/month. The rent expense for the building was $5,500 for the year ended December 31, 2024.

NOTE 7: SUBSEQUENT EVENTS

The Company evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through April 9, 2025, which is the date the financial statements were available to be issued.

DMG BURNEY, INC.
Elizabethtown, North Carolina
FINANCIAL STATEMENTS
December 31, 2023 and 2022

DMG Burney, Inc.

INDEX

December 31, 2023 and 2022

INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENT	
EXHIBIT A – BALANCE SHEETS	3
EXHIBIT B – STATEMENTS OF RETAINED EARNINGS	4
EXHIBIT C – STATEMENTS OF INCOME	5
EXHIBIT D – STATEMENTS OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7-10

Thompson, Price, Scott, Adams & Co., P.A.
Post Office Box 1690
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Fax (910) 862-8120

R. Bryon Scott, CPA
Gregory S. Adams, CPA
Alan W. Thompson, CPA

Independent Auditors' Report

To the Board of Directors and Shareholders
of DMG Burney, Inc.

We have audited the accompanying financial statements of DMG Burney, Inc. (a North Carolina Corporation) which comprise of the balance sheets as of December 31, 2023 and 2022 and the related statements of income, retained earnings 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 DMG Burney, Inc. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DMG Burney, Inc. 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 fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DMG Burney Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DMG Burney, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Thompson, Price, Scott, Adams & Co., PA
Elizabethtown, North Carolina
April 9, 2024

DMG Burney, Inc.
Elizabethtown, North Carolina
BALANCE SHEETS
As of December 31, 2023 and 2022

EXHIBIT A

SEE INDEPENDENT AUDITORS' REPORT

ASSETS

		2023		2022
Current Assets				
Cash in Bank	$	110,127	$	124,982
Accounts Receivable		44,963		53,506
Total Current Assets		155,090		178,488
Property and Equipment, net of accumulated depreciation		54,948		63,175
TOTAL ASSETS	$	210,038	$	241,663

LIABILITIES AND STOCKHOLDERS' EQUITY

		2023		2022
Current Liabilities				
Accounts Payable - Trade	$	236	$	5,461
Payroll Liabilities		17,682		-
Franchise Fee Refund		15,000		-
Current Portion of Long Term Debt		7,907		14,431
Total Current Liabilities		40,825		19,892
Noncurrent Liabilities				
Deferred Revenue		56,000		41,000
Long Term Debt, net of current portion		13,409		38,572
Total Liabilities		110,234		99,464
Stockholders' Equity				
Capital Stock (100,000 shares authorized at $0 par value, 200 shares issued.)		-		-
Retained Earnings		99,804		142,199
Total Stockholders' Equity		99,804		142,199
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	210,038	$	241,663

See Accompanying Notes to the Financial Statements.

DMG Burney, Inc.
Elizabethtown, North Carolina
STATEMENT OF RETAINED EARNINGS
For The Years Ended December 31, 2023 and 2022

EXHIBIT B

SEE INDEPENDENT AUDITORS' REPORT

	2023	2022
Beginning Balance - Retained Earnings	$ 142,199	$ 106,465
Add - Net Income for Year	160,125	46,497
Less S-Corporation Distributions	(202,520)	(10,763)
Ending Balance - Retained Earnings	$ 99,804	$ 142,199

See Accompanying Notes to the Financial Statements.

DMG Burney, Inc.
Elizabethtown, North Carolina
STATEMENT OF INCOME
For The Years Ended December 31, 2023 and 2022

EXHIBIT C

SEE INDEPENDENT AUDITORS' REPORT

		2023	2022
Income			
Income from Sale of Franchises	$	30,000	18,000
Royalties		174,611	167,167
Rebates Received		126,169	95,658
Total Income		330,780	280,825
Expenses			
Advertising		23,111	13,220
Automobile Expense		3,118	2,950
Bank Fees		286	159
Depreciation		25,096	21,964
Dues and Subscriptions		356	312
Insurance		4,636	3,574
Interest		1,729	3,212
Legal and Professional Fees		25,594	12,130
Office Supplies		119	2,725
Payroll Expenses		60,000	150,434
Rent Expense		6,000	5,700
Repairs and Maintenance		800	828
Tax and License		2,158	5,151
Travel		14,235	9,671
Website		3,417	2,298
Total Expenses		170,655	234,328
Net Income	$	160,125	46,497

See Accompanying Notes to the Financial Statements.

DMG Burney, Inc.
Elizabethtown, North Carolina
STATEMENT OF CASH FLOWS
For The Years Ended December 31, 2023 and 2022

EXHIBIT D

SEE INDEPENDENT AUDITORS' REPORT

	2023	2022
Cash Flows From Operating Activities		
Cash Received From Franchisees and Rebates	$ 354,323	$ 270,986
Cash Paid to Suppliers and Employees	(118,102)	(226,228)
Net Cash Provided (Used) by Operating Activities	236,221	44,758
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(16,870)	(4,061)
Net Cash Provided (Used) by Investing Activities	(16,870)	(4,061)
Cash Flows From Financing Activities		
Repayments of long-term debt	(31,686)	(15,488)
Shareholder Distributions	(202,520)	(10,763)
Net Cash Provided (Used) by Financing Activities	(234,206)	(26,251)
Net Increase (Decrease) in Cash	(14,855)	14,446
Cash at Beginning of Year	124,982	110,536
Cash at End of Year	$ 110,127	$ 124,982

Cash Flows From Operating Activities		
Net Income	$ 160,125	$ 46,497
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	25,096	21,964
(Increase)/Decrease In:		
Accounts Receivable	8,543	(11,839)
Increase/(Decrease) In:		
Current Liabilities	27,457	(13,864)
Change in Deferred Revenue	15,000	2,000
Total Adjustments	76,096	(1,739)
Net Cash Provided (Used) by Operating Activities	$ 236,221	$ 44,758

See Accompanying Notes to the Financial Statements.

DMG BURNEY, INC.
Elizabethtown, North Carolina
Notes to the Financial Statements
December 31, 2023 and 2022

SEE INDEPENDENT AUDITOR'S REPORT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of DMG Burney, Inc. (DMG) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity.

Business Activities

DMG Burney, Inc., created under the laws of the State of North Carolina on August 13, 2014 and is located in Elizabethtown, North Carolina, operates as a franchisor of croissants, homemade desserts, and menu items prepared in accordance with secret and protected recipes and systems developed by DMG.

Basis of Accounting

The financial statements of the Company have been prepared in accordance accounting principles generally accepted in the United States. Which are prepared on an accrual basis of accounting, which recognized all revenue as income when earned and operating expenses as deductions from income when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

For the purpose of these financial statements, cash and cash equivalents includes cash in checking, on hand and in certificates of deposit.

Allowance for Doubtful Accounts

Accounts receivable are recorded at the amount the Company expects to collect on balances out-standing at year end. An allowance for doubtful accounts is recorded based on a combination of write-off history or any known troubled accounts. Accounts are monitored closely and delinquencies are determined based on payment history. Accounts are written off when they are determined to be uncollectible. Accounts receivable has not been reduced by an allowance at this time, all are deemed collectible by management.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the following useful lives:

Furniture and Equipment	5-10 years
Vehicles	5 years

Repair and maintenance costs are expenses as incurred. When property and equipment are retired or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective year. Depreciation expense was $25,096, and $21,964 for the year ended December 31, 2023 and 2022, respectively.

Revenue and Cost Recognition

The Company's revenues consist of fees from franchised restaurants operated by conventional franchisees. Revenues from conventional franchised restaurants include royalties based on a percent of sales in additional to the recognized initial franchise fee amount. Financial Accounting Services Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This new guidance that went into effect January 1, 2019, establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. Topic 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The standard does not change the recognition of vendor rebates or royalties from restaurants operated by franchisees, which are based on a percent of sales and recognized at the time the underlying sales occur. The standard does change the timing in which the Company recognizes initial fees from franchisees for new restaurant openings and new franchise terms. The Company's accounting policy through December 31, 2018, was to recognize initial franchise fees when received, upon a new restaurant opening and at the start of a new franchise term. Beginning in January 2019, initial franchise fees have been to recognize a portion in the current as the Company satisfies the initial performance obligation and then an amount of revenue to be recognized over the franchise term, which is generally 10 years. The Company has not restated any prior financial information as a result of the adoption of Topic 606, reason is the initial franchise fee amount in previous years was only enough to cover current expenses. 2019 Franchises Agreements were modified with an increased amount.

Rebate income is based on vendor rebates. DMG reserves the rights to enter into agreements with vendors, suppliers and distributors, who provide products and services to the Franchisee. The payment of a rebate or other consideration to DMG on account of Franchisees' purchases is recognized when received from the vendor based the period of time the rebate is for.

Deferred Liability

Due to the adoption of Topic 606, the amount of initial franchise not recognized in the current year is reported on the balance sheet as deferred revenue. Revenue will be recognized in equal annual amounts over the remaining years of the franchise agreement.

Income Taxes

The financial statements include only those assets and results of operations which relate to the business of the Company. The financial statements do not include any assets, revenue, or expenses attributable to the shareholders' individual activities.

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for federal and state income tax purposes may differ from net income in these financial statements.

DMG Burney, Inc. is a North Carolina corporation that elected to be treated as an S-corporation for federal and state income tax purposes. Under existing provisions of the Internal Revenue Code, the income or loss of an S-corporation is recognized by the shareholders for income tax purposes. Accordingly, no provision for income tax has been provided for in the accompanying financial statements.

DMG Burney, Inc. elected to pay a newly imposed North Carolina Pass-Through Entity Tax ("PTE Tax") on behalf of the shareholders. This tax is assessed at the individual income tax rate on its taxable income and is applied to reduce each shareholder's proportionate share of federal taxable income reportable on the shareholder's personal income tax return. Accordingly, each shareholder recognizes a federal income tax benefit as if the shareholder's state income tax were fully deductible on the shareholder's personal federal income tax return. Since the income tax benefits associated with the PTE Tax exclusively benefit the shareholders, each shareholder's proportionate share of the tax is recognized as a distribution to that shareholder. Each of the shareholder's distributions include $6,260 representing that shareholder's share of the PTE Tax paid on their behalf for the year ended December 31, 2023.

The Company follows the generally accepted accounting guidance for uncertainty in income taxes, which prescribes when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken on its income tax returns, including the position that the Company continues to qualify to be treated as an S Corporation for both federal and state income tax purposes. This guidance requires management to evaluate the likelihood that, upon examination by relevant taxing authorities, those income tax positions would be sustained.

Based on that evaluation, if it were more than 50% likely that a material amount of income tax would be imposed at the Company level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheet along with any interest and penalties that would result from that assessment. Should any such penalties and interest be incurred, the Company's policy would be to recognize them as operating expenses.

Based on management's evaluation at December 31, 2023 and 2022, the Company had no such liabilities resulting from uncertain tax positions. Years open for examination are December 31, 2021, 2022, and 2023.

Advertising Costs
Advertising costs are expensed as incurred. The company expended $23,111, and $13,220 in advertising cost for the years ended December 31, 2023 and 2022, respectively.

Fair Value of Financial Instruments
The carrying amount of cash approximates fair value due to the short maturity of these financial instruments. The carrying value of short and long-term debt approximates fair value because those financial instruments bear interest at rates that approximate current market rates for loans with similar maturities and credit quality.

NOTE 2: CONCENTRATION OF CREDIT RISK
As of December 31, 2023 and 2022, all of the cash held in the bank was covered by the FDIC.

NOTE 3: ACCOUNTS RECEIVABLE
Accounts receivable are made up of the following:

	2023	2022
Initial Franchise Fees	$ -	$ -
Allowance for Doubtful Accounts	-	-
Net	-	-
Franchise Rebates	29,971	26,851
Royalties	14,992	26,655
Allowance for Doubtful Accounts	-	-
Net	44,963	53,506
Total Accounts Receivable	$ 44,963	$ 53,506

NOTE 4: NOTES PAYABLE

	2023	2022
Notes Payable - Truist loan in the amount of $34,175 is payable beginning June 2021 and payable in 60 monthly payments of $612 including interest of 2.8%. Proceeds were for the refinancing of vehicle which is listed as collateral. Loan was paid off early.	-	21,513
Notes Payable - Truist loan in the amount of $46,742 is payable beginning January 2021 and payable in 72 monthly payments of $711 including interest of 2.99%. Proceeds were for purchase of vehicle which is listed as collateral. Final payment expected December 2026.	21,316	31,490
	$ 21,316	$ 53,003
Less Current Portion	(7,907)	(14,431)
	13,409	38,572

Maturities of long-term debt are as follows:

Year Ended December 31	Amount
2024	7,907
2025	8,145
2026	5,264
Total Notes Payable	$ 21,316

DMG BURNEY, INC

NOTE 5: INITIAL FRANCHISE FEE REVENUE

Deferred revenue represents initial franchise sales for which substantially all services to be provided by the Company have not yet been performed, as described in Note 1. The amounts deferred as of December 31, 2023 and 2022 were $56,000 and $41,000, respectively.

NOTE 6: OPERATING LEASES

The Company rents office space with Burney's Sweets & More, Inc. on a month-to-month basis lease cost share without commitment. Shareholders Michael and Gina Burney are shareholders of both entities. Lease payments are approximately $800/month plus utilities. DMG Burney, Inc. reimburses Burney's Sweets and More, Inc. $500/month. The rent expense for the building was $6,000 for the year ended December 31, 2023.

NOTE 7: SUBSEQUENT EVENTS

The Company evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through April 9, 2024, which is the date the financial statements were available to be issued.

EXHIBIT D

STATE SPECIFIC INFORMATION

RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for DMG BURNEY INC. for use in the Commonwealth of Virginia shall be amended as follows:

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

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

The following statement is added to the Franchise Agreement:

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

EXHIBIT E

STATE AND FEDERAL REGULATORY AUTHORITIES

FEDERAL TRADE COMMISSION

Franchise Rule Coordinator
Federal Trade Commission Division of Marketing Practices
Pennsylvania Avenue at Sixth Street, N.W., Room 238
Washington, D.C. 20580
Telephone: (202) 326-2970

STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

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

CALIFORNIA:
Commissioner of Financial Protection & Innovation
Dept. of Financial Protection and Innovation
320 West 4th St., Ste. 750
Los Angeles, California 90013
Telephone: (213) 576-7500 or
Toll Free Telephone: (866) 275-2677

HAWAII:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
Telephone: (808) 586-2722

ILLINOIS (Registered Agent):
F. Chet Taylor, Director of Securities
Office of the Secretary of State
Securities Department
69 West Washington Street, Suite 1220
Chicago, IL 60602
Telephone: (312) 793-3884

ILLINOIS (Regulatory Authority):
Kwame Raoul
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
Telephone: (217) 782-4465

INDIANA:
Marie Castetter, Securities Commissioner
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, IN 46204
Telephone: (317) 232-6681

MARYLAND (Registered Agent):
Maryland Securities Commissioner
200 St. Paul Place,
Baltimore, Maryland 21202-2020
Telephone: (410) 576-6360

MARYLAND (Regulatory Authority):
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
Telephone: (410) 576-6360

MICHIGAN (Regulatory Authority):
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-1152

MICHIGAN (Registered Agent):
Linda Cena, Securities Director
Office of Financial & Insurance Regulation
525 West Allegan
1st Floor Constitution Hall
Lansing, MI 48909
Telephone: (517) 241-6345

MINNESOTA (Regulatory Authority):
Minnesota Dept. of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
Saint Paul, MN 55101-2198
Telephone: (651) 539-1500

MINNESOTA (Agent for Service of Process):
Commissioner of Commerce
85 7th Place East, Suite 280
Saint Paul, MN 55101-2198
Telephone: (651) 539-1500

NEW YORK (Administrator/Regulatory Authority)
NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st FL
New York, NY 10005
Telephone: (212) 416-8222

NEW YORK (Agent for Service of Process)
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA:
North Dakota Securities Department
Fifth Floor State Capitol, Dept. 414
600 East Boulevard
Bismarck, ND 58505-0510
Telephone: (701) 328-2910

RHODE ISLAND:
Division of Securities
1511 Pontiac Ave
John O. Pastore Complex- Bld 69-1
Cranston, RI 02920
Telephone: (401) 462-9500

SOUTH DAKOTA:
Division of Insurance
Securities Regulation
124 S. Euclid, Ste. 104
Pierre, SD 57501
Telephone: (605) 773-3563

VIRGINIA (Registered Agent):
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
Telephone: (804) 371-9733

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

WASHINGTON:
Address for Service of Process:
Department of Financial Institutions
Securities Division
150 Israel Road, SW
Tumwater, WA 98501
Telephone: (360) 902-8760

Mailing Address:
Department of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98504-1200

WISCONSIN:
Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701
Telephone: (608) 266-3364

EXHIBIT F

SAMPLE
FULL AND FINAL RELEASE*

***Current Form; Subject to Change**

FOR AND IN CONSIDERATION of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, Franchisee agrees as follows:

1. The Franchisee; Owners; guarantors of the Franchisee; for themselves and on behalf of their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns (collectively, the "Franchisee Parties") do hereby release and forever discharge Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, the "Franchisor Parties") from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, including, without limitation: (a) arising out of or related to the Franchisor Parties' obligations under the franchise agreement or (b) otherwise arising from or related to the Franchisee Parties' relationship, from the beginning of time to the date of Franchisee's signature below, with any of the Franchisor Parties.

2. Franchisee, on Franchisee's own behalf and on behalf of the other Franchisee Parties, further covenant not to sue any of the Franchisor Parties on any of the claims released by the preceding paragraph and represent that Franchisee has not assigned any such claims released by the preceding paragraph to any individual or entity who is not bound by this Release. It is understood and agreed that this Release is not to be construed as an admission of liability with respect to the Franchisor Parties.

3. The parties acknowledge that no other party, or agent, or attorney of any other party, has made any promise, or representation or warranty to induce this Release, not herein expressly set forth, and no such promises, representations or warranties are relied upon as a consideration for this Release, or otherwise, but any and all of the parties' respective claims, of whatever nature are hereby fully and forever released, compromised and settled. Full and complete compromise, settlement, and accord and satisfaction are hereby acknowledged, and it is expressly agreed by the undersigned parties never to sue any of the other parties hereby released on any alleged promise, representation or warranty for this Release not herein expressly set forth.

4. This Agreement contains the entire agreement and understanding between the parties as to the matters specified herein and supersedes and replaces all agreements on this subject matter, whether written or oral. The terms contained herein may not be modified or amended except in writing signed by the parties. The terms of this Release are contractual and not a mere recital.

5. The undersigned further state that they have carefully read the foregoing instrument; that they know the contents thereof; that they understand and agree to each and every term and condition contained herein; that they signed the same as their own free act and deed; and that they have not assigned any rights released hereunder to any person or organization, private or governmental.

6. Franchisee hereby covenants and agrees that it and Franchisee Parties shall not make, at any time or place, any disparaging remarks, verbally or in writing, concerning any of the Franchisor Parties' actions or perceived omissions, regarding any matter connected with this Release Agreement or otherwise take any action that would disparage or cast doubt upon the business acumen or judgment of any other party. Franchisee understands and acknowledges that each Franchisor Parties' business and reputation are of special, unique, and extraordinary character, which gives them a particular value, the loss of which cannot reasonably be compensated in damages in an action at law. Accordingly, Franchisee further agrees that in addition to any other rights or remedies that it may possess at law, Franchisor and Franchisor Parties shall be entitled to injunctive and other equitable relief in order to prevent or remedy a breach of the provisions of this Agreement by Franchisee or Franchisee Parties.

7. The terms of this Release arose from discussions between the parties. Accordingly, no claimed ambiguity in this Release shall be construed against any party claimed to have drafted or proposed the language in question.

8. This Release shall be governed by and construed pursuant to the laws of the State of North Carolina.

9. This Release may be executed in two copies, each of which shall be deemed an original.

IF THE FRANCHISED BUSINESS FRANCHISEE OPERATES UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF FRANCHISEE IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY FRANCHISEE OR THE FRANCHISEE PARTIES. FRANCHISEE RECOGNIZES THAT FRANCHISEE OR THE FRANCHISEE PARTIES MAY HAVE SOME CLAIM, DEMAND OR CAUSE OF ACTION AGAINST FRANCHISOR PARTIES OF WHICH FRANCHISEE, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH FRANCHISEE, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE FRANCHISEE, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT FRANCHISEE, HIM, HER, OR IT FROM ASSERTING IT AGAINST FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF

OF THE FRANCHISEE PARTIES, EXPRESSLY WAIVES ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR."

FRANCHISEE ACKNOWLEDGES AND REPRESENTS THAT FRANCHISEE HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT FRANCHISEE UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Franchised Business is located in Maryland or if Franchisee is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

All releases given by the Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Releasing Parties, in the Releasing Parties independent judgment, believe necessary or appropriate.

FRANCHISEE:	FRANCHISOR:
______________________________	DMG BURNEY, INC.
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________
Date: _____________________________	Date: _____________________________

EXHIBIT G

ACH/EFT TRANSFER AGREEMENT

AUTHORIZATION TO HONOR CHECKS AND DEBITS BY AND PAYABLE TO THE FOLLOWING PAYEE(S):

The undersigned depositor (“Franchisee” or “Payor”) hereby authorizes DMG BURNEY, INC. (“Franchisor” or “Payee”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the bank designated below (“Bank”) to debit or credit such account(s) pursuant to Franchisor’s instructions.

Name of Person or Legal Entity of Franchisee: ______________________________
Bank: ______________________________
Branch: ______________________________
City: ______________________________ State: ____________ Zip Code: ____________
Bank Transit/ABA Number: ______________________________
Account Number: ______________________________

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

FRANCHISEE/PAYOR: ______________________________

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

INDEMNIFICATION AGREEMENT

To the above named Payee and the Bank designated:

The Payor agrees with respect to any action taken pursuant above authorization:

1. To indemnify the Bank and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Bank in the regular course of business for the purpose of payment, including any costs or expenses reasonably in collection therewith.

2. To indemnify Payee and the Bank for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

3. To defend at Payor’s cost and expense any action which might be brought by any depositor or any other persons because of any actions taken by the Bank of Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Bank’s or Payee’s participation therein.

BE SURE THAT ALL INFORMATION ASKED FOR IS PROVIDED

EXHIBIT H

FIRST ADDENDUM TO FRANCHISE AGREEMENT*
(to be signed by a renewing franchisee concurrently with the Franchise Agreement)

***Current Form; Subject to Change**

THIS FIRST ADDENDUM ("Addendum") to the Franchise Agreement dated as of the Effective Date ("Agreement") between DMG BURNEY, INC. ("Franchisor") and ______________________________ ("Franchisee") is made as of the same date to amend and supplement certain terms and conditions of the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Agreement.

1. **Franchised Location.** Franchisor has previously accepted the Franchised Location as required pursuant to the Franchise Agreement. The Franchised Location is: _________________.

2. **Lease Approval.** Franchisor has previously approved the lease for the Franchised Location as required pursuant to the Franchise Agreement and therefore waives the requirement for lease review and approval (and the associated lease review fee); provided, however, that if Franchisee enters into a new lease for the Franchised Location during the term of the Agreement, all lease review and approval requirements shall remain applicable.

3. **Commencement of Operations.** Franchisor and Franchisee acknowledge that the Franchised Location has commenced operations as required pursuant to the Franchise Agreement.

4. **Franchisor's Development Assistance.** Franchisee acknowledges and agrees that Franchisor has complied with its obligations under the Agreement (or Franchisee waives, as the case may be, Franchisor's obligation) to (1) assist Franchisee in choosing the Franchised Location and determining fulfillment of the requisite criteria for the Franchised Location, such determination based on information provided by Franchisee (including those obligations set forth in the Franchise Agreement; and (2) to provide opening support services listed in the Franchise Agreement.

5. **Grand Opening.** The Section of the Franchise Agreement pertaining to a Grand Opening is deleted.

6. **Remodeling.** Franchisee will complete the remodeling and renovations of the Shop, at Franchisee's expense, listed on Exhibit 1 to this addendum no later than 60 days following the Effective Date of the Agreement or at such different time as set forth in Exhibit 1.

7. **Release.** Franchisee; Owners; guarantors of the Franchisee; for themselves and on behalf of their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns, hereby fully and forever unconditionally release and discharge the Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, "Released Parties") from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever, in law or in equity, whether known or unknown, which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with the Released Parties, however characterized or described, from the beginning of time until the date of this Addendum.

8. Non-Disparagement. Franchisee agrees not to, and to use its best efforts to cause its current and former shareholders, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or Franchisor Affiliates or their respective current and former agents, principals, officers, directors, shareholders, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the BURNEY'S SWEETS & MORE brand, the BURNEY'S SWEETS & MORE system, or any other service-marked or trademarked concept of Franchisor, or which would subject the BURNEY'S SWEETS & MORE brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed on the date first set forth above.

FRANCHISEE:	**FRANCHISOR**:
______________________________	DMG BURNEY, INC.
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

Exhibit 1

Remodeling

EXHIBIT I

AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

***Current Form; Subject to Change**

THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER ("Agreement") is made among **DMG BURNEY, INC.** ("Franchisor"), ________________________ ("Seller"), and ___________________________ ("Buyer"), and, if any, the undersigned Guarantors, effective as of the Effective Date.

RECITALS

A. Seller is the franchisee pursuant to that certain franchise agreement between Franchisor and Seller, as franchisee, dated **[date of seller franchise agreement]** (the "Seller Franchise Agreement"), governing the operation of the ___________________________________ business located at ___________________________, Shop #_______ ("Franchised Location");

B. Buyer is the franchisee under that certain franchise agreement between Franchisor and Buyer, as franchisee, dated ___________________________, Shop #_______ (as amended, the "Buyer Franchise Agreement");

C. Seller has notified Franchisor that it and Buyer have entered into an Asset Purchase Agreement, dated ___________________________ (the "Purchase Agreement"), pursuant to which Seller has agreed to sell and Buyer has agreed to purchase all of the rights, obligations and assets relating to the Franchised Location (the "Interests") and, further, that Buyer has agreed to assume the lease obligations with regard to the Franchised Location (collectively, the "Transfer"); and

D. Seller and the guarantors of the obligations of Seller (the "Seller Guarantors") have requested that Franchisor consent to the Transfer and release Seller and the Seller Guarantors from all obligations under the Franchise Agreement and guaranty, respectively; and

E. The parties desire to set forth the terms and conditions under which Franchisor will consent to the Transfer and release.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals, which are incorporated herein, the mutual covenants expressed herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Effective Date. The Effective Date will be the date on which Franchisor signs this Agreement acknowledging its consent to the proposed Transfer.

2. Proposed Transfer. Buyer is purchasing the Interests from Seller in accordance with the terms and conditions of the "Purchase Agreement," a copy of which has been provided to Franchisor by Seller and Buyer. Seller and Buyer represent and warrant that the form of Purchase

Agreement provided to Franchisor is the final version of the agreement and is the version which has been or will be executed by them to effectuate the Transfer.

3. **Conditional Consent; Release of Guaranty**. The Seller Franchise Agreement provides that the Transfer cannot take place without the consent of Franchisor. Franchisor will consent to the Transfer, as provided in the Seller Franchise Agreement, and will release (a) Seller from any obligations arising under the Seller Franchise Agreement and (b) Seller Guarantors under any guaranty agreement (in each case except as described below) from and after the Effective Date; provided, however, such consent and release are expressly contingent upon compliance with the following terms and conditions on or before the date of the closing of the Transfer ("Closing"):

a. **Franchise Agreement.** The Seller Franchise Agreement will terminate as of the Closing, and the operation of the Franchised Location will thereafter be governed by the Buyer Franchise Agreement;

b. **Payment of Amounts Due.** Seller will pay all amounts due and owing to Franchisor through the date of Closing; including but not limited to past due royalty and advertising fees in the amount of $_________________;

c. **Transfer Fee.** Seller shall pay a transfer fee of $_________________ as provided in the Seller Franchise Agreement;

d. **Financial Statements.** Seller will provide Franchisor with all required monthly financial statements for the Franchised Location through the date of Closing;

e. **Training.** Buyer or Buyer's designated representative(s) shall have satisfactorily completed the initial training program as described in the Buyer Franchise Agreement prior to the Closing;

f. **Right to Possession.** Buyer will provide satisfactory evidence to Franchisor that Buyer has the right to possession of the premises for the Franchised Location by way of lease assignment (with **all** required landlord consents) or otherwise;

g. **Site Selection Assistance.** Buyer acknowledges and agrees that Franchisor has satisfied any and all obligations under the Buyer Franchise Agreement with respect to site selection and development assistance;

h. **Remodeling.** Seller and Buyer shall ensure that all of the items reflected on the Pre-Sale Inspection which is attached hereto have been completed;

i. **Purchase Agreement.** The Purchase Agreement will not be amended and the terms of the transaction thereunder will not be changed except with the prior written consent of Franchisor;

j. **Buyer Loans.** Buyer shall provide Franchisor with copies of all loan documents or loan commitments evidencing all debt taken on by Buyer in connection with the purchase of the Franchised Location; and

k. **Franchised Location Possession.** Prior to Closing and changing possession of the Franchised Location, Seller and Buyer shall obtain the written consent of Franchisor to change possession.

4. **Waiver of Right of First Refusal.** Franchisor hereby waives any right of first refusal to purchase the Interests as it may have pursuant to the Seller Franchise Agreement.

5. **Release of Franchisor.** Seller, the Seller Guarantors and Buyer, and each of them, for themselves and their affiliates, employees, officers, directors, successors, assigns, and other representatives, hereby fully and forever unconditionally release and discharge Franchisor, and its affiliates, parents, subsidiaries, area directors and agents and their respective employees, shareholders, members, officers, directors, successors, assigns, guarantors and other representatives (the "Released Parties"), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown to them, which they may have against the Released Parties as of the date of this Agreement, or which may thereafter be discovered, accrued, or sustained, in connection with, as a result of, or in any way arising from, any relations or transactions with the Released Parties, however characterized or described, including but not limited to, any claims arising from the Seller Franchise Agreement, the Buyer Franchise Agreement or the Purchase Agreement or the transactions described herein.

If the Franchised Location is located in California or if either Buyer or Seller is a resident of California, the following shall apply:

Section 1542 Acknowledgment. It is the intention of Seller and Buyer in executing this Agreement that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand or cause of action released by Seller and/or Buyer. Each of Seller and Buyer recognizes that he, she or it may have some claim, demand or cause of action against the Release Parties of which he, she, or it is totally unaware and unsuspecting, which he, she or it is giving up by executing this Agreement. It is the intention of each of Seller and Buyer in executing this instrument that it will deprive him, her or it of such claim, demand or cause of action and prevent him, her or it from asserting it against the Released Parties. In furtherance of this intention, Seller and Buyer expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Each of Seller and Buyer acknowledges and represents that he, she, or it has consulted with legal counsel before executing this Agreement and that he, she, or it understands its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands and causes of action.

6. **<u>Termination of Seller Franchise Agreement and Guaranties</u>**. Franchisor and Seller acknowledge and agree that, as of the date of Closing, upon the Transfer and upon compliance with the conditions set forth in Section 3 above, the Seller Franchise Agreement and the guaranties (if any) will automatically terminate and neither Seller nor Seller Guarantors shall have any further rights or obligations thereunder except that neither Seller nor any Seller Guarantor shall be released from:

a. any obligations to pay money to Franchisor owed under either the Seller Franchise Agreement or the guaranty prior to Closing; or

b. the provisions of the Seller Franchise Agreement that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including without limitation the post-termination restrictive covenants, audit rights, dispute resolution and notice, and confidentiality provisions of the Seller Franchise Agreement).

7. **<u>Acknowledgment</u>.** Buyer and Seller acknowledge that although Franchisor or its affiliates, employees, officers, directors, successors, assigns, and other representatives may have been involved in Buyer's purchase of the Interests from Seller, Buyer and Seller have assumed sole and full responsibility for making the final decision to purchase and sell the Interests and each has consulted, or has had the opportunity to consult but, of its own accord, elected not to consult, with its own legal and financial advisors. Buyer further understands that as part of analyzing the purchase of the Interests from Seller, it is Buyer's responsibility to meet with or otherwise gather necessary information from the appropriate parties which may or may not affect Buyer's purchase of the Interests from Seller.

8. **<u>Additional Documents</u>.** Buyer and Seller agree to execute such additional documents as may be necessary to complete the Transfer as contemplated by the Purchase Agreement, the Seller Franchise Agreement and the Buyer Franchise Agreement.

9. **<u>Miscellaneous Provisions</u>.** This Agreement will be construed and enforced in accordance with, and governed by, the laws of the state of North Carolina. This Agreement may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. The headings of this Agreement are for convenience and reference only and will not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts and sent via facsimile, each of which will be deemed an original but all of which taken together will constitute one and the same instrument. All capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the applicable franchise agreement.

10. **<u>Non-Disparagement</u>.** In consideration of the accommodations provided to Seller, the Seller Guarantors and Buyer and concessions made by Franchisor and its affiliates under this Agreement, Seller, the Seller Guarantors and Buyer agree not to, and to use their best efforts to cause their current and former shareholders, officers, directors principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Released Parties or their respective current and former agents, principals, officers, directors, shareholders, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the BURNEY'S SWEETS & MORE brand, the BURNEY'S SWEETS & MORE system, or any other service-marked or trademarked concept of Franchisor, or which would subject the BURNEY'S SWEETS & MORE brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

THUS signed by the parties shown below and made effective as of the Effective Date.

SELLER(S): If Seller is a legal entity, name of entity:_____________________________

SELLER GUARANTORS:

_________________________	_________________________
Print Name: _________________________	Print Name: _________________________
_________________________	_________________________
Print Name: _________________________	Print Name: _________________________

BUYER:______________________________

By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

FRANCHISOR:

DMG BURNEY, INC.

By: ________________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

PRE-SALE INSPECTION

EXHIBIT J

ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (“Addendum”) is made and entered into on ______, 20___, by and between ______________________ (“Franchisor”), located at ______________________, and ______________________ (“Franchisee”), located at ______________________.

Franchisor and Franchisee entered into a Franchise Agreement on ________, 20____, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for a loan (“Loan”) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee’s employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

FRANCHISOR:		**FRANCHISEE:**	
By:	______________________	By:	______________________
Name:	______________________	Name:	______________________
Title:	______________________	Title:	______________________
Date:	______________________	Date:	______________________

Note to Parties: This Addendum only addresses "affiliation" between Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

EXHIBIT K

FORM OF FRANCHISE COMPLIANCE CERTIFICATION

[NOT FOR USE WITH [REGISTRATION STATE] FRANCHISEES]

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Disclosure Document ("FDD"), Franchise Agreement and each Addendum (if any), and related agreement (i.e., personal guaranty) attached to them?

   Yes or No? ____

2. Did you receive the Franchise Agreement and each related agreement, Addendum, or Amendment (if any), containing all material terms, at least 7 days before signing any binding agreement with us or an affiliate?*

   Yes or No? ____

   * This does not include changes to any agreement mutually agreed upon.

3. Did you receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, and before paying any funds to us or an affiliate?

   Yes or No? ____

4. Do you understand all of the information contained in the FDD, Franchise Agreement and each Addendum (if any), and related agreement provided to you?

   Yes or No? ____

   If No, what parts of the FDD, Franchise Agreement, Addendum (if any), and/or related agreements do you not understand?

   ____
   ____
   ____
   ____

5. Did you sign a receipt for the FDD indicating the date you received it?

   Yes or No? ____

6. Have you discussed the benefits and risks of purchasing a Burney's Sweets & More franchise with an attorney, accountant or other professional advisor?

   Yes or No? ____

If No, do you wish to have more time to do so?

Yes or No? ____

7. Do you understand that the success or failure of your Burney's Sweets & More franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes or No? ____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a Burney's Sweets & More franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? ____

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Burney's Sweets & More franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? ____

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Burney's Sweets & More franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? ____

11. If you have answered "Yes" to any one of questions 8-10, please provide a full explanation of each "Yes" answer in the following blank lines.

____
____
____
____

12. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the Burney's Sweets & More franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?

Yes or No? ____

Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

13. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Franchise Agreement, Addendum (if any) and related agreements can be relied upon?

Yes or No? ____

14. Do you understand that you are required to attend your initial training at the Burney's Sweets & More location in Elizabethtown, NC and that additional training at your location will only be provided with our approval?

Yes or No? ____

15. Do you understand that you must request and obtain our prior written approval before opening your franchised business?

Yes or No? ____

16. Do you understand that you are required to acquire and maintain certain types and levels of insurance in relation to the franchise and that all such insurance policies must name us as an additional insured party?

Yes or No? ____

17. Do you understand that you may be required, in our sole discretion, to make certain purchases from us, our affiliates, or certain approved suppliers and that you must maintain in good standing all customer accounts related to such purchases?

Yes or No? ____

18. Do you understand that you are required to sign an Electronic Funds Transfer Agreement concurrently with the execution of any Franchise Agreement authorizing us to automatically draft certain fees including the monthly Royalty and Brand Fund Fee from your account?

Yes or No? ____

19. Do you understand that you are required to pay your monthly Royalty and Brand Fund Fee by Electronic Funds Transfer by the 15th of each month?

Yes or No? ____

20. Do you understand that you are required to submit monthly financial statements, including a balance sheet and income statement prepared on a monthly basis, Gross Sales reports and performance reports by the 14th day of each month?

Yes or No? ____

21. Do you understand that you must request and obtain our prior written permission before offering any wholesale, delivery, or bulk-order sales not otherwise authorized in the Brand Standards Manual or Franchise Agreement?

Yes or No? ______________________________________

22. You signed the Franchise Agreement, and Addendum (if any) and related agreements on ____________________, and acknowledge that no agreement or addendum is effective until signed and dated by us.

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

The individuals signing below for the "**Franchisee Applicant**" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee Applicant, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISE APPLICANT:

Signature:____________________________
Name: ______________________________
Date: ______________________________

Signature:____________________________
Name: ______________________________
Date: ______________________________

Signature:____________________________
Name: ______________________________
Date: ______________________________

State Effective Dates

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

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

State	Effective Date
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Pending
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

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

EXHIBIT L
RECEIPT

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

If DMG BURNEY, INC. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to us 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. Iowa requires you to you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 14 calendar 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 Franchise Disclosure Document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If DMG BURNEY, 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 the appropriate state agency listed on Exhibit E.

The name, principal business address and telephone number of the franchisor is: DMG BURNEY, INC., 1107-C West Broad St., Elizabethtown, NC 28337, 910-874-0874.

DMG BURNEY, INC., authorizes the state agencies identified on Exhibit E as our registered agent authorized to receive service of process. DMG BURNEY, INC.'s registered agent in the state of North Carolina is Michael L. Burney.

Issuance Date: April 29, 2025

The name, principal business address and telephone number of each franchise seller offering the franchise is:

☐	☐	☐	☐
Michael Burney DMG BURNEY, INC. 1107-C West Broad St. Elizabethtown, NC 28337 910-874-0874	Gina Burney DMG BURNEY, INC. 1107-C West Broad St. Elizabethtown, NC 28337 910-874-0874	Chelsea Burney DMG BURNEY, INC. 1107-C West Broad St. Elizabethtown, NC 28337 910-874-0874	

I have received a disclosure document dated April 30, 2025, that included the following: Exhibit A – BURNEY'S SWEETS & MORE Franchise Agreement, with Attachment 1 (Franchise Rider), Attachment 2 (Lease Rider), Attachment 3 (Internet, Social Media, and Telephone Assignment), Attachment 4 (Guaranty), Attachment 5(a) (Noncompetition Agreement), and Attachment 5(b) (Nondisclosure and Non-Solicitation Agreement), Exhibit B-1 – Shop Directory/Listing of Current Franchisees, Exhibit B-2 – Listing of Certain Past Franchisees Exhibit C – Financial Statements, Exhibit D – State Specific Information, Exhibit E – Federal and State Regulators and Agents for Service of Process, Exhibit F –Sample General Release Agreement, Exhibit G – ACH/EFT Transfer Agreement, Exhibit H – First Addendum to Renewal Franchise Agreement, Exhibit I – Agreement and Conditional Consent to Transfer, Exhibit J – Small Business Administration Addendum, Exhibit K – Form of Franchise Compliance Certification, Exhibit L – Receipt

______________________________ Date

______________________________ Prospective Franchisee

Individually and as an officer, partner, member or manager of ______________________________, a ___________________ organized under the laws of _________________________.

You may return one copy of this receipt either by signing, dating and mailing it to DMG BURNEY, INC., Franchise Administration, at DMG BURNEY, INC., 1107-C West Broad St., Elizabethtown, NC 28337, 910-874-0874.

RETAIN THIS COPY FOR YOUR RECORDS

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