FRANCHISE DISCLOSURE DOCUMENT

FAMOUS DAVE'S OF AMERICA, INC.
12701 Whitewater Drive, Suite 100
Minnetonka, Minnesota 55343-4164
952-294-1300
www.famousdaves.com

Famous Dave's of America, Inc. franchises authentic, down-home barbecue restaurants featuring genuine smoked barbecue. Famous Dave's® Restaurants operate under the name Famous Dave's®. Famous Dave's® Restaurants serve combinations of hickory-smoked spareribs, baby back ribs, beef brisket, herb-roasted chicken, barbecue sandwiches, char-grilled burgers, cornbread, potato salad, coleslaw, Wilbur™ beans, desserts, specialty cocktails, and other food and beverage items.

The total investment necessary to open a Famous Dave's® Restaurant ranges from $461,750 to $2,920,750 if you lease the premises for a Famous Dave's® Restaurant, and from $861,750 to $4,495,750 if you purchase the land and building for a Famous Dave's® Restaurant. This includes $95,750 to $145,750 that must be paid to the franchisor. The total investment necessary to open a add-on ghost kitchen or cloud kitchen Famous Dave's® Restaurant ranges from $80,500 to $585,000 if you lease the premises for a Famous Dave's® Restaurant, and from $70,500 to $2,145,000 if you purchase the land and building for an add-on ghost kitchen Famous Dave's® Restaurant. This includes $60,000 to $115,000 that must be paid to the franchisor. If you sign an Area Development Agreement, the Development Fee paid to the franchisor is determined by the number of Famous Dave's® Restaurants that you agree to develop. We do not require a commitment of a minimum number of Restaurants to enter into an Area Development Agreement, and there is not currently a maximum number of Restaurants that we would permit a qualified area developer to develop under an Area Development Agreement.

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, Famous Dave's or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Michael Medved, our SVP, Corporate Counsel, 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164; telephone number 952-294-1300.

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

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

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

Issuance Date: May 16, 2022.

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 E-1.
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 B 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 Famous Dave's® 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 Famous Dave's® franchisee?	Item 20 or Exhibit E-1 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 A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Minnesota. 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 Minnesota 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.

NOTICE REQUIRED
BY
STATE OF MICHIGAN

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

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

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

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful 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 Michigan Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Section, 525 W. Ottawa Street, Williams Building, 1st Floor, Lansing, MI 48933; (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

FAMOUS DAVE'S OF AMERICA, INC.

FRANCHISE DISCLOSURE DOCUMENT

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1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

Famous Dave's of America, Inc., the Franchisor who does business under this name, is referred to as "Famous Dave's." The restaurant franchise offered and sold by Famous Dave's is referred to in this Disclosure Document as the "Famous Dave's® Restaurant" or the "Restaurant." "You" means the person or entity who buys the franchise. If the franchisee is a corporation, limited liability company, partnership or other entity, then "you" may also mean the shareholders, members, partners, or other owners of that entity.

Famous Dave's is a Minnesota corporation formed on March 14, 1994. Famous Dave's principal business address is 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (952) 294-1300, www.famousdaves.com. Famous Dave's is a wholly owned subsidiary of BBQ Holdings, Inc. a publicly-traded company (NASDAQ) and symbol is "BBQ." Famous Dave's agents for service of process are listed in Exhibit A to this Disclosure Document.

Parents, Predecessors and Affiliates of Famous Dave's

Famous Dave's parent is BBQ Holdings, Inc., which is a Minnesota corporation. Its principal business address is 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164. BBQ Holdings, Inc. was formed in 2019 to serve as the parent company of Famous Dave's and other concepts, and it has never operated franchises in any line of business

Our affiliate VI BrandCo, LLC, which is a Delaware limited liability company. VI BrandCo, LLC is a wholly owned subsidiary of BBQ Holdings, Inc. VI BrandCo's principal address is 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164. VI BrandCo is a franchisor of Village Inn restaurants and has been in operation since August 2020. As of January 2, 2022, there are 21 company-operated Village Inn restaurants in operation and 108 Village Inn restaurants operating pursuant to franchise agreements.

Except as disclosed above, Famous Dave's does not have any additional parents, predecessors, or affiliates who must be disclosed in this Item 1.

Franchised Business

Famous Dave's franchises authentic barbecue restaurants under the name "Famous Dave's®." Famous Dave's® Restaurants feature the service of high-quality foods and beverages in a casual, comfortable, and fun environment. Famous Dave's® Restaurants serve combinations of hickory-smoked spareribs, baby back ribs, beef brisket, herb-roasted chicken, barbecue sandwiches, char-grilled burgers, cornbread, potato salad, coleslaw, Wilbur™ beans, desserts, specialty cocktails, and other food and beverage items. Your Famous Dave's® Restaurant will offer one of six types of service to its customers: full service, counter service, line service, flex service, or add-on ghost kitchen, or cloud kitchen. Except for the differences related to the service type of the Restaurant, all Famous Dave's® Restaurants are substantially similar except for the add-on ghost kitchen and cloud kitchen. An add-on ghost kitchen operates out of a restaurant that does not operate under the Famous Daves® marks or has been previously associated with Famous Daves®, and a cloud kitchen operates out of a commercial kitchen that is not attached to any restaurant that offers any type of dine-in services. Both add-on ghost kitchen and cloud kitchens will only offer and sell

delivery and to-go services, and will not conduct or permit any type of dine-in services at its premises. If you acquire an add-on ghost kitchen or a cloud kitchen, you will need to execute the respective addendum attached as an exhibit to the Franchise Agreement,

Unless specifically noted otherwise, the information in this Disclosure Document applies to and includes Famous Dave's® Restaurants that offer full service, counter service, line service, flex service, or add-on ghost kitchen services, and cloud kitchen services to their customers.

Famous Dave's® Restaurants operate in a developed market and you will compete with local, regional and national barbecue restaurants and other full-service and quick-service casual restaurant chains and eating establishments. There may be unforeseen changes in the economy and the industry.

Regulations Specific to the Restaurant Industry

The restaurant industry is heavily regulated. Many of the laws, rules, and regulations that apply to businesses generally have particular applicability to restaurants, especially restaurants that serve alcoholic beverages. All Famous Dave's® Restaurants must comply with federal, state, and local laws applicable to the operation and licensing of restaurant businesses, including nutritional disclosure requirements, regulations affecting the content of foods served in restaurants and obtaining all applicable health permits and/or inspections and approvals by municipal, county, or state health departments that regulate food and liquor service operations. Your Famous Dave's® Restaurant must also meet applicable municipal, county, state, and federal building codes and handicap access codes. You should consider these laws and regulations when evaluating your purchase of a franchise.

Unless Famous Dave's agrees otherwise, Restaurants 4,000 square feet or greater must serve beer, wine and other alcoholic beverages. Restaurants less than 4,000 square feet may serve beer and wine. You must have a liquor license before you sell alcoholic beverages at your Restaurant. The difficulty and cost of obtaining a liquor license, and the steps for securing the license, vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state dram shop laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including limiting the use of tobacco products in public places, such as restaurants.

Area Development Agreement

If you meet the qualifications established by Famous Dave's, you may enter into an Area Development Agreement for the development of multiple Famous Dave's® Restaurants in a

designated geographic area called a "Territory." Under the Area Development Agreement, you must develop an agreed upon number of Famous Dave's® Restaurants within an agreed upon period of time. You must sign a separate Franchise Agreement for each Famous Dave's® Restaurant you develop under an Area Development Agreement.

Prior Business Experience of Famous Dave's During Last 10 Years

Famous Dave's commenced its franchise program in 1998, and as of January 2, 2022, had 114 operational franchises in the United States (see Item 20 and Exhibit E-1). Famous Dave's does not operate or offer franchises in any other line of business. Famous Dave's has operated Famous Dave's® Restaurants since 1994. As of January 2, 2022, Famous Dave's owned and operated 32 company-owned Famous Dave's® Restaurants (see Item 20 and Exhibit E-2).

From 1996 until 2020, Famous Dave's operated a Famous Dave's® BBQ & Blues Club at Calhoun Square in Minneapolis, Minnesota. Famous Dave's never offered franchises for the Famous Dave's® BBQ & Blues Club concept.

Certain proprietary products which have been developed by Famous Dave's, such as sauces, seasonings, rubs, potato chips and marinades, are distributed in retail grocery stores throughout the United States under licensing agreements.

2. BUSINESS EXPERIENCE

Jeffery Crivello; Chief Executive Officer and Director

Jeffery Crivello has been our Chief Executive Officer since November 2017 and a director since August 2017. Since January 2015, Mr. Crivello served as the Chief Financial Officer of PW Partners Capital Management, LLC, Chicago, Illinois, a hedge fund manager with a consumer focus. PW Partners has had board of directors' representation with Famous Dave's of America, Inc. since 2013. Since June 2001, Mr. Crivello has served as President of TREW Capital Management, Inc., Downers Grove, Illinois, a consulting and investment firm.

Jason Schanno; Chief Financial Officer

Jason Schanno has been the Chief Financial Officer of BBQ Holdings, Inc. since August 2021. Mr. Schanno has also served as Senior Director, Finance and Accounting of Waitr Holdings, Inc. from August 2020 to August 2021 in Lafayette, Louisiana. Prior to that he was the CFO at Dunn Brothers Coffee from January 2019 to August 2020 in Roseville, Minnesota. From January 2018 to December 2018 Jason was a Financial Reporting Manager of AgriBank, FCB in St. Paul, Minnesota. Mr. Schanno has also served as a Financial Reporting Manager of Buffalo Wild Wings, Inc. from July 2015 to December 2017 in Golden Valley, Minnesota.

Al Hank; Chief Operating Officer

Al Hank began his career with Famous Dave's as an hourly team member in 2005. During 2020 and up to his election as COO, he served as FDA's Senior Vice President of Operations. During 2018 to 2019, he served FDA in various management roles including Senior Director Strategy and Development, Senior Director of Operations and Franchise Business Consultant. From 2015

to 2017, Mr. Hank served FDA as an Area Director. Prior to that starting in 2012, he served as a General Manager of FDA's Westbury, New York location.

Bryan Wolff; Director

Bryan Wolff has been a director since July 2015. Since March 2017, he has served as a Managing Director at Anthos Capital Management, Santa Monica, California. From August 2015 to March 2017, he served as Chief Financial Officer of Thrive Market, Inc., Los Angeles, California, a healthy and organic food ecommerce company. From September 2014 to August 2015, he served as Chief Financial Officer of DogVacay, Inc. (sold to Rover), an online service connecting pet owners with sitters across the U.S. and Canada, located in Santa Monica, California. From January 2012 until August 2014, Mr. Wolff served as Chief Financial Officer of Bonobos, Inc. (sold to Walmart), a men's fashion and accessories retailer located in New York, New York.

Peter Haeg; Director

Peter Haeg has been a Director since March 2018. He has also been Co-Managing Partner of Farnam Street Partners LP in Hopkins, Minnesota since 1998.

Charles Davidson; Director

Charles E. Davidson has been a Director since June 2020. He co-founded Wexford Capital LP, Greenwich, Connecticut in 1994 and serves as its Chairman and Chief Investment Officer.

Rachel Maga; Director

Rachel Maga has been a Director since June 2021. Mrs. Maga is the Founder and President of Ten Four Social, a company that conducts marketing, public relations, and branding. Current brands under Ten Four Social ownership and operation include Social Studio PGH, a personal branding studio

3. LITIGATION

Concluded Actions

Desert Ribs, LLC, Famous Gracie, LLC, Famous Freddie, LLC, Famous George, LLC and Famous Charlie, LLC v. Famous Dave's of America, Inc., American Arbitration Association, Minneapolis, Minnesota, Case No. 01 16 0000 8549. On March 14, 2016, the franchisees for the Famous Dave's® Restaurants in Chandler, Peoria, Mesa and Gilbert, Arizona ("Claimants") filed a Demand for Arbitration against Famous Dave's alleging that Famous Dave's (1) violated the Minnesota Franchise Act ("MFA"), (2) breached the implied covenant of good faith and fair dealing under the Famous Dave's® Franchise Agreements with Claimants (the "Franchise Agreements"), and (3) breached certain express provisions of the Franchise Agreements. Claimants sought damages of $2,984,098, and a permanent injunction prohibiting Famous Dave's from engaging in discriminatory conduct in violation of the MFA. On July 20, 2016, the arbitrators ruled in partial favor of the pre-hearing motion filed by Famous Dave's by dismissing Claimants' MFA claims against Famous Dave's. Upon the dismissal of the MFA claims, Claimants voluntarily dismissed their remaining claims against Famous Dave's and entered into a

confidential settlement agreement and mutual release (the "Settlement Agreement"), dated August 22, 2016, with Famous Dave's. The Settlement Agreement included the following material terms: (i) the territorial rights granted to Claimants in the Franchise Agreements were modified; (ii) the managing member of Claimants (the "Consultant") entered into a consulting agreement with Famous Dave's that provided for the design, development and build-out of a counter-service/line-service prototype barbecue restaurant concept (the "Prototype") and the payment of a consulting fee of $410,000 to the Consultant in installments over a three-year period; and (iii) Claimants entered into a right of first offer agreement with Famous Dave's granting to a Claimant the first right to enter into an area development agreement with Famous Dave's for the development of seven Prototype restaurants in a reserved territory in Arizona.

Tacoma BBQ, Inc. et. al. v. Famous Dave's of America, Inc., FORUM, Case No. FA1705001729911. On or about April 10, 2017, former franchisees of the Famous Dave's® Restaurants in Midvale, Utah; Layton, Utah; Jordan, Utah; Tukwila, Washington; Puyallup, Washington; Tacoma, Washington; Silverdale, Washington; and Everett, Washington ("Claimants") filed a Demand for Arbitration against Famous Dave's disputing Famous Dave's assertion that the Claimants were in default under their Franchise Agreements, and disputing Famous Dave's performance under the Franchise Agreements. On or about June 7, 2017, Famous Dave's filed its Answer and Counterclaim denying the Claimants' claims. The parties elected to enter into a confidential settlement agreement and mutual release of all claims (the "Settlement Agreement") dated December 6, 2017, which included the following material terms: (i) Famous Dave's consented to the sale of the Claimants' restaurants to CD Holding Company, LLC and, accordingly, terminated all of the applicable Franchise Agreements; (ii) the Claimants paid to Famous Dave's a settlement amount of $350,000; and (iii) the Claimants and Famous Dave's executed a mutual release of all claims.

Famous Dave's of America, Inc. v. SR El Centro, Inc., et al., Superior Court of the State of California, County of Los Angeles, Central Division, Case No. BC589329, filed July 24, 2015. Famous Dave's commenced this lawsuit against the former franchisees for the Famous Dave's® Restaurants in El Centro, Long Beach, Palmdale, Simi Valley, and Tracy, California, and others ("Defendants") based in part on the continued operation of the Restaurants as Famous Dave's® Restaurants using Famous Dave's Marks and Restaurant System after the termination of their Franchise Agreements by Famous Dave's for failure to cure breaches of the Franchise Agreement, including the failure to pay the Royalty and Marketing Fund Fees due under the Franchise Agreements, within the prescribed cure period after receipt of written notice, in violation of the post-termination obligations of the Franchise Agreements. Famous Dave's alleged Lanham Act violations, including federal trademark infringement, federal trademark dilution, federal unfair competition and false advertising, and federal trade dress dilution; trademark infringement, trademark dilution, unfair competition and false advertising under California law; common law trademark infringement; breach of the Franchise Agreements; breach of the implied covenant of good faith and fair dealing; and intentional interference with contract. Famous Dave's sought injunctive relief to enjoin Defendants from continuing to use the Marks and Restaurant System and enforcing compliance with the post-termination obligations of the Franchise Agreements, and also sought damages in an amount that was to be determined at trial, reasonable attorneys' fees, interest and costs of suit. On September 29, 2018, the parties agreed to enter into a confidential settlement agreement and a mutual release of claims (the "El Centro Settlement Agreement"), which contained the following material terms: (i) Famous Dave's paid $75,000 to SR Restaurant Holdings Group, Inc. as reimbursement for a portion of the attorneys' and other professional fees

it allegedly incurred; (ii) Allan Gantes paid to SR Restaurant Holdings Group, Inc. $7,500; (iii) Defendants agreed to de-identify the Restaurants in Long Beach, California and Tracy, California; (iv) notices were provided to certain customers of the Long Beach, California and Tracy, California Restaurants; and (v) Famous Dave's consented to the sale of certain Restaurant assets by SR El Centro FD, Inc. to Shoreline FD Investors, LLC, John Gantes, and Allan Gantes (or an affiliate), so long as certain designated criteria were met. All of the Famous Dave's Franchise Agreements between the parties were terminated. As a result, the matter was dismissed by the Superior Court of the State of California, County of Los Angeles, Central Division on November 26, 2018.

On January 26, 2018, Famous Dave's commenced an arbitration action pursuant to FORUM Arbitration Rules against FDWNY, Inc. and Timothy Cloe, seeking past due fees, attorneys' fees, and costs. The parties have agreed to settle the matter in exchange for the defendants' payment of a settlement amount in excess of $165,000 to Famous Dave's.

SR El Centro, Inc., et al. v. Famous Dave's of America, Inc., Superior Court of the State of California, County of Los Angeles, Case No. NC060189, filed July 28, 2015. The franchisees for the Famous Dave's® Restaurants in El Centro, Long Beach, Palmdale, Simi Valley, and Tracy, California ("Plaintiffs") filed a complaint against Famous Dave's in the South Judicial District of the Superior Court of the County of Los Angeles. On March 10, 2016, Plaintiffs re-filed this Complaint as a First Amended Cross-Complaint in matter described above [Famous Dave's of America, Inc. v. SR El Centro, Inc., et al., Superior Court of the State of California, County of Los Angeles, Central Division, Case No. BC589329] alleging that Famous Dave's breached the Franchise Agreements for these Restaurants by failing to provide certain marketing support and access to customer contact data, vendors, internet reporting and support to Plaintiffs, and failing to provide operations and preferred practices training to Plaintiffs' designated representative. Plaintiffs further alleged that such conduct by Famous Dave's was a breach of the covenant of good faith and fair dealing. Plaintiffs also alleged that Famous Dave's aided and abetted John and Allan Gantes in breach of their fiduciary duty to Plaintiffs. Plaintiffs sought compensatory damages in an amount not less than $20 million, punitive damages, costs and attorneys' fees. On September 29, 2018, the parties agreed to settle the matter in the El Centro Settlement Agreement described above. As a result, the matter was dismissed by the Superior Court of the State of California, County of Los Angeles, Central Division on November 26, 2018.

Other than these four lawsuits, no litigation is required to be disclosed in this Item.

4. BANKRUPTCY

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

5. INITIAL FEES

Initial Fee

If you sign a Franchise Agreement for a single Restaurant that offers full service, counter service, or line service, you must pay Famous Dave's a nonrefundable Initial Fee of $15,000-$45,000 depending on the service model.

If you sign a Franchise Agreement for a single add-on ghost kitchen or cloud kitchen Restaurant, you must pay Famous Dave's a nonrefundable Initial Fee of $10,000. We will not grant you a ghost kitchen or cloud kitchen add-on unless you have also entered into a Franchise Agreement for a Restaurant.

You must pay the Initial Fee in full when you sign the Franchise Agreement.

Development Fee

If you sign an Area Development Agreement, you must pay Famous Dave's a Development Fee, will be determined based on the number of Famous Dave's® Restaurants you must develop. We anticipate that a typical area developer will develop three Restaurants pursuant to an Area Development Agreement, and the Development Fee for three Famous Dave's® Restaurants (that offer full service, counter service, line service, or flex service) is $99,000. If you seek to develop fewer or additional Restaurants, you and we will negotiate the Development Fee.

You must pay the Development Fee in full when you sign the Area Development Agreement. The Development Fee is payable for the reservation of future development rights and is not refundable under any circumstances. You must sign a separate Franchise Agreement for each Famous Dave's® Restaurant you develop under the Area Development Agreement and in addition to the Development Fee, you must also pay a nonrefundable Initial Fee for each Famous Dave's® Restaurant you develop. You will pay the Initial Fee each time you sign a Franchise Agreement for a Restaurant you develop according to the Development Schedule in the Area Development Agreement. The Initial Fee is nonrefundable. You must sign your first Franchise Agreement when you sign the Area Development Agreement.

Opening Team Expenses

You will reimburse Famous Dave's for the Travel Expenses and the prorated Salaries and Benefits for the Opening Team members who assist you with the opening of your Restaurant (see Item 11). These expenses are nonrefundable and will typically range between $50,000 and $100,000, but may be lower or higher depending upon the service model and the location of your Restaurant. You will pay to Famous Dave's 50% of the estimated Opening Team expenses for your Restaurant, which Famous Dave's will determine based on the size of the Opening Team, distance traveled, and other factors, before the date that the Opening Team arrives at your Restaurant. Upon completion of the Opening Team's assistance, Famous Dave's will send you an invoice for the actual amount of remaining Opening Team costs. You must pay this invoice within 30 days.

Site Model Report Fee (For all Restaurants except an add-on ghost kitchen)

You will pay to Famous Dave's the then-current Site Model Report Fee after Famous Dave's prepares a site model report and issue a "no objection" letter for the proposed site of your Restaurant. The current Site Model Report Fee is $750. The Site Model Report Fee is nonrefundable.

During Famous Dave's 2021 fiscal year, because some franchisees operate under different forms of agreements with Famous Dave's (such as Area Development Agreements with different obligations), Famous Dave's collected from franchisees amounts ranging from $0 to $45,000 for the Initial Fees identified in this Item 5.

6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks (1)(2)(6)
Royalty Fees	5% of Revenues (3)	Tuesday of each week for the preceding week (4)	See Note 3.
Marketing Fund Fees	Currently 1% of Revenues (5)	Tuesday of each week for the preceding week	Deposited into one or more local, regional, national or international marketing funds controlled by Famous Dave's.
Audit Fees	Amount incurred by Famous Dave's to audit your Famous Dave's® Restaurant business, estimated to range from $1,000 to $10,000	Within 15 days after receipt of an invoice	Payable only if an audit shows that you understated your Revenues by more than 2% in any reporting period.
Assignment Fee	$5,000	On or before the date of the assignment	You must obtain Famous Dave's approval for an assignment. See Item 17 for more information on assignment.
Collection Costs	Amount incurred by Famous Dave's to collect unpaid fees	On demand	Includes attorneys' fees and costs.
Interest Charges	The lesser of 18% per annum or the maximum legal rate allowable by applicable law	On demand	Applies to past due payments payable to Famous Dave's.
Additional Training	You must pay the then-current Per Diem Training Fee (currently $750 per day) for each trainer provided by Famous Dave. You must also reimburse Famous Dave's for the Travel Expenses it incurs, estimated to range from $100 to $1,000 per trainer.	On demand after training is completed	Payable if additional training is required by Famous Dave's because your Restaurant fails to meet certain performance standards or Famous Dave's otherwise determines that additional training is necessary, or if you request that one or more members of your Management Staff undergo additional training.
Reacquisition Fee	50% of the Initial Fee in the then-current standard Franchise Agreement	When you sign a new Franchise Agreement for your Famous Dave's® Restaurant	Payable only if, after the expiration of your Franchise Agreement, you meet all requirements and reacquire the Franchise for your Famous Dave's® Restaurant.

Type of Fee	Amount	Due Date	Remarks (1)(2)(6)
Local Advertising	Minimum of 1.5% of Revenues	Payable to suppliers as incurred	You must spend at least 1.5% of your quarterly and annual Revenues on approved local advertising. When two or more independently owned or controlled Famous Dave's Restaurants, including the Franchisee's Restaurant, are opened in the Franchisee's Designated Market Area ("DMA"), you will contribute Local Advertising Fees equal to 1.5% of your weekly Revenues to a local advertising group (the "Local Advertising Association"). Local Advertising Fees will meet your local advertising requirement (see Item 11).
Review of Unapproved Supplier	You must reimburse Famous Dave's for the expenses it incurs inspecting an unapproved supplier, estimated to range from $500 to $3,000	Within 30 days after you receive an invoice from Famous Dave's	Payable only if you request that Famous Dave's review and approve an unapproved supplier.
Remodeling Costs	The amount you incur to remodel your Franchised Location. These costs may range from $75,000 to $400,000 each time you remodel.	Payable to suppliers as incurred	You must remodel your Franchised Location in accordance with Famous Dave's requirements. Famous Dave's can require that you extensively remodel your Restaurant once every five years. This does not include routine maintenance costs.
Third-Party Performance Measurement Evaluations	Up to one-half of the cost of set programs, estimated to range from $300 to $600 per month, per unit	Within 30 days after receipt of an invoice	Famous Dave's can hire an independent shopping service and/or utilize feedback programs to evaluate your operations, quality, compliance and food safety. You and Famous Dave's may share the cost for these services, the frequency, nature, and extent of which Famous Dave's may determine.
Costs, Expenses, and Attorneys' Fees	Variable	Upon demand	Payable only if Famous Dave's prevails in any action it commences or defends to enforce the Franchise Agreement or Area Development Agreement (including injunction proceedings), which may arise from your indemnification obligations.

Notes:

(1) With the exception of the costs associated with local advertising, maintenance, and remodeling, unless otherwise specified, each fee is imposed by and payable to Famous Dave's. Different versions of the Franchise Agreement and Area Development Agreement from prior registration periods contain different fees, due dates and fee amounts. Famous Dave's may in its discretion waive or reduce certain fees described in this Item from time to time.

(2) All fees are nonrefundable and, unless otherwise directed, are payable to Famous Dave's via electronic transfer of funds.

(3) Revenues include the total dollar sales from your Restaurant. It does not include sales, use, or gross receipt taxes, or coupons, discounts or employee meals.

(4) Paid by electronic transfer initiated by Famous Dave's.

(5) Famous Dave's can increase the percentage of your Revenues payable for the Marketing Fund Fee by up to 1/2% per year after giving you at least 60 days prior notice of the increase.

(6) If you sign an Area Development Agreement, then for the second and each subsequent Franchise Agreement you sign for the Restaurants you must develop under the Area Development Agreement, you will pay the Royalty Fees that are set forth in the Franchise Agreement for your first Restaurant, even if the amount of the Royalty Fees in subsequent Franchise Agreements differ. You will pay all other fees in the amounts specified in each Franchise Agreement that you sign for the Restaurants you develop under the Area Development Agreement.

(7) Additional fees associated with the acquisition of a Refranchised Restaurant are described in Item 5 above.

7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Add-On Ghost Kitchen/ Cloud Kitchen)	Amount (Line Service)(1)	Amount (Counter Service)(1)	Amount (Full Service)(1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Initial Fee	$10,000	$25,000	$45,000	$45,000	Lump Sum	See Item 5 of this Disclosure Document	Famous Dave's
Leasehold Improvements (3)	$0-$300,000	$200,000 - $500,000	$300,000 - $700,000	$475,000 - $1,600,000	As Incurred	Before Opening	Suppliers
Land, Building and Construction (4)	$0- $1,500,000	$600,000 - $1,500,000	$1,575,000 - $2,407,500	$2,410,000 - $3,200,000	As Arranged	Before Opening	Suppliers
Travel and Living Expenses for You and Your Management Staff During Training (5)	$10,000 - $20,000	$10,000 - $20,000	$15,000 - $30,000	$25,000 - $40,000	As Incurred	During Training	Employees, Airlines, Hotels and Restaurants
Reimbursement of Expenses for Opening Team	$25,000- $40,000	$40,000 - $60,000	$40,000 - $85,000	$55,000 - $100,000	50% in advance; balance due upon completion	See Items 5 and 11 of this Disclosure Document	Famous Dave's
Furniture, Fixtures, Décor, and Equipment (6)	$0-$100,000	$100,000 - $250,000	$200,000 - $350,000	$500,000 - $650,000	As incurred	As Incurred	Supplier or Leasing Company
Architectural and Engineering Fees	$0-$50,000	$20,000 - $40,000	$40,000 - $75,000	$50,000 - $170,000	As Arranged	Before Opening	Suppliers
Signs	$10,000- $25,000	$25,000 - $45,000	$30,000 - $55,000	$45,000 - $75,000	Lump Sum	Before Opening	Suppliers

Type of Expenditure	Amount (Add-On Ghost Kitchen/ Cloud Kitchen)	Amount (Line Service)(1)	Amount (Counter Service)(1)	Amount (Full Service)(1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Liquor License Costs (7)	$500 - $5,000	$500 - $5,000	$5,000 - $50,000	$25,000 - $75,000	Lump Sum	Before Opening	Governmental Agencies and for Professional Services
Site Model Report Fee	$0	$750	$750	$750	Lump Sum	As Incurred	Famous Dave's
Restaurant Lease Payments - 3 Months (8)	$0 - $25,000	$10,500 - $25,000	$20,000 - $45,000	$10,500 - $25,000	As Incurred	As Incurred	Landlord
Employee Salaries - 3 Months (9)	$0 - $35,000	$15,000 - $35,000	$25,000 - $50,000	$60,000 - $95,000	As Incurred	As Incurred	Employees
Miscellaneous (10)	$5,000 - $10,000	$5,000 - $10,000	$5,000 - $10,000	$5,000 - $10,000	As Incurred	Before Opening or otherwise as arranged	Landlord, Utilities, Government Agencies, Insurance Companies, Attorneys, Accountants, and Other Professionals
Grand Opening Celebration (11)	$5,000- $15,000	$5,000 - $15,000	$5,000 - $15,000	$15,000 - $25,000	As Arranged	Before Opening	Suppliers
Additional Funds - 3 Months [these figures have not been offset by operating revenues] (12)	$5,000 - $10,000	$5,000 - $10,000	$5,000 - $15,000	$5,000 - $10,000	As Incurred	As Incurred	Famous Dave's, Employees, Suppliers and Utilities
Total if premises leased by you (13) (14)	$80,500- $585,000	$461,750 - $1,060,750	$735,750 - $1,525,750	$1,316,250 - $2,920,750			

Type of Expenditure	Amount (Add-On Ghost Kitchen/ Cloud Kitchen)	Amount (Line Service)(1)	Amount (Counter Service)(1)	Amount (Full Service)(1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Total if premises purchased by you (13)(14)	$70,500-$2,145,000	$861,750 - $2,060,750	$1,965,795 - $3,233,250	$3,240,750 - $4,495,750			

Notes:

(1) This estimated initial investment is for one new Famous Dave's® Restaurant that you develop after signing a Franchise Agreement. If you purchase a Refranchised Restaurant, the estimated initial investment will be different. For instance, unless we otherwise consent, you will assume a Refranchised Restaurant's existing lease. As a result, the costs you incur in connection with identifying and developing a site will be different. Additionally, you may not need to hold a Grand Opening Celebration.

For the estimated range of costs, Famous Dave's relied on its years of experience in the restaurant business, as discussed in Item 1 of this Disclosure Document. You should carefully review these figures with your business advisor before making any decision to purchase a franchised Famous Dave's® Restaurant.

(2) Payments are not refundable unless otherwise noted. Famous Dave's does not offer direct or indirect financing.

(3) Lease only: These figures represent the cost to lease and remodel an existing building to a Famous Dave's® Restaurant. Famous Dave's® Restaurants are generally located in free-standing buildings and end caps in retail centers, and require from 2,400 square feet up to 6,200 square feet of floor space with seating for 50 to 210 guests. The rental rate will generally be between $15 and $35 per square foot. For add-on ghost kitchens, the low estimate assumes that you will operate your add-on ghost kitchen out of an existing restaurant that does not operate under the Famours Dave's® marks. For cloud kitchens, the low estimate assumes that you that you will operate your cloud kitchen out of your existing commercial kitchen that you already own or lease. The high estimate assumes for both an add-on ghost kitchen and a cloud kitchen assumes that you will be purchasing equipment and building out a commercial kitchen that is several hundred square feet.

(4) Purchase only: If you choose to purchase the land and building for your Famous Dave's® Restaurant, your initial costs likely will be significantly higher than if you choose to lease the premises for your Restaurant. Except for an add-on ghost kitchen or cloud kitchen, the land required for your Famous Dave's® Restaurant will require from 0.75 acres to 2 acres, and the building will require from 2,400 square feet to 6,200 square feet of floor space with seating for 50 to 210 guests. Your initial investment if you chose to purchase the land and building may range from $400,000 to $1,250,000 for the cost of the property and $100,000 to $1,300,000 for the cost of construction or remodeling (not including equipment costs). In addition, you may be required to landscape or make other improvements to your site which may range from $100,000 to $350,000. Thus, your total estimated expenditures to purchase the land and building for your Restaurant that offers full service, counter service

or line servicemay range from $600,000 to $2,900,000. For add-on ghost kitchens, the low estimate assumes that you will operate your ghost kitchen out of an existing restaurant that does not operate under the Famours Dave's® marks. For cloud kitchens, the low estimate assumes that you that you will operate your cloud kitchen out of your existing commercial kitchen that you already own or lease. The high estimate for both an add-on ghost kitchen and a cloud kitchen assumes that you will be purchasing and constructing the building that will house your add-on ghost kitchen or cloud kitchen. Some of your costs for the property, construction and other site improvements may be financed through a bank or other financial institution. The cost to purchase land on which to construct a Restaurant may vary widely depending upon the location of the land, the demand for the site, the zoning, the assessed value of the parcel, the attributes of the parcel and related area, such as parking availability, accessibility and traffic flow, and the general economic conditions. These estimates are based upon the experience of Famous Dave's in the Midwestern and Eastern United States; depending upon your area, your costs may be higher.

(5) You must pay for the Travel Expenses and other expenses while you and your Management Staff attend the initial training program (see Item 11). Salaries and Benefits are not included.

(6) This includes the cost of the computer hardware, peripherals, and software that will serve as your point-of-sale system, and the maintenance agreement for that system (see Item 11), and also includes the costs for décor items and installation services. For add-on ghost kitchens, the low estimate assumes that you will operate out of an existing restaurant that does not operate under the Famours Dave's® marks . For cloud kitchens, the low estimate assumes that you already operate out of a commercial kitchen not attached to a restaurant. Your furniture, fixtures, décor and equipment may be financed through a bank or other financial institution, leased or purchased outright.

(7) Liquor license costs generally are less than $35,000. However in isolated instances, Famous Dave's or one of its franchisees has had to pay up to $900,000 for a liquor license. You should check with the issuing authority to determine the cost and availability of your liquor license.

(8) Lease only: The monthly rental if you lease the premises for your Franchised Location may include common area maintenance fees and real estate taxes. The amount indicated may also include a one month advanced rental payment, security deposit and prepaid expenses. Isolated instances could be higher. For add-on ghost kitchens, the low estimate assumes that you will out of an existing restaurant that does not operate under the Famours Dave's® marks. For cloud kitchens, the low estimate assumes that you already operate out of a commercial kitchen not attached to a restaurant.

(9) This estimate does not include the salaries for you or your Management Staff during training. For ghost kitchens, the low estimate assumes that you will operate your ghost kitchen out of your existing Famours Dave's® Restaurant and will not require additional employees to perform the services.

(10) Miscellaneous fees include such items as security, utility and license deposits, impact fees, insurance premiums for three months, and professional services such as attorneys and accountants. You should check with the local agency that issues building permits to determine what impact, connection, or other site development fees might be required for the specific site for your Famous Dave's® Restaurant. Environmental impact fees vary significantly for each location, and may range from .5% to 3% of the value of the land. You must maintain general liability insurance with coverage of at least $2,000,000 per occurrence and $5,000,000 aggregate coverage, liquor liability insurance with coverage of at least $2,000,000 per occurrence if your Famous Dave's® Restaurant serves any alcoholic beverages, employment practices liability insurance with coverage of at least $1,000,000 per occurrence, automobile insurance with coverage of at least $500,000 per occurrence, property insurance with replacement cost coverage, business interruption insurance with coverage of at least $300,000 per occurrence, building insurance with

coverage of at least replacement cost if you or any of the franchisee's owners own the building or the business premises for the Franchised Location, umbrella liability insurance with coverage of at least $3,000,000 per occurrence, and all insurance required by law, such as workers' compensation insurance.

(11) You must spend a minimum of $15,000 on the grand opening celebration for your first Restaurant. Famous Dave's can require that you spend up to $25,000 for the initial marketing and advertising campaign for your Restaurant.

(12) During the first three months of operations, you will need additional funds to cover your expenditures for supplies, food and beverage inventories, local advertising, utilities, and other miscellaneous operating costs. This estimate has not been offset by any allowance for your operating revenues during this three month period. Your working capital requirements may increase or decrease depending upon your geographic area, number of employees, labor rates, minimum wage laws, and employment laws and regulations, operating revenues and other economic factors.

(13) These figures are estimates only, and it is possible that you may have additional or greater expenses during this period. Your costs will vary depending on the size of your Famous Dave's® Restaurant, your geographic area, economic and market conditions, competition, interest rates, wage rates, sales levels attained, and other economic factors.

(14) You must pay the Development Fee in full when you sign the Area Development Agreement. You must sign a separate Franchise Agreement for each Famous Dave's® Restaurant you develop under the Area Development Agreement and in addition to the Development Fee, you must pay a nonrefundable Initial Fee for each Famous Dave's® Restaurant you develop. You will pay the Initial Fee each time you sign a Franchise Agreement for a Restaurant you develop according to the Development Schedule in the Area Development Agreement. You must sign your first Franchise Agreement when you sign the Area Development Agreement.

8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, Famous Dave's will not derive revenue or other material consideration based upon your purchases of products or services from designated suppliers or approved suppliers or based upon your purchases of products or services that must meet Famous Dave's standards and specifications. Except as described below, Famous Dave's does not provide any material benefit to you based upon your use of designated or approved suppliers.

Obligation to Purchase or Lease Products or Services from Famous Dave's

As of the date of this Disclosure Document, Famous Dave's is the only approved supplier for services related to the preparation of the Site Model Report for your Restaurant. Famous Dave's may derive revenue from these services by charging more than its costs. Otherwise, you do not have to purchase or lease any products or services from Famous Dave's, although in the future Famous Dave's or an affiliate may be an approved supplier of products and services for your Restaurant, including a single source for proprietary or other products and services. You will pay the then-current price in effect for all purchases you make from Famous Dave's or an affiliate, and Famous Dave's or its affiliate may derive revenue from such purchases by charging you more than its costs.

Obligation to Purchase or Lease Products or Services under Famous Dave's Restrictions

There are certain sauces, seasonings, spices, food, food items, disposable and tabletop items, and recipe ingredients that are proprietary to Famous Dave's or that are selected by Famous Dave's for consistency in quality and other considerations. These items, such as certain brand name products, are manufactured or produced only by manufacturers or producers approved by Famous Dave's in writing. To ensure that you adhere to the uniformity requirements and quality standards associated with all Famous Dave's® Restaurants, you must purchase all proprietary sauces, seasonings, spices, food, food items, disposable and tabletop items, and recipe ingredients from a member of Famous Dave's Distribution Marketing Advantage system, Sysco Corporation, or from any other distributor Famous Dave's may designate in the future. Famous Dave's reserves the right to limit the number of approved suppliers. Famous Dave's will provide a written list of these proprietary or selected products and services. Famous Dave's will also notify you of any additions to or deletions from the list.

Famous Dave's will provide you with written standards and specifications for the layout of your Famous Dave's® Restaurant premises, your equipment and signs, the décor of your Restaurant, and certain food and beverage items. Famous Dave's will issue specifications for the insurance you must carry. You must maintain commercial general liability insurance with coverage of at least what is required by law in your jurisdiction, including, building insurance with coverage of at least replacement cost if you or any of the franchisee's owners own the building or the business premises for the Franchised Location, umbrella liability insurance with coverage, and all other insurance required by law, such as workers' compensation insurance. Famous Dave's determines its standards and specifications at its sole discretion. Famous Dave's may modify its written standards and specifications and you must comply with any modifications. You will be responsible for ensuring that all products and services you select will continue to conform to the standards and specifications Famous Dave's establishes.

You must also purchase or lease some other products and services required for your Famous Dave's® Restaurant from suppliers approved or designated by Famous Dave's. As of the date of this Disclosure Document, such products and services include certain food, food items, spices and ingredients, tabletop and disposable supplies, and proprietary training tools. Famous Dave's will provide a written list of designated and approved suppliers for these other products and services. Famous Dave's will also notify you of any additions to or deletions from the list. If you want to purchase products or services subject to approved supplier requirements from a supplier who has not been previously approved by Famous Dave's, then you must, at your expense, send representative samples or specifications of that supplier's goods or services, and certain other information about the supplier's products and business, to Famous Dave's. Famous Dave's will also have the right to inspect the supplier's facilities and you must reimburse Famous Dave's for the expenses it incurs if it conducts an inspection within 30 days after receiving an invoice from Famous Dave's indicating the amount owed. Within 45 days after receiving the necessary samples and information, Famous Dave's will notify you in writing as to whether the supplier's products or services comply with the uniformity requirements, quality standards and specifications established by Famous Dave's, and whether the supplier's business reputation, delivery performance, credit rating, and other relevant information are satisfactory. The criteria for supplier approval are available to franchisees upon request. Famous Dave's has the right to limit the number of approved suppliers for any given product or service.

As of the date of this Disclosure Document, no officer of Famous Dave's owns an interest in any approved supplier.

Famous Dave's estimates that purchases of products and services under Famous Dave's requirements, including purchases of proprietary and selected products and services, purchases of products and services that meet Famous Dave's standards and specifications and purchases from designated or approved suppliers, including costs of initial construction, will range from 70% to 90% of your initial investment if you develop a brand new Famous Dave's® Restaurant and 50% to 80% of your initial investment if you acquire a Refranchised Restaurant, 25%-50% of your initial investment if you develop an add-on ghost kitchen or cloud kitchen, and approximately 30% to 40% of your ongoing expenses of operating your Famous Dave's® Restaurant.

Consideration Provided to Famous Dave's or You from Suppliers

You must purchase certain branded food and drink items according to Famous Dave's standards and specifications, subject to Famous Dave's right to change or discontinue any identified brands. Drink items include syrups for carbonated and non-carbonated Pepsi, Dr. Pepper, Tropicana and other drink products. If applicable, you must also purchase dispensing equipment for the drink products, which may be purchased or leased from any supplier that distributes this equipment. Famous Dave's reserves the right to receive discounts, rebates, allowances, and other consideration from suppliers of products and services as a result of franchisee purchases. As of the date of this Disclosure Document, Famous Dave's and Pepsi are parties to a Marketing Agreement which provides marketing and equipment support to the Famous Dave's® Restaurant System. During Famous Dave's 2021 fiscal year, Pepsi distributed an approximate amount of $646,785.14 directly to both franchised and company-owned Restaurants based upon a percentage of purchases by these locations in 2020 and 2021. In some instances, Pepsi paid Famous Dave's amounts based on franchisee purchases of drink products. In this instance, Famous Dave's has passed or will pass these amounts along to franchisees within 90 days of Famous Dave's receipt,

on a pro rata basis, in the form of a rebate check; provided that Famous Dave's may withhold, or offset, any amount of rebate due to you from or against any amount owed by you to Famous Dave's. Amounts Famous Dave's retained for purchases made by company-owned Restaurants are included in its total revenue for Item 8 purchases, as noted further below. In addition to the above arrangement with Pepsi, Famous Dave's is party to a similar agreement with Dr. Pepper whereby Dr. Pepper provides marketing and equipment support to the Restaurant System generally consistent with the above-described protocol. During 2021, Dr. Pepper remitted payments or other consideration to Famous Dave's of approximately $64,890.45 as a result of franchisee or company-owned Restaurant purchases.

Famous Dave's also has negotiated certain national purchasing arrangements with suppliers of food products and equipment. Famous Dave's negotiates national purchasing arrangements to obtain lower net prices for both franchisees and company-owned Restaurants than Famous Dave's would be able to obtain separately from these suppliers. Some of these suppliers have paid Famous Dave's amounts that Famous Dave's generally allocates for use in conventions and annual general managers meetings or to support the development of marketing materials for both company-owned and franchised Restaurants, as noted further below. Famous Dave's does not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers. Famous Dave's has not established purchasing or distribution cooperatives.

In addition to the cash payments from suppliers that Famous Dave's pays pro rata to franchisees or generally uses for conventions and annual general managers meetings, Famous Dave's solicits support in the form of products or other non-cash items from its suppliers for these events and other events, including charitable events. This support is used to provide a higher quality convention and/or reduce costs to Famous Dave's and its franchisees. The value of the products Famous Dave's received for these events cannot be reliably estimated, but in any event, products from any given individual supplier are not material to Famous Dave's. In addition, several of Famous Dave's suppliers contribute goods and services to Famous Dave's and its franchisees, such as product-specific equipment, training services at Restaurant openings, menu development, and promotion services and other goods and services, which individually are not material to Famous Dave's. To the extent possible, Famous Dave's attempts to pass on to franchisees and company-owned Restaurants equally the benefit of these contributions of goods and services from suppliers, either directly or to offset certain costs related to owning and operating a Famous Dave's® Restaurant. However, Famous Dave's cannot guarantee or otherwise assure you that all these goods and services will be passed on to the franchisees or will directly benefit franchisees.

During the 2021 fiscal year, Famous Dave's derived revenue of approximately $711,675.59 from these Item 8 purchases, which is approximately .75% of Famous Dave's total revenues for its last fiscal year of approximately $94,146,683.37 as set forth in the attached audited financial statements for Famous Dave's as of January 2, 2022.

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	Article in Franchise Agreement	Article in Purchase Agreement (for Refranchised Restaurants)	Item in Disclosure Document
a. Site selection and acquisition/lease	Article 10 of Franchise Agreement	-	Item 11
b. Pre-opening purchases/leases	Articles 7, 8, 11 and 12 of Franchise Agreement	-	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Article 10 of Franchise Agreement	-	Items 7 and 11
d. Initial and ongoing training	Article 14 of Franchise Agreement; Article 6 of Area Development Agreement	-	Item 11
e. Opening	Article 14 of Franchise Agreement; Article 5 of Area Development Agreement	-	Item 11
f. Fees	Articles 4 and 5 of Franchise Agreement; Article 4 of Area Development Agreement	Article 1 of Purchase Agreement	Items 5 and 6
g. Compliance with standards and policies/ Operating Manual	Articles 7, 8, 9, 10, 11 and 12 of Franchise Agreement; Article 7 of Area Development Agreement	-	Items 8, 11 and 14
h. Trademarks and proprietary information	Articles 9 and 13 of Franchise Agreement; Article 1 of Area Development Agreement	-	Items 13 and 14
i. Restrictions on products/services offered	Articles 7 and 8 of Franchise Agreement	-	Items 8 and 16
j. Warranty and customer service requirements	Article 7 of Franchise Agreement	-	Item 16
k. Territorial development and sales quotas	Article 5 of Area Development Agreement	-	Item 12
l. Ongoing product/service purchases	Articles 8 and 11 of Franchise Agreement	-	Item 8
m. Maintenance, appearance and remodeling requirements	Articles 7 and 10 of Franchise Agreement	-	Items 7 and 11
n. Insurance	Article 12 of Franchise Agreement	-	Items 7 and 8
o. Advertising	Article 5 of Franchise Agreement	-	Items 6 and 11
p. Indemnification	Article 22 of Franchise Agreement; Article 13 of Area Development Agreement	Article 6 of Purchase Agreement	Item 6
q. Owner's participation/ management/staffing	Articles 7 and 14 of Franchise Agreement; Article 6 of Area Development Agreement	-	Items 11 and 15
r. Records/reports	Articles 4, 5 and 6 of Franchise Agreement	-	Item 6

Obligation	Article in Franchise Agreement	Article in Purchase Agreement (for Refranchised Restaurants)	Item in Disclosure Document
s. Inspections/audits	Articles 6, 7 and 10 of Franchise Agreement	-	Items 6 and 11
t. Transfer	Articles 16 and 20 of Franchise Agreement; Articles 8 and 11 of Area Development Agreement	-	Items 6 and 17
u. Renewal	Article 3 of Franchise Agreement; Article 3 of Area Development Agreement	-	Item 17
v. Post-termination obligations	Article 19 of Franchise Agreement; Article 10 of Area Development Agreement	-	Item 17
w. Non-competition covenants	Article 21 of Franchise Agreement; Article 12 of Area Development Agreement	-	Item 17
x. Dispute resolution	Articles 23 and 24 of Franchise Agreement; Articles 14 and 15 of Area Development Agreement	Article 7 of Purchase Agreement	Item 17

10. FINANCING

Famous Dave's does not typically offer direct or indirect financing. Famous Dave's does not know whether you will be able to obtain financing for all or part of your investment and, if so, the terms of the financing. Famous Dave's does not typically guarantee your notes, leases, or other obligations.

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

Except as listed below, Famous Dave's is not required to provide you with any assistance.

Assistance Before Opening Your Famous Dave's® Restaurant:

(1)(a) *For full service, counter service, line service, or cloud kitchen Restaurants:*

Although Famous Dave's has no obligation, duty, or liability to you as a result of the site selected by you and/or the purchase or lease of the Franchised Location, Famous Dave's will provide a Site Model Report for the proposed site for the Franchised Location and if a Lease exists, will review the Lease for the premises for compliance with the terms and conditions of this Agreement. You will provide the information as may be reasonably specified by Famous Dave's for the proposed site selected by you. Famous Dave's reserves the right, that within 30 days, Famous Dave's will visit the proposed site and prepare a Site Model Report for you which provides certain site information relevant to assessing whether the proposed site is suitable for development of a Famous Dave's® Restaurant. Factors considered

when reviewing a proposed site include accessibility, visibility, potential traffic flows, population trends, household income and financial considerations, lease terms and other demographic information. The Site Model Report is not a warranty, representation or guaranty by Famous Dave's that a Famous Dave's® Restaurant opened at that site will be a financial success. If applicable, you may not purchase or lease any proposed site until Famous Dave's has issued a "no-objection" letter. Once a "no-objection" letter is issued, you will pay Famous Dave's the then-current fee (currently $750) for the Site Model Report (see Item 5). Famous Dave's can terminate your Franchise Agreement if you do not purchase or lease a site for your Restaurant within 90 days after you sign the Franchise Agreement. Famous Dave's can also terminate your Franchise Agreement if you fail to open your Restaurant before the Required Opening Date, as defined in the Franchise Agreement.

(1)(b) *For add-on ghost kitchen Restaurants:*

Although Famous Dave's has no obligation, duty, or liability to you as a result of the site selected by you and/or the purchase or lease of the Franchised Location, Famous Dave's will review the proposed site for the Franchised Location whether respect to the kitchen and the operations of the to-go service. You will provide the information as may be reasonably specified by Famous Dave's for the proposed site selected by you. Famous Dave's reserves the right to visit the proposed site to evaluate and approve how to-go services will be operated and that the kitchen layout meets Famous Dave's then-current standards for a ghost kitchen. Review of any site information and/or any visits by Famous Dave's to a proposed site does not constitute an approval of the site by Famous Dave's or a warranty or representation by Famous Dave's or any other party that the site for the Franchised Location chosen by Franchisee will be a financial or operational success. Any issuance of a no-objection letter by Famous Dave's means only that it has received the site information required from Franchisee and Famous Dave's has no objections to the Franchised Location. Famous Dave's can terminate your Franchise Agreement if you do not purchase or lease a site for your Restaurant within 90 days after you sign the Franchise Agreement. Famous Dave's can also terminate your Franchise Agreement if you fail to open your Restaurant before the Required Opening Date, as defined in the Franchise Agreement.

(2) After you sign the Franchise Agreement and pay the Initial Fee, or any other agreed upon Fees based on the Restaurant service model, Famous Dave's will train you and your Management Staff. Your Management Staff includes your Operating Partner, General Manager and, if applicable, Multi-Unit Manager, and a minimum of two and a maximum of four members of management personnel. Depending on your Restaurant service model, Famous Dave's will train your Operating Partner up to of 20 shifts, your General Manager up to 35 shifts, and two to four other members of your Management Staff up to35 shifts (see Article 14.1 of the Franchise Agreement). Each shift is an eight- to 10-hour day. All training programs will be held at a certified training location designated by Famous Dave's. Depending on your Restaurant service model, the current training program includes classroom and on-the-job instruction on the topics selected by Famous Dave's and is summarized in the following chart:

TRAINING PROGRAM [1]

Subject [2]	Hours of Classroom Training	Hours of On-The-Job Training	Location
Orientation and Initial Kitchen Training, including overview of Restaurant operations, and recipes and technical skills	5	0	Certified training location designated by Famous Dave's
Kitchen Training, including technical skills, kitchen positions, and food preparation	30	160	Certified training location designated by Famous Dave's
Front of the Restaurant, including food presentation, service, and front positions and functions	15	35	Certified training location designated by Famous Dave's
Management Training, including management functions, purchasing and inventory, openings and closing, and documentation and systems	15	85	Certified training location designated by Famous Dave's
Review of training, Restaurant System, goal-setting and problem-solving	10	0	Certified training location designated by Famous Dave's
Totals:	75	280	

Notes:

[1] This table is for the training provided to your General Manager, Multi-Unit Manager (if applicable), Kitchen Manager and Assistant Manager(s).

[2] You will utilize the Standard Operating Procedures/Training Manual(s) (the "Manuals") and other proprietary training tools and documents required by Famous Dave's.

All training will be conducted under the supervision of Adam Lehr. Mr. Lehr has been Famous Dave's Senior Vice President of Operations over both corporate and franchise restaurants since January 2020. Since joining Famous Dave's in 2018 he was also involved with the franchise operations as both the Director of Operations and as an FBC. Prior to joining Famous Dave's, Mr. Lehr was the Director of Franchise Operations for the University of Minnesota where we oversaw 18 different franchise operations, including Chick-Fil-A, Papa John's, Subway, Starbucks and more. Mr. Lehr has also owned his own restaurant and has been involved in developing, opening and running profitable restaurant concepts since 2005. All instruction will be conducted by instructors who have experience with Famous Dave's or with restaurant operations.

The initial training program is provided to you and your Management Staff at no additional cost to you. You must pay the Salaries and Benefits, Travel Expenses and all other expenses for all persons who attend training on your behalf. The training program generally takes seven weeks (35 shifts) for you and your Management Staff to complete. You and your Management Staff must begin the training program before the scheduled opening of your Restaurant and must successfully complete the training program before you open your Restaurant. If the opening of your Restaurant is delayed, you and your Management Staff may have to attend re-training as determined by Famous Dave's.

(3) After you and your Management Staff have successfully completed the training program, Famous Dave's will arrange for an Opening Team, , at your expense, to assist you with opening your Famous Dave's® Restaurant (see Article 14.5 of the Franchise Agreement). For up to 14 consecutive days, certain Opening Team members will assist you with implementing the Restaurant System at your Restaurant and training your staff and kitchen employees. For your second and each subsequent Restaurant opening, you will be asked to provide a prescribed number of certified trainers for the Opening Team based upon your existing number of staff. Famous Dave's will determine and provide, at your expense, the additional personnel needed to complete the Opening Team who will be on site at your Restaurant for a minimum of 14 days. All Opening Teams will be assembled based on guidelines established by Famous Dave's. There is no fee for this opening assistance (see Article 6.2 of the Area Development Agreement). However, you will pay Famous Dave's for the Travel Expenses and the prorated Salaries and Benefits for the Opening Team within 30 days after receipt of an invoice from Famous Dave's. Note: 50% of this expense is billed up front before the opening date.

(4) Famous Dave's will provide franchisees access to Manuals (see Articles 9 and 15 of the Franchise Agreement). The Manuals are confidential and will remain the property of Famous Dave's during and after the term of the Franchise Agreement. The Manuals consist of operations and training documentation and are primarily made available online to Famous Dave's® franchisees. The Manuals available currently discuss most or all of the following subjects:

OPERATIONS	PURCHASING
Hours of Operation Training/Trainer Certification Manager's Communication Log Opening/Closing checklists Guest Service Standards Phone Answering Reservations Call-Ahead Seating Carry-out Catering Beverages Server Banking Tip out	Approved Vendors List Vendor Approval process Setting Par Levels Ordering Process Receiving Storage/Rotation Transfers in/out Waste tracking Inventory process Approved cleaning supplies Approved Vendors List Vendor Approval process Setting Par Levels Food and Beverage Recipe Vault
MARKETING	**FACILITY MANAGEMENT**
LSM Community Involvement Fund raisers Promotions	Cleaning Lists Preventative Maintenance Schedule Equipment Cleaning

HUMAN RESOURCE ISSUES		FINANCIAL MATTERS
Orientation Store transfers MSDS/Chemicals Food Safety Security		P&L Accounting Accounts Payable Gift Cards Credit Cards Counterfeit Bills Paid outs Voids/Refunds

(5) Famous Dave's will provide a written schedule of all foods, food items, beverages, furniture, fixtures, supplies, and equipment required for your Famous Dave's® Restaurant (see Article 15 of the Franchise Agreement).

(6) Famous Dave's will provide a list of the approved suppliers and distributors for the goods and services required by Famous Dave's for use in your Famous Dave's® Restaurant (see Articles 8 and 15 of the Franchise Agreement).

(7) You must lease or purchase the computer hardware, computer peripherals and software, that meet the specifications and requirements set forth in the Manuals which will serve as, or integrate with, your point-of-sale system and other equipment and devices as required by Famous Dave's for your Restaurant business. You must purchase an integrated front-of-house and back-of-house POS system that includes terminals, guest check printers, a mechanism to communicate orders to the kitchen, and a mechanism for electronically accepting credit cards and gift cards which complies with then-current Payment Card Industry Payment Application Data Security Standards that is required by Famous Dave's. In addition, Famous Dave's will approve the required office and telecommunications equipment, and computer hardware, peripherals and software you use in your Famous Dave's® Restaurant (see Article 11 of the Franchise Agreement), which must include (a) a back-office personal computer for managing e-mail, composing and editing documents, running restaurant management applications, and web browsing; and (b) high-speed Internet connectivity with antivirus and data security software (as Famous Dave's specifies in the Manuals or otherwise in writing). Currently, these items cost approximately $10,000 fully installed. You may be required to maintain and make periodic updates to the computer hardware, peripherals and software at an estimated annual average cost of $5,000. Fax and telecommunications equipment, computer hardware and peripherals, maintenance agreement, and computer software and operating systems required for your Restaurant are all available through approved, designated or commercial office and telecommunications equipment, and computer hardware and software vendors. Famous Dave's reserves the right to have independent access to the information and data collected and generated by your computer system.

(8) If you have a Restaurant that offers full service, counter service, or line service, , Famous Dave's will provide access to a "grand opening celebration" package which will include advertising and promotional materials for your Famous Dave's® Restaurant (see Article 5 of the Franchise Agreement). For all types of Restaurants, you must spend a minimum of $15,000 (or a higher amount as determined by Famous Dave's) on the grand opening celebration for your first Restaurant (see Item 7).

Generally, the opening of your Famous Dave's® Restaurant will take place within six months (for a conversion) and up to 24 months (for new construction) after you sign the Franchise Agreement. Factors which will affect your opening date include selecting the location for your Restaurant, whether your Restaurant will be operated out of a converted premises or newly constructed building, obtaining the required licenses, including the liquor licenses, the delivery and installation of your furniture, fixtures, décor and equipment, acquiring inventory and supplies, obtaining financing (if applicable), hiring and training your employees, and completing the training program. You must obtain authorization from Famous Dave's to open your Famous Dave's® Restaurant before you can commence business (see Article 10 of the Franchise Agreement and Article 6 of the Area Development Agreement).

Assistance During Operation of Restaurant - After Opening Of Your Famous Dave's® Restaurant:

(1) Famous Dave's will provide additional training if, during the term of the Franchise Agreement, you hire a new member of your Management Staff who has not attended and successfully completed the Famous Dave's® training program. The training program will be conducted at a certified training Restaurant designated by Famous Dave's. You must pay the Salaries and Benefits, Travel Expenses and all other expenses for each new Management Staff member who attends the training program on your behalf (see Article 14 of the Franchise Agreement). Your Operating Partner and your General Manager must successfully complete the training program before managing your Restaurant.

(2) Famous Dave's will make available to you basic business and accounting procedures through the training program and other materials. Famous Dave's will not charge you for such materials and information unless you seek Famous Dave's advice on business and accounting procedures at the Franchised Location (see Article 15 of the Franchise Agreement).

(3) Famous Dave's will make advertising and marketing recommendations (see Article 15 of the Franchise Agreement). You must spend at least 1.5% of your quarterly and annual Revenues on approved local advertising (see Article 5 of the Franchise Agreement). If you fail to meet these minimum requirements, you will have to deposit with Famous Dave's the difference between what you should have spent and what you actually spent, which Famous Dave's will spend on advertising within your marketing area. Franchisees who operate more than one Famous Dave's® Restaurant may spend up to 50% of the required per-Restaurant amount on approved local advertising for any other Restaurant owned and operated by the same Franchisee in the market area. You may conduct advertising or promotion for your Famous Dave's® Restaurant if Famous Dave's has approved your advertising and promotion concepts, materials and media. You will not establish a Home Page (website) for your Restaurant without Famous Dave's consent. In addition, when Famous Dave's provides the Franchisee with access to the local restaurant template page (the "Subpage") on Famous Dave's public website (www.famousdaves.com) or another website maintained by Famous Dave's, the Franchisee will be required to maintain its own content and information on the Subpage consistent with the standards and specifications that Famous Dave's may set forth in the Manuals or otherwise. Finally, you may not use the words "Famous Dave's®" or any other Marks as any part of an email address, any domain name or, absent Famous Dave's prior approval, in any online medium, including social media networks such as Facebook, Twitter, LinkedIn, YouTube and the like.

When there are two or more independently owned or controlled Famous Dave's® Restaurants, including your Restaurant, in your DMA, you will contribute Local Advertising Fees equal to 1.5% of your weekly Revenues for the preceding week to the Local Advertising Association (the "LAA") by Tuesday of each week. The weekly Local Advertising Fees paid by you to the LAA will meet your quarterly and annual local advertising requirements. The LAA will be governed and organized by the terms of the Franchise Agreement and administered by the "Members" of the LAA (see Article 5.6 of the Franchise Agreement). The Members of the LAA will include the franchised Famous Dave's® Restaurants and the Famous Dave's® Restaurants owned and operated by Famous Dave's in the DMA. Each Member will have one vote for each franchised or company-owned Restaurant owned by it in the DMA. Famous Dave's can form, merge, dissolve or change the LAA.

The LAA will conduct advertising, promotion, marketing and public relations for the benefit of the Famous Dave's® Restaurants located in the DMA. The LAA will not conduct any advertising, promotion, marketing or public relations program or campaign for the Famous Dave's® Restaurants in the DMA until Famous Dave's has given the LAA written approval for all proposed concepts, materials or media. The LAA will provide a written summary of the Members' contributions to the LAA and an accurate accounting of the LAA's expenditures for approved local advertising and promotion to Famous Dave's and its Members as set forth in the Manuals or otherwise.

Famous Dave's has established one or more local, regional, national or international marketing funds (collectively, the "Fund") which will be administered and controlled by Famous Dave's (see Article 5 of the Franchise Agreement). You will contribute 1% of your weekly Revenues to the Fund (see Item 6). Famous Dave's will deposit 1% of the weekly Revenues generated by the company-owned Restaurants and payments made to Famous Dave's by certain suppliers for marketing support into the Fund (see Item 8). Not all franchisees contribute to the Fund or contribute to the Fund at the same rate.

Famous Dave's will determine how and where the payments deposited into the Fund will be spent. This includes the right of Famous Dave's to purchase and pay for product and market research, production development, production of point-of-purchase materials, ads, brochures, radio and television commercial production costs, services provided by advertising agencies, in-store advertising, signs, public relations, telemarketing, direct mail advertising, online media, promotional programs, advertising market research, graphics and design costs, creation and maintenance of a Home Page or website, Internet costs, miscellaneous advertising costs, other costs and expenses as Famous Dave's deems appropriate and in the best interests of all Famous Dave's® Restaurants and the Restaurant System, and local, regional, national and/or the Restaurant System wide promotional programs and advertising. All costs for the administration of the Fund, collection costs and office supplies will be paid from the Fund (including attorneys' fees paid in collecting past due Marketing Fund Fees).

Famous Dave's does not have to spend the monies in the Fund in any particular market and will not have to spend the Marketing Fund Fees in your market area in proportion to the Marketing Fund Fees paid by you. Famous Dave's does not have to spend the funds in the Fund in the calendar year in which the payments were made. Payments to the Fund not spent in the calendar year in which they were paid and the interest accrued will remain in the Fund. Famous Dave's will not use the monies in the Fund for the direct solicitation of prospective franchisees. The Fund

is not a trust or escrow account, and Famous Dave's does not have any fiduciary obligations regarding the Fund. A summary showing the income to and the expenditures from the Fund during each calendar year will be prepared by Famous Dave's, and copies of the summary will, upon written request, be provided to you on a confidential basis once per year. During the last fiscal year, the expenditures from the Fund were made in the following areas:

Production costs	50%
Media placement	25%
Professional Fees (Media, PR, Legal)	15%
Innovation	5%
Miscellaneous	5%
	100.0%

Amounts paid into the Fund in 2021 that were not spent in 2021 are available for expenditure in 2020.

(4) Famous Dave's will periodically visit and review your Restaurant and render written reports if deemed appropriate by Famous Dave's (see Article 15 of the Franchise Agreement).

(5) Famous Dave's will legally protect the Marks and the Restaurant System (see Article 13 of the Franchise Agreement).

(6) Famous Dave's may develop and register new Marks (see Article 13 of the Franchise Agreement).

(7) Famous Dave's will provide advisory services by telephone or in writing (see Article 15 of the Franchise Agreement).

(8) Famous Dave's will furnish a sample Famous Dave's® menu and modifications to the sample menu and all supplements and modifications to the Manuals (see Articles 9 and 15 of the Franchise Agreement).

(9) Famous Dave's will provide the names and addresses of newly approved and designated suppliers for the products and services required by Famous Dave's to be used in your Famous Dave's® Restaurant (see Articles 8 and 15 of the Franchise Agreement).

12. TERRITORY

If you sign a Franchise Agreement, you will operate out of a single "Franchised Location" within a "Designated Area." You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that Famous Dave's owns, or from other channels of distribution or competitive brands that Famous Dave's controls. Your Designated Area will consist of a geographical area surrounding the Franchised Location, the specific size of which will be determined by Famous Dave's with reference to market research materials and the service model you open. The precise boundaries of your Designated Area may be identified with reference to (1) a radius, roadways, natural and/or man-made landmarks, or any other identifiers Famous Dave's chooses; or (2) an area determined by Famous Dave's in its sole business judgment if Famous

Dave's believes the requirements noted above do not apply, such as in more rural market areas. The precise Designated Area for your Restaurant will be specified in an exhibit to the Franchise Agreement.

Your Designated Area typically will consist of one or more cities or counties. You are not restricted from soliciting or accepting orders outside your Designated Area, but you may not sell any of the products or services offered in connection with your Restaurant on a wholesale basis, at any location other than your Restaurant, or through the Internet, catalog, mail order and telemarketing, or any other method of sales or distribution. The continuation of your Designated Area is not dependent upon your achieving a certain sales volume, market penetration, or any other contingency. The Franchise Agreement does not grant any options, rights of first refusal, or similar rights to you for the acquisition of additional franchises within your Designated Area or contiguous areas.

If you operate an add-on ghost kitchen or cloud kitchen, you will be able to offer and sell delivery services within the geographic areas that the third-party designated service partners are willing to conduct delivery services for you, and if you offer self-delivery with Famous Dave's prior written consent, then you can conduct self-delivery within the Designated Area.

If you enter into an Area Development Agreement with Famous Dave's, you will receive the right to develop and operate Famous Dave's® Restaurants in a specified geographic area called a "Territory." The Territory typically consists of one or more cities or market areas and will be delineated by roadways, county lines, natural and/or man-made landmarks, or any other identifiers Famous Dave's designates, which form the boundaries of the Territory. Before you sign the Area Development Agreement, a description of the Territory will be placed in the Area Development Agreement and a map of the Territory may also be attached. The size of the Territory and the number of Famous Dave's® Restaurants you will develop within the Territory are determined by the population of the Territory and its market potential, taking into account demographics, economics, the business climate, competition and other relevant factors. Your Territory may not be altered or relocated during the term of the Area Development Agreement. You must meet the Development Schedule in the Area Development Agreement or you will lose your right to continue to develop Famous Dave's® Restaurants in the Territory. Otherwise, the continuation of your Territory is not dependent upon your achieving a certain sales volume, market penetration or any other contingency. The Area Development Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional development rights in your Territory or contiguous areas.

Famous Dave's will not franchise, license, develop, own, or operate another Famous Dave's® Restaurant in your Designated Area if you sign a Franchise Agreement, or in your Territory if you sign an Area Development Agreement. However, Famous Dave's has the absolute right to: (1) develop other restaurant business concepts under other brand names even if the locations for the concept are within your Designated Area or Territory; (2) develop Famous Dave's® Restaurants in your Designated Area or Territory if they are located at or within an airport, a train station or other mass transit facility, a theme or entertainment park, or a stadium or arena or other venue for semi-professional or professional sports, a military installation, within the boundaries of an Indian reservation, or at a school, college, university or hospital or other similar captive market venues; (3) if you open a ghost kitchen, we have the right to reduce or terminate the frnachise agreement if any brick and mortar service model wishes to enter that Designated Area or Territory; (4)

develop other food service businesses using the Marks, menu and Restaurant System concepts, so long as they are not Famous Dave's® Restaurants; (5) market, distribute, and sel1 or license for sale, on a wholesale or retail basis, seasonings, sauces, food products including beans, meats, poultry and fish (in cooked or uncooked form), biscuit and muffin mixes, music (on compact discs or in other media), clothing, or any other food products or other goods under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing, or by any other marketing or distribution method, even if the sales are made by distributors or retailers who are located in your Designated Area or Territory; and (6) advertise, promote, and participate in special promotions in your Designated Area or Territory, including "Ribfests," cooking, recipe or restaurant competitions.

Famous Dave's is not required to pay you if it exercises any of the rights specified above inside your Designated Area or Territory.

As described in Item 1, one of our affiliates, BBQ Oklahoma Inc. is a partial owner of a concept called Clark Crew BBQ. Clark Crew BBQ is a barbecue restaurant. It operates under the following trademarks:

Mark	**Registration No./ Serial No.**	**Registration Date/Filing Date**
CLARK CREW BBQ	Registration No: 5997996	Registration Date: February 25, 2020
EST. 2012 CLARK CREW BBQ	Registration No: 5997995	Registration Date: February 25, 2020
EST. 2012 CLARK CREW BBQ	Serial No.: 88235507	Filing Date: December 19, 2018
CLARK CREW BBQ	Serial No. 88232158	Filing Date: December 17, 2018

There is currently one Clark Crew BBQ restaurant, which is located in Oklahoma City, Oklahoma and operated by BBQ Oklahoma Inc. Additional locations may open at any time. There are currently no plans to franchise the Clark Crew BBQ concept, but the company may offer franchises for Clark Crew BBQ restaurants in the future. Famous Dave and its affiliates have the absolute right to develop other restaurant business concepts under other brand names, like Clark Crew, even if the locations for the concept are located within your Designated Area or Territory.

Another of our affiliates, BBQ Ventures, Inc., owns a concept called Real Urban Barbecue. Real Urban Barbecue is also a barbecue restaurant. Real Urban Barbecue does not have a registered trademark, but it has certain common law rights to the mark "Real Urban Barbecue" and other marks. There is currently one Real Urban Barbecue restaurant, which is located in Vernon Hills, Illinois, and operated by BBQ Ventures, Inc. Additional locations may open at any time. BBQ Ventures, Inc. has never operated franchises in any line of business, and there are currently no

plans to franchise the Real Urban Barbecue concept. Famous Dave and its affiliates have the absolute right to develop other restaurant business concepts under other brand names, like Real Urban Barbecue, even if the locations for the concept are located within your Designated Area or Territory.

13. TRADEMARKS

Under the Franchise Agreement, Famous Dave's licenses you to operate your Restaurant under the name "Famous Dave's®" and to use certain other current and future Marks. You may only use the Marks in the manner authorized in writing by Famous Dave's. You may not use any of the Marks as part of your corporate or other name. You must also follow the instructions of Famous Dave's for identifying yourself and for filing and maintaining the requisite trade name or fictitious name registrations.

The following are the primary Marks used by Famous Dave's in commerce that have been registered on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

Mark	Registration No./Serial No.	Registration Date/Filing Date
FAMOUS DAVE'S (stylized) (TM)	2,364,913	07/04/00
FAMOUS DAVE'S (stylized) (SM)	2,360,550	06/20/00
FAMOUS DAVE'S (SM)	2,457,218	06/05/01
FAMOUS DAVE'S (TM)	2,461,570	06/19/01
FAMOUS DAVE'S (stylized) (TM)	3,271,978	07/31/07
FAMOUS DAVE'S QUICK QUE (SM)	90,559,377	03/04/21
AMERICA'S FAVORITE BBQ Famous Dave's QUICK 'QUE	90,557,259	03/03/21
AMERICA'S FAVORITE BBQ Famous Dave's QUICK 'QUE DRIVE THRU	90,557,228	03/03/21

In addition to the above-referenced Marks, Famous Dave's makes use of other trademarks, service marks, tag lines, and slogans, from time to time, in which it claims intellectual property ownership.

The Marks are not registered in any state. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, no pending infringement or opposition proceeding, and no pending material litigation involving the Marks. The Marks are owned by Famous Dave's. There are no agreements currently in effect which significantly limit the rights of Famous Dave's to use or license the use of the Marks in any manner material to you. Famous Dave's has no actual knowledge of any prior or infringing uses that could materially affect your use of the Marks in your particular market.

You must provide Famous Dave's with written notice of any claims made against or associated with the Marks. Famous Dave's is obligated under the Franchise Agreement to protect your right to use the Marks and other related rights and to protect you against claims of infringement and unfair competition with respect to the Marks. However, if anyone establishes to the satisfaction of Famous Dave's that its rights are, for any legal reason, superior to the rights of Famous Dave's as to any of the Marks, then you must use the variances or other service marks, trademarks or trade names required by Famous Dave's to avoid a conflict with the superior rights.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Famous Dave's does not own any patents and there are no pending patent applications that are material to the franchised business. Famous Dave's has copyrighted or will copyright advertising copy and design, menu and menu designs, training videotapes, workbooks, the Manuals, and other written materials and items. Famous Dave's has not applied to the U. S. Copyright Office to register these copyrights.

You must keep confidential the Manuals, any supplements to the Manuals, and any other manuals or written materials used in your Famous Dave's® Restaurant. The Manuals contain information about the Restaurant System and recipes and cooking techniques developed by Famous Dave's. Famous Dave's considers this information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and to prevent any unauthorized duplication or reproduction of this information.

You should immediately inform Famous Dave's if you learn of any unauthorized use or infringement of, or challenge to, the copyrighted materials or any of the proprietary or confidential information. Famous Dave's will take the action it deems appropriate, in its sole discretion. If anyone establishes to the satisfaction of Famous Dave's that its rights to the materials are superior, then you must modify or discontinue your use of the materials as required by Famous Dave's.

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

Your Operating Partner is required to have at least a 20% ownership interest in the entity that is the Franchisee and participate full time in the operation of your Famous Dave's® Restaurant. If you enter into an Area Development Agreement for at least six Famous Dave's® Restaurants, then you may employ a Multi-Unit Manager who will work full time in the operations of your Famous Dave's® Restaurants, but is not required to have any ownership interest in the Franchisee. You and each Management Staff member you employ must successfully complete the training program. Your employees do not have to own an equity interest in your Famous Dave's® Restaurant. Your Restaurant must be open during the business hours as specified in the Manuals.

The operating company responsible for operating and managing your Famous Dave's® Restaurant, or the Restaurants you develop under an Area Development Agreement, must be dedicated solely to developing and operating Famous Dave's® Restaurants, and may not hold any interest in, operate, or manage any other business without the prior written approval of Famous Dave's.

If the party entering into the Franchise Agreement with Famous Dave's is not an individual, then you must personally guarantee all of the obligations to Famous Dave's under the Franchise Agreement. You must also agree that during the term of the Agreement you will not participate in any competitive business, and that for one year after the expiration or termination of the Agreement you will not participate in any competitive business located within five miles of your Restaurant(s) or any other Famous Dave's® Restaurant or within any exclusive area granted by Famous Dave's. These covenants not to compete also apply to the Personal Guarantors and, if the Franchisee is not an individual, to the Franchisee's Owners.

16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the foods, beverages, food products, clothing, services, and other items ("products and services") specified or approved by Famous Dave's in writing. Selling products and services that have not been specified or approved by Famous Dave's is a material breach of the Franchise Agreement and is grounds for the termination of the Franchise Agreement. You must sell the products and services required by Famous Dave's. Famous Dave's can change the products and services that you must offer. There is no limitation on the right of Famous Dave's to change the products and services offered by Famous Dave's® Restaurants. Except as disclosed below, Famous Dave's does not impose any restrictions or conditions that limit your access to customers, except that you may not sell any of the products or services offered in connection with your Restaurant on a wholesale basis, at any location other than your Restaurant, or through the Internet (including all current and future forms of social media networks), catalogue, mail order, telemarketing, or any other method of sales or distribution (see Article 8 of the Franchise Agreement). Additionally, add-on ghost kitchens and cloud kitchens may only offer and sell the products and services through delivery and to-go services, and may not offer or conduct any form of dine-in services to customers at the premises of the add-on ghost kitchen or cloud kitchen.

17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

Provision	Article in Franchise Agreement	Summary
a. Term of the Franchise	3.1	10 years from the Required Opening Date of the Restaurant.
b. Renewal or extension of the term	3.2	Right to reacquire for a period of two additional periods of 10 years.
c. Requirements for you to renew or extend	3.2	You must give 180 days' notice; have complied with all material terms and conditions of your current Franchise Agreement; paid all

Provision	Article in Franchise Agreement	Summary
		monetary obligations owed to Famous Dave's and timely met your obligations to Famous Dave's during the term of the Franchise Agreement; agreed in writing to remodel your Franchised Location; have the right to continue to occupy the Franchised Location; you and your Management Staff have been retrained; sign the then-current standard Franchise Agreement; pay the Reacquisition Fee. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you must sign a new Franchise Agreement that may contain terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and territorial rights.
d. Termination by you	18.1, 18.2, 18.4	If Famous Dave's violates any material provision, term or condition of the Franchise Agreement, or fails to timely pay any material uncontested obligation due or owing to you, you may terminate the Franchise Agreement on any grounds available by law.
e. Termination by Famous Dave's without cause	Not Applicable	
f. Termination by Famous Dave's with cause	17.1, 17.2, 17.4	If you breach the Franchise Agreement.
g. "Cause" defined - defaults which can be cured	17.4	You will have 30 days to cure a breach not listed in Articles 17.1 and 17.2 of the Franchise Agreement. You will have five business days to cure a failure to pay any fees due to Famous Dave's.
h. "Cause" defined - defaults which cannot be cured	17.1, 17.2	Famous Dave's has the right (subject to applicable state law) to immediately terminate the Franchise Agreement upon notice if you: or any of your current directors, officers, or majority Owners are convicted or plead guilty to a charge of violating any law that could have a material adverse effect on the Marks and/or your Restaurant; are deemed insolvent, any involuntary petition for bankruptcy is filed against you, or you file for bankruptcy or are adjudicated a bankrupt; make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of your assets for the benefit of creditors; voluntarily or otherwise abandon the Restaurant; fail or refuse to provide the Financial Records or to produce and permit Famous Dave's to audit your Financial Records; are involved in any act or conduct which materially impairs the goodwill associated with the Marks or the Restaurant System, and you fail to correct the breach within 24 hours; violate any provision, term or condition of the Franchise Agreement three or more times during any 12-month period; provide any required or other financial, personal, or other information to Famous Dave's that is materially false, misleading, incomplete, or inaccurate; have not purchased or leased a site for the Franchised Location within 90 days after the date of the Franchise Agreement; have not obtained a valid license for the service of food before the Restaurant is scheduled to open; have not obtained a valid liquor license before the Restaurant is scheduled to open; or any member of the Management Staff has not completed the initial training program before opening of the Restaurant; have not opened the Restaurant by the Required Opening Date; are in an ongoing condition of financial impairment for more than 30 days which impairs your ability to fulfill the obligations of the Franchise Agreement; are evicted from the Franchised Location; have your food service license or liquor license for the Restaurant is canceled for any reason; fail to timely pay the fees, rents, or any other monetary obligations or fees due and payable under the Franchise Agreement; fail to timely pay any other uncontested obligations or liabilities; or issue any check or any electronic transfer of funds which is dishonored because of insufficient funds or closed accounts and either the failure or event of dishonor is not fully corrected within five business days; or any of the failures or dishonors have occurred three times in any 12-month period.

Provision	Article in Franchise Agreement	Summary
i. Your obligations on termination or non-renewal	19	You must pay what you owe under the Franchise Agreement within five days of termination; immediately return all printed materials relating to the Restaurant; cease using the Marks and the Restaurant System; alter the appearance of your Franchised Location; transfer your telephone directory listings to Famous Dave's.
j. Assignment of the contract by Famous Dave's	16.1	No restrictions on the right of Famous Dave's to assign the Franchise Agreement; the assignee is required to fully perform all obligations of Famous Dave's under the Franchise Agreement.
k. "Transfer" by you - definition	16.2, 16.3, 16.4	Includes assignment in the event of death or disability, sale of ownership interests, and assignment of rights under the Franchise Agreement.
l. Approval of Famous Dave's of a transfer by you	16.3	Famous Dave's has the right to approve any assignment made by you but will not unreasonably withhold its consent.
m. Conditions for approval by Famous Dave's of a transfer by you	16.3	You must provide Famous Dave's with 45 days written notice of the assignment; pay all money owed to Famous Dave's; agree to observe all applicable provisions of the Franchise Agreement; sign a joint and mutual release between you and Famous Dave's; pay the Assignment Fee. The assignee must meet the standards established by Famous Dave's for franchisees; sign the required legal agreements between the assignee and Famous Dave's; acquire the right to occupy the Franchised Location; acquire a valid food service and liquor license; successfully complete training.
n. Right of first refusal of Famous Dave's to acquire your business	20	You must offer the Restaurant to Famous Dave's if you receive a bona fide offer to purchase.
o. Option of Famous Dave's to purchase your business	20	Famous Dave's has the option to purchase at the price and terms stated in the offer.
p. Your death or disability	16.2	If you are an individual, your Franchise Agreement may be transferred to your beneficiary without paying an Assignment Fee to Famous Dave's, subject to the requirements described in "m" above.
q. Noncompetition covenants during the term of the Franchise Agreement	21.2	You may not participate in any food service business that Famous Dave's determines serves the same general range of consumer demand (regardless of menu) as a Famous Dave's® Restaurant.
r. Noncompetition covenants after the Franchise Agreement is terminated or expires	21.3	For a period of 12 months after the termination or expiration of your Franchise Agreement, you may not participate in any food service business that Famous Dave's determines serves the same general range of consumer demand (regardless of menu) as a Famous Dave's® Restaurant that is within: (i) five miles of the Franchised Location or any other Famous Dave's® Restaurant, or within any exclusive area granted by Famous Dave's; or (ii) ten miles of the Franchised Location or any other Famous Dave's® Restaurant, or within any exclusive area granted by Famous Dave's, if you operate an add-on ghost kitchen or cloud kitchen.
s. Modification of the agreement	29.2	Only by written agreement between you and Famous Dave's.
t. Integration/merger clauses	29.1	The Franchise Agreement and System standards in the Manuals are binding (subject to applicable law). Any statements or promises not in the Franchise Agreement or this Disclosure Document should not be relied upon and may not be enforceable.
u. Dispute resolution by arbitration or mediation	23	Except for certain claims, all disputes are subject to the dispute resolution provisions of Article 23.
v. Choice of forum	23.8, 24.10	Minnesota (subject to applicable state law).
w. Choice of law	27.1	Governing law will be the laws of the state in which the Restaurant is located.

Area Development Agreement

Provision	Article in Area Development Agreement	Summary
a. Term of the Area Development Agreement	3	To be determined by you and Famous Dave's.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Not Applicable	You may terminate the Area Development Agreement on any grounds available by law.
e. Termination by Famous Dave's without cause	Not Applicable	Not Applicable
f. Termination by Famous Dave's with cause	9.1-9.4, 9.6	If you breach the Area Development Agreement.
g. "Cause" defined - defaults which can be cured	9.4	You will have 30 days to cure a breach not listed in Articles 9.1 and 9.2 of the Franchise Agreement. You will have five business days to cure a failure to pay any fees due to Famous Dave's.
h. "Cause" defined - defaults which cannot be cured	9.1, 9.2	Famous Dave's has the right (subject to applicable state law) to terminate the Area Development Agreement immediately upon notice if you: or any of your current directors, officers, or majority Owners are convicted or plead guilty to a charge of violating any law that could have a material adverse effect on the Marks and/or your Restaurants; are deemed insolvent, any involuntary petition for bankruptcy is filed against you, or you file for bankruptcy or are adjudicated a bankrupt; make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of your assets for the benefit of creditors; fail or refuse to provide the Financial Records or to produce and permit Famous Dave's to audit your Financial Records; are involved in any act or conduct which materially impairs the goodwill associated with the Marks or the Restaurant System, and you fail to correct the breach within 24 hours; violate any provision, term or condition of the Area Development Agreement three or more times during any 12-month period; provide any required or other financial, personal, or other information to Famous Dave's that is materially false, misleading, incomplete, or inaccurate; are in an ongoing condition of financial impairment for more than 30 days which impairs your ability to fulfill the obligations of the Area Development Agreement; fail to timely pay the fees, rents, or any other monetary obligations or fees due and payable under the Area Development Agreement; fail to timely pay any other uncontested obligations or liabilities, or issue any check or any electronic transfer of funds which is dishonored because of insufficient funds or closed accounts and either the failure or event of dishonor is not fully corrected within five business days, or any of the failures or dishonors have occurred three times in any 12-month period; fail to comply with the Development Schedule; breach any Franchise Agreement or other agreement with Famous Dave's or an affiliate; or any Franchise Agreement with Famous Dave's is terminated for any reason.
i. Your obligations on termination or non-renewal	10	You must pay what you owe under the Area Development Agreement and all Franchise Agreements; your rights under the Area Development Agreement revert to Famous Dave's; you must continue to operate the Restaurants you opened before termination of the Area Development Agreement.
j. Assignment of the contract by Famous Dave's	8.1	No restrictions on the right of Famous Dave's to assign the Area Development Agreement.
k. "Transfer" by you - definition	8.2, 8.3, 8.4	Includes assignment in the event of death or disability, sale of ownership interests, and assignment of rights under the Area Development Agreement.
l. Approval of Famous Dave's of a transfer by you	8.3	Famous Dave's has the right to approve any assignment made by you but will not unreasonably withhold its consent.

Provision	Article in Area Development Agreement	Summary
m. Conditions for approval by Famous Dave's of a transfer by you	8.3, 8.6	You must provide Famous Dave's with 45 days written notice of the assignment; pay all money owed to Famous Dave's; agree to observe all applicable provisions of the Area Development Agreement; sign a joint and mutual release between you and Famous Dave's; pay the Assignment Fee. The assignee must meet the standards established by Famous Dave's for area developers; sign the legal agreements between the assignee and Famous Dave's; successfully complete training.
n. Right of first refusal of Famous Dave's to acquire your business	11.1	You must offer the Area Development Agreement and your ownership interests to Famous Dave's if you receive a bona fide offer to purchase.
o. Option of Famous Dave's to purchase your business	11.1	Famous Dave's has the option to purchase at the price and terms stated in the offer.
p. Your death or disability	8.2	If you are an individual, your Area Development Agreement may be assigned to your beneficiary without paying an Assignment Fee to Famous Dave's, subject to the requirements described in "m" above.
q. Noncompetition covenants during the term of the Area Development Agreement	12.2	You may not participate in any food service business that Famous Dave's determines serves the same general range of consumer demand (regardless of menu) as a Famous Dave's® Restaurant.
r. Noncompetition covenants after the Area Development Agreement is terminated or expires	12.3	For a period of 12 months after the termination of your Franchise Agreement, you may not participate in any food service business that Famous Dave's determines serves the same general range of consumer demand (regardless of menu) as a Famous Dave's® Restaurant that is located in or within five miles of the Territory or any other Famous Dave's® Restaurant, or within any territory granted by Famous Dave's.
s. Modification of the agreement	20.2	Only by written agreement between you and Famous Dave's.
t. Integration/merger clauses	20.1	The Area Development Agreement and System standards in the Manuals are binding (subject to applicable law). Any statements or promises not in the Area Development Agreement or this Disclosure Document should not be relied upon and may not be enforceable.
u. Dispute resolution by arbitration or mediation	14	Except for certain claims, all disputes are subject to the dispute resolution provisions of Article 14.
v. Choice of forum	14.8, 15.10	Minnesota (subject to applicable state law).
w. Choice of law	18	Governing law will be the laws of the state in which the Territory is located.

18. PUBLIC FIGURES

Famous Dave's does not currently use any public figure to promote its franchise. No public figure is involved in the management of Famous Dave's.

19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

Unless otherwise indicated (including below in Chart IV), the financial information in this Item was compiled from 31 company-owned and 78 franchised Famous Dave's® Restaurants open for the entire fiscal year ended January 2, 2022 in the United States. There are company-owned and franchised Famous Dave's® Restaurants located in 30 states (see Item 20).

Chart IV below includes data on the franchised and company-owned Famous Dave's® Restaurants that offered add-on ghost kitchen services ("Ghost Kitchens"). There were 20 franchised and 9 company owned Ghost Kitchens that were operating as of January 2, 2022.

The company-owned Famous Dave's® Restaurants included in this Item are substantially similar to franchised Famous Dave's® Restaurants, that offered line service, full service, counter service, or line service. In addition, the company-owned Ghost Kitchens included in this Item are substantially similar to the franchised Ghost Kitchens. However, the revenues, expenses and profitability of your Restaurant or Ghost Kitchen will be directly affected by factors which include the Restaurant's geographic location; competition in the market; presence of other restaurants; the quality of both management and service at the Restaurant or Ghost Kithcen; contractual relationships with lessors and vendors; the extent to which you finance the operation of your Restaurant or Ghost Kitchen; your legal, accounting and other professional fees; federal, state and local income taxes, gross profits taxes or other taxes; discretionary expenditures; accounting methods used; certain benefits and economies of scale which Famous Dave's may derive as a result of operating restaurants on a consolidated basis; and the fees payable to Famous Dave's by franchised Famous Dave's® Restaurants or Ghost Kitchens. See Items 5 and 6 for information on the fees you must pay under the Franchise Agreement and the Area Development Agreement.

PART I: Average Net Revenues for Restaurants

The table below reflects average system-wide Restaurant net sales or revenues (as defined in Note 1 below) for Restaurants by three ranges: below $2.0 million, $2.0 million to $3.0 million, and above $3.0 million for Restaurants open all of fiscal 2020. It also provides the number of system-wide Restaurants and average square footage for each of these ranges.

Additionally, it provides average weekly net sales and unit economic data for the three ranges for the company-owned Famous Dave's® Restaurants that were open all of the 2021 fiscal year. Further account detail by line item is presented in the Notes below the chart.

Average Net Revenues[1] for Systemwide Restaurants
for the 2021 Fiscal Year Ended January 2, 2022

Company-Owned and Franchised Restaurants	Below $500,000	$500,000 to $2.0 Million	$2.0 Million to $3.0 Million	Above $3.0 Million	Total/Average
System-wide Restaurant Net Revenues	$2,585,460	$33,723,400	$90,530,923	$166,179,578	$293,019,361/$2,616,244
Average Weekly Net Revenues	$6,215	$29,478	$48,361	$74,320	$51,697
Median Weekly Net Revenues	$5,687	$31,382	$47,518	$71,123	$52,243
System-wide Number of Restaurants	8	22	36	43	109
Percentage of Total	7%	20%	33%	39%	100.0%

Number Above/Below Average Net Revenues	4/4	15/7	16/20	19/24	53/56
Low/High Net Revenues	$191,305/$554,385	$525814/ $1,963,806	$2,025720/ $2,938,106	$3,035,571/ $5,543,859	$191,305/ $5,543,859

Average Revenues[1] for Franchised Restaurants
During the 2021 Fiscal Year Ended January 2, 2022

	Below $500,000	**$500,000 to $2.0 Million**	**$2.0 Million to $3.0 Million**	**Above $3.0 Million**	**Total/Average**
Total Number of Franchised Restaurants	3	15	28	32	78
Percentage of Total	4%	19%	36%	41%	100.0%
Annual Revenues					
Average Annual Franchised Restaurant Net Revenues	$360,195	$1,462,445	$2,512,680	$3,821,671	$2,765,010
Median Annual Franchised Restaurant Net Revenues	$373,869	$1,643,092	$2,494,253	$3,652,084	$2,743,183
Number Above/Below the Average Annual Franchised Restaurant Net Revenues	2/1	10/5	14/14	13/19	40/38
Low/High Annual Franchised Restaurant Net Revenues	$326,734/ $379,981	$525,814/ $1,835,433	$2,025,720/$2,938,106	$3,035,571/ $5,543,859	$326,734/$5,543,859
Weekly Revenues					
Average Weekly Franchised Restaurant Net Revenues	$6,927	$28,124	$48,324	$73,494	$53,173
Median Weekly Franchised Restaurant Net Revenues	$6,346	$31,292	$47,518	$70,343	$53,504
Number Above/Below Average Weekly Franchised Restaurant Net Revenues	2/1	10/5	14/14	13/19	40/38
Low/High Weekly Franchised Restaurant Net Revenues	$6,283/ $7,307	$10,112/$35,297	$38,596/$56,502	$58,376/$106,613	$6,283/$106,613

Average Net Revenues for Company-Owned Restaurants
for the 2021 Fiscal Year Ended January 2, 2022

Company-Owned Restaurants	Below $500,000	$500,000 to $2.0 Million	$2.0 Million to $3.0 Million	Above $3.0 Million	Total/Average
Restaurant Net Revenues (2)	$1,504,876	$11,786,726	$20,170,836	$43,886,105	$77,348,544
Average Weekly Net Revenues	$5,788	$32,381	$48,488	$76,724	$47,983
Median Weekly Net Revenues	$4,928	$31,472	$48,307	$75,369	$46,870
Food and Beverage Costs (3)	$476,356 31.7%	$3,522,071 29.9%	$5,940,766 29.5%	$13,280,793 30.3%	$23,219,761 30.00%
Labor and Benefit Costs (4)	$0 0.0%	$3,673,736 31.2%	$5,698,624 28.3%	$12,682,622 28.9%	$22,054,191 28.5%
Average Gross Profit	$1,028,521 68.3%	$4,590,919 38.9%	$8,531,447 42.3%	$17,922,691 40.8%	$32,074,592 41.5%
Median Gross Profit	69.0%	39.1%	42.3%	40.7%	40.9%
Operating Costs (5)	$287,558 19.1%	$2,988,733 25.4%	$4,889,768 24.2%	$9,385,790 21.4%	$17,552,704 22.7%
Operating Margin Before Occupancy Costs and Depreciation (6)	$740,962 49.2%	$1,602,186 13.6%	$3,641,678 18.1%	$8,536,900 19.5%	$14,521,888 18.88%
Royalty Fees (7)	$75,244 5.0%	$589,336 5.00%	$1,008,542 5.00%	$2,194,305 5.00%	$3,867,427 5.00%
Adjusted Operating Margin Before Occupancy Costs and Depreciation	$665,718 44.2%	$1,012,850 8.6%	$2,633,137 13.1%	$6,342,595 14.5%	$10,654,461 13.8%
Median Adjusted Operating Margin	44.2%	9.7%	13.8%	13.6%	13.5%

Notes:

Percentages other than number of restaurants are as a percentage of restaurant revenues, net.

(1) Includes food, liquor, and merchandise sales, net of discounts for both full-service and counter company-owned and franchised Restaurants open all of fiscal 2021.

(2) Includes food, liquor, and merchandise sales, net of discounts for both full-service and counter company-owned Restaurants open all of fiscal 2021.

(3) Includes food, liquor, and merchandise costs, *less* supplier rebates and discounts for company-owned Restaurants open all of fiscal 2021.

(4) Includes direct labor costs and overtime, as well as, management salaries and bonus. Additionally included in the category is employee benefit costs comprised of payroll taxes, paid time-off, workers compensation, and medical insurance for company-owned Restaurants open all of fiscal 2021.

(5) Operating costs include all other restaurant operating costs such as, supplies, utilities, repair and maintenance, advertising costs, and bank charges. However, these costs exclude occupancy costs and depreciation expense for company-owned Restaurants open all of fiscal 2021.

(6) Operating margin before operating costs for company-owned Restaurants open all of fiscal 2021.

(7) Franchisees pay Famous Dave's a Royalty Fee equal to 5% of the weekly Revenues generated by their Restaurants (see Item 6). The adjusted operating margin before occupancy costs and depreciation includes imputed payments for Royalty Fees.

Part II: Average Weekly Revenues By Region for Restaurants

The following charts describe the average weekly revenues for the franchised and company-owned Famous Dave's® Restaurants open and operating during the entire year included in this Item. Franchised Restaurants that were opened during the 2021 fiscal year (and therefore were not open for the entire year) are not included.

Average Weekly Franchise Revenues by Region of Famous Dave's® Restaurants

The information in the following table was compiled from 78 Franchised Famous Dave's® Restaurants that offered full service, counter service, or line service, were open for the entire fiscal year ended January 2, 2022.

Region	Number of Restaurants	Region-wide Average Weekly Sales	Number Above/Below	Region-wide Median Weekly Sales	High/Low Number in Range
Northeast(1)	7	$53,694	5/2	$52,979	$79,002/ $22,895
Midwest(2)	30	$52,930	13/17	$53,054	$85,781 / $12,295
South(3)	7	$59,911	4/3	$58,871	$103,549 / $34,048
West(4)	34	$53,506	15/19	$53,660	$106,613 / $6,283
Total	**78**	**$54,001**	**37/34**	**$53,903**	**$106,613 / $6,283**

Note:

(1) Includes Maine, New Jersey, and Pennsylvania.

(2) Includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

(3) Includes Delaware, Florida, Kentucky, Maryland, Tennessee, Texas, and Virginia.

(4) Includes Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, and Washington.

Average Weekly Company-Owned Revenues by Region of Famous Dave's® Restaurants

The information in the following table was compiled from 31 Company-owned Famous Dave's® Restaurants that offered full service, counter service, or line service, and were open for the entire fiscal year ended January 2, 2022.

Region	Number of Restaurants	Region-wide Average Weekly Sales	Number Above/Below	Region-wide Median Weekly Sales
Northeast(1)	2	$58,988	1/1	$56,653
Midwest(2)	21	$33,757	14/7	$32,990
South	1	$3,679	0/1	$3,589
West	7	$72,841	4/3	$72,755
Total	**31**	**$45,401**	**19/12**	**$40,486**

Note:

(1) Includes New Jersey, and New York.

(2) Includes Iowa, Indiana, Minnesota, and Wisconsin.

PART III: Average Annual Revenues for Restaurants

The following table was compiled using data only from the franchised Famous Dave's® Restaurants that offered full service, counter service, line service, or flex service, and were open for the entire 2021 fiscal year.

Statement of Average Annual Revenues for Franchised Famous Dave's® Restaurants for the 2021 Fiscal Year Ended January 2, 2022[1]

	Number of Restaurants	Low	High	Average Annual Sales	Number and % Above/Below Average	Median Annual Sales
Restaurants opened prior to 2004[2]	16	$ $990,866	$ $4,460,626	$ $2,269,461	8/8 (50%/50%)	2,387,461
Restaurants opened during 2004[3]	5	$ $1,546,849	$3,794,010	$2,679,357	2/3 (40%/60%)	2,217,568
Restaurants opened during 2005[4]	4	$ $1,495,369	$4,342,240	$3,115,142	3/1 (75%/25%)	3,311,480
Restaurants opened during 2006[5]	7	$ $2,279,789	$5,543,859	$3,067,825	2/5 (29%/71%)	2,625,464
Restaurants opened during 2007[6]	5	$ $2,334,067	$4,340,373	$3,121,976	2/3 (40%/60%)	3,100,521

	Number of Restaurants	Low	High	Average Annual Sales	Number and % Above/Below Average	Median Annual Sales
Restaurants opened during 2008[7]	4	$ $1,190,540	$4,112,211	$2,619,315	2/2 (50%/50%)	2,587,254
Restaurants opened during 2009[8]	4	$ $2,427,612	$3,414,972	$2,954,065	2/2 (50%/50%)	2,986,838
Restaurants opened during 2010[9]	2	$ $2,350,300	$3,469,665	$2,909,982	1/1 (50%/50%)	2,909,982
Restaurants opened during 2011[10]	3	$ $2,835,027	$5,321,012	$3,840,041	1/2 (33%/67%)	3,364,083
Restaurants opened during 2012[11]	2	$ $1,828,243	$2,732,630	$2,280,436	1/1 (50%/50%)	2,280,436
Restaurants opened during 2013[12]	2	$ $2,753,737	$3,056,347	$2,905,042	1/1 (50%/50%)	2,905,042
Restaurants opened during 2014[13]	1	$ $4,290,614	$4,290,614	$4,290,614	0/1 (0%/100%)	4,290,614
Restaurants opened during 2015[14]	3	$ $1,835,377	$5,384,568	$3,333,992	1/2 (33%/67%)	2,782,032
Restaurants opened during 2016[15]	4	$ $1,643,092	$4,084,997	$2,888,916	2/2 (50%/50%)	2,913,787
Restaurants opened during 2017[16]	6	$ $2,485,742	$4,108,087	$3,592,850	4/2 (67%/33%)	3,791,936
Restaurants opened during 2018[17]	2	$ $1,770,473	$2,402,087	$2,086,280	1/1 (50%/50%)	2,086,280
Restaurants opened during 2019	2	$ $1,181,450	$2,795,067	$1,988,259	1/1 (50%/50%)	1,988,259
Restaurants opened during 2020	6	$326,734	$3,420,165	$949,779	1/5 (17%/83%)	452,897
Restaurants opened during 2021	0	$0	$0	$0	N/A	$0
All Restaurants open entire 2021fiscal year	78	$326,734	$5,543,589	$2,269,461	35/43 (45%/55%)	$2,843,537

Notes:

(1) Includes only Restaurants that were open and operating during the full 2020 fiscal year.

(2) These franchised Restaurants ranged in size from 2,600 to 8,657 square feet.

(3) These franchised Restaurants ranged in size from 5,500 to 10,600 square feet.
(4) These franchised Restaurants ranged in size from 6,000 to 8,815 square feet.
(5) These franchised Restaurants ranged in size from 5,533 to 8,461 square feet.
(6) These franchised Restaurants ranged in size from 6,000 to 7,750 square feet.
(7) These franchised Restaurants ranged in size from 6,232 to 8,000 square feet.
(8) These franchised Restaurants ranged in size from 6,200 to 9,600 square feet.
(9) These franchised Restaurants ranged in size from 4,486 to 7,824 square feet.
(10) These franchised Restaurants ranged in size from 5,700 to 7,303 square feet.
(11) These franchised Restaurants ranged in size from 4,864 to 6,150 square feet.
(12) These franchised Restaurants ranged in size from 5,958 to 6,847 square feet.
(13) These franchised Restaurants ranged in size from 6,095 to 6,937 square feet.
(14) These franchised Restaurants ranged in size from 5,400 to 6,572 square feet.
(15) These franchised Restaurants ranged in size from 4,664 to 6,621 square feet.
(16) These franchised Restaurants ranged in size from 4,486 to 7,824 square feet.
(17) These franchised Restaurants ranged in size from 4,880 to 5,000 square feet.

The following chart was compiled using data only from the company-owned Famous Dave's® Restaurants that offered full service, counter service, or line service, and were open for the entire 2020 fiscal year.

Statement of Average Annual Revenues for Company-Owned Famous Dave's® Restaurants for the 2021 Fiscal Year Ended January 2, 2022[1]

	Number of Restaurants	Low	High	Average Annual Sales	Number and % Above/Below Average	Median Annual Sales
Restaurants opened prior to 2004[2]	9	$1,657,567	$4,491,280	$2,748,660	2/7 (22%/78%)	2,452,864
Restaurants opened during 2005	1	$3,469,758	$3,469,758	$3,469,758	0/1 (0%/100%)	3,469,758
Restaurants opened during 2018	2	$1,930,089	$1,959,723	$1,944,906	1/1 (50%/50%)	1,944,906
Restaurants opened during 2019	14	$1,053,079	$5,213,526	$3,102,952	7/7 (50%/50%)	3,205,320
Restaurants opened during 2020	5	$191,305	$496,915	$300,975	2/3 (40%/60%)	269,538
All Restaurants open entire 2021 fiscal year	31	$1,020,841	$4,178,101	$2,421,608	12/15 (44%/56%)	$2,299,807

Notes:

(1) Includes only Restaurants that were open and operating during the full 2021 fiscal year. No company-owned Restaurants were opened in 2004, 2006, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, and 2021. This chart includes 19 total Restaurants that were acquired by us from franchisees.

(2) These company-owned Restaurants ranged in size from 3,800 to 10,500 square feet.

PART IV: Average Revenues for Ghost Kitchens

The table below reflects average revenues for Ghost Kitchens by three ranges: below $200,000, $200,000 to $400,000, and above $400,000. Because the Ghost Kitchen concept was new during 2021, not all of these Ghost Kitchens were open throughout the 2021 fiscal year.

The 5 company-owned Ghost Kitchens included in this Item 19 are located in the following states: Tennessee, Illinois, Missouri, Minnesota, and Michigan. The 5 franchised Ghost Kitchens included in this Item 19 are located in the following states: California, Illinois, and Washington.

Average Revenues for Systemwide Ghost Kitchens
for the 2021 Fiscal Year Ended January 2, 2022

Company-Owned and Franchised Ghost Kitchens	Below $200,000	$200,000 to $400,000	Above $400,000	Total/Average
System-wide Ghost Kitchen Revenues	$191,305	$1,897,240	$1,694,838	$3,783,383
Average Weekly Ghost Kitchen Revenues	$3,679	$6,081	$10,864	$7,276
Median Weekly Ghost Kitchen Revenues	$3,589	$5,687	$10,234	$6,155
System-wide Number of Ghost Kitchens	1	6	3	10
Percentage of Total	10%	60%	30%	100%
Number Above/Below Average Revenues	1 / 0	3 / 3	1 / 2	5 / 5
Low/High Revenues	$191,305 / $191,305	$243,533 / $379,981	$496,915 / $672,109	$191,305 / $672,109

Company-Owned Ghost Kitchens	Below $200,000	$200,000 to $400,000	$400,000 to $600,000	Total/Average
System-wide Ghost Kitchen Revenues	$191,305	$816,656	$496,915	$1,504,876
Average Weekly Ghost Kitchen Revenues	$3,679	$5,235	$9,556	$5,788
Median Weekly Ghost Kitchen Revenues	$3,589	$4,928	$9,516	$4,928
System-wide Number of Ghost Kitchens	1	3	1	5

Percentage of Total	20%	60%	20%	100%
Number Above/Below Average Revenues	1 / 0	1 / 2	1 / 0	2 / 3
Low/High Revenues	$191,305 / $191,305	$243,533 / $303,585	$496,915 / $496,915	$191,305 / $496,915

Franchised Ghost Kitchens	**Below $200,000**	**$200,000 to $400,000**	**$400,000 to $600,000**	**Total/Average**
System-wide Ghost Kitchen Revenues	$0	$1,080,584	$1,197,923	$2,278,507
Average Weekly Ghost Kitchen Revenues	$0	$6,927	$11,518	$8,763
Median Weekly Ghost Kitchen Revenues	$0	$6,346	$11,418	$7,020
System-wide Number of Ghost Kitchens	-	3	2	5
Percentage of Total	0%	60%	40%	100%
Number Above/Below Average Revenues	0	2 / 1	1 / 1	2 / 3
Low/High Revenues		$326,734 / $379,981	$525,814 / $672,109	$326,734 / $672,109

Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.

The revenue figures contained in this Item do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised Famous Dave's® Restaurant. The franchisees listed in Exhibit E-1 of this Disclosure Document may be one source of this information.

Each company-owned Restaurant utilized a uniform accounting system and the data was prepared on a basis consistent with generally accepted accounting principles during the covered period. The information contained in this Item has not been audited.

This information is provided as reference information only for your use with other information. Famous Dave's urges you to consult with your financial, business, tax, accounting and legal advisors about the information contained in this Item.

Famous Dave's will provide written substantiation of the data used to prepare the information contained in this Item upon your reasonable request.

Other than the above financial performance representation, Famous Dave's does not make any financial performance representations. Famous Dave's also does not authorize its employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, Famous Dave's 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 Famous Dave's management by contacting Jason Schanno, our CFO, 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (952) 294-1300, the Federal Trade Commission, and the appropriate state regulatory agencies.

20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2019 to 2021

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2019	130	122	-8
	2020	122	90	-32
	2021	90	96	+6
Company-Owned	2019	16	17	+1
	2020	17	32	+15
	2021	32	+40	+8
Total Outlets	2019	146	139	-7
	2020	139	122	-17
	2021	122	136	+14

Note:

(1) As of December 29, 2019, January 3, 2021, and January 2, 2022.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2019 to 2021

State	Year	Number of Transfers
California	2019	1
	2020	0
	2021	0
Kentucky	2019	1
	2020	1
	2021	0
Totals	2019	2
	2020	0
	2021	0

Note:

(1) As of December 29, 2019, January 3, 2021, and January 2, 2022. States not listed had no transfer activity to report during the relevant time period.

Table No. 3
Status of Franchised Outlets
For Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Arizona	2019	6	0	0	0	4	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
California (3)	2019	12	0	0	0	0	2	10
	2020	10	3	0	0	0	0	13
	2021	13	1	0	0	0	0	14
Colorado	2019	6	0	0	0	5	1	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Delaware	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Florida	2019	3	0	0	0	0	1	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Idaho(3)	2019	1	0	0	0	0	1	0
	2020	1	0	0	0	0	1	0
	2021	0	3	0	0	0	0	3
Illinois	2019	8	0	0	0	0	0	8
	2019	8	2	0	0	0	2	8
	2021	8	0	0	0	0	1	7
Indiana	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Iowa	2019	3	0	0	0	1	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Kansas	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kentucky(3)	2019	2	0	0	0	1	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	1	0	1
Maine	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
Maryland	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	1	3
	2021	3	0	0	0	0	0	3
Michigan	2019	7	0	0	0	3	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Minnesota	2019	4	0	0	0	0	1	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
Missouri(3)	2019	2	0	0	0	0	1	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Montana	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Nebraska	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	1	2
Nevada	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
New Jersey	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
North Dakota	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	1	2
Ohio	2019	3	0	0	0	1	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Oregon	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Pennsylvania	2019	3	0	0	0	0	1	2
	2020	2	0	0	0	0	2	0
	2021	0	0	0	0	0	0	0
Puerto Rico	2019	2	0	0	0	0	2	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
South Carolina	2010	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
South Dakota	2019	2	0	0	0	0	1	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Tennessee	2019	4	0	0	0	0	1	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	3	0	0
Texas (3)	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	8	0	0	0	0	12
Utah	2019	3	0	0	0	0	0	3
	2020	3	1	0	0	0	1	3
	2021	3	0	0	0	0	1	2
Virginia	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	1	3
	2021	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Washington	2019	6	0	0	0	0	2	4
	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Wisconsin	2019	9	0	0	0	2	1	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	1	5
Totals	2019	122	0	0	0	17	15	90
	2020	90	8	0	0	0	8	90
	2021	90	16	0	0	4	6	96

Notes:

(1) As of December 29, 2019, January 3, 2021 and January 2, 2022. If multiple events occurred affecting an outlet, this table shows the event that occurred last in time. States not listed had no franchised activity to report during the relevant time period.

(3) During 2021, franchisees opened ghost kitchens in the following states: California, Idaho, Kentucky, Louisiana, Missouri, and Texas, .

Table No. 4
Status of Company-Owned Outlets
For Years 2019 to 2021

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Arizona	2019	0	0	4	1	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
Colorado	2019	0	0	5	0	0	5
	2020	5	0	0	1	0	4
	2021	4	0	0	0	0	4
Illinois	2019	0	0	0	0	0	0
	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
Indiana (2)	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	1	0	0	0	2
Iowa (2)	2019	1	0	1	0	0	2
	2020	2	0	0	0	0	2
	2021	2	1	0	0	0	3
Kentucky	2019	0	0	1	0	0	1
	2020	1	0	0	1	0	0
	2021	0	0	1	0	0	1
Michigan	2019	0	0	3	0	0	3
	2020	3	1	0	1	0	3
	2021	3	0	0	0	0	3
Minnesota	2019	10	0	0	0	0	10
	2020	10	2	0	2	0	10
	2021	10	1	0	1	0	10
Missouri (2)	2019	0	0	0	0	0	0
	2020	0	1	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
	2021	1	1	0	0	0	2
New Jersey	2019	3	0	0	2	0	2
	2020	2	0	0	1	0	1
	2021	1	0	0	0	0	1
New York	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Ohio	2019	0	0	1	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Tennessee	2019	0	0	0	0	0	0
	2020	0	1	0	0	0	1
	2021	1	1	3	0	0	4
Wisconsin	2019	1	0	2	0	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
Totals	2019	17	0	17	4	0	32
	2020	32	5	0	5	0	32
	2021	32	5	4	1	0	40

Notes:

(1) As of As of December 29, 2019,January 3, 2021, and January 3, 2022. States not listed had no corporate activity to report during the relevant time period.

(2) During 2021, Famous Dave's opened ghost kitchens in the following states: Iowa, Indiana, and Missouri

Table No. 5
Projected Openings for Upcoming Fiscal Year(1)

State	Franchise Agreements Signed But Not Opened (1)	Projected New Franchised Outlets in Next Fiscal Year (2)(3)	Projected New Company-Owned Outlets in Next Fiscal Year (2)
Washington	0	2	0
Total	0	**2**	**0**

Notes:

(1) As of January 2, 2022; these Franchise Agreements are listed in Exhibit E-1.

(2) By January 1, 2023.

(3) Includes the signed Franchise Agreements listed in the preceding column of this Table.

AREA DEVELOPER INFORMATION

Table No. 6
System-wide Area Developer Summary for Years 2019 to 2021

Outlet Type	Year	Start of the Year	End of the Year	Net Change
Total Area Developers	2019	18	18	0
	2020	18	17	-1
	2021	17	16	-1

Note:

(1) As of December 29, 2019, January 3, 2021 and January 2, 2022.

Table No. 7
Transfers of Area Development Agreements from Area Developer to New Owners For Years 2019 to 2021 (1)

State	Year	Number of Transfers
Total	2019	0
	2020	0
	2021	0

Note:

(1) As of December 29, 2019, January 3, 2021 and January 2, 2022.

Table No. 8
Status of Area Developers for Years 2019 to 2021 (1)

State	Year	Agreements at Start of Year	Agreements Signed	Agreements Completed	Terminations	Agreements at End of Year
Arizona	2019	1	0	0	0	1
	2020	1	0	0	0	1
	2021	1	0	0	0	1
California	2019	3	0	1	0	2
	2020	2	0	0	0	2
	2021	2	0	0	0	2
Florida	2019	1	0	0	0	1
	2020	1	0	0	0	1
	2021	1	0	0	0	1
Illinois	2019	1	0	0	0	1
	2020	1	0	0	0	1
	2021	1	0	0	0	1
Indiana	2019	1	0	0	0	1
	2020	1	0	0	0	1
	2021	1	0	1	0	0
Michigan	2019	1	0	0	0	1
	2020	1	0	0	0	1
	2021	1	0	1	0	0
Montana	2019	1	0	0	0	1
	2020	1	0	0	0	1
	2021	1	0	0	1	0

State	Year	Agreements at Start of Year	Agreements Signed	Agreements Completed	Terminations	Agreements at End of Year
Nevada	2019	2	0	0	0	2
	2020	2	0	0	0	2
	2021	2	0	0	1	1
North Carolina	2019	1	0	0	0	1
	2020	1	0	0	0	1
	2021	1	0	0	0	1
Oregon	2019	0	0	0	0	0
	2020	0	0	0	0	0
	2021	0	1	0	0	1
Totals	2019	12	0	1	0	11
	2020	11	0	0	0	11
	2021	11	1	2	2	8

Note:

(1) As of December 29, 2019, January 2, 2020, and January 3, 2021. States listed identify each Area Developer's principal business office, which may differ from states where each Area Developer's actual development territories are located.

Table No. 9
Projected Area Developers as of January 2, 2022

State	Area Development Agreements Signed But Not Opened	Projected New Area Development Agreements in Next Fiscal Year
Oregon	1	0
United States	1	0
Total	1	0

Exhibit E-1 lists the names of all of Famous Dave's operating franchisees and area developers, as well as the addresses and telephone numbers of their Restaurants as of January 2, 2022. Exhibit E-1 also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee/area developer who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with Famous Dave's within 10 weeks of the issuance date of this Disclosure Document.

Exhibit E-2 lists all the Famous Dave's® Restaurants owned by Famous Dave's as of January 2, 2022.

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

In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with Famous Dave's. 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.

The Franchise Advisory Board is sponsored by Famous Dave's, but its members are elected by franchisees. The Franchise Advisory Board can be reached at 12701 Whitewater Drive, Suite 100, Minnetonka, Minnesota 55343-4164, (952) 294-1300.

21. FINANCIAL STATEMENTS

Attached as Exhibit B are the audited consolidated financial statements of BBQ Holdings, Inc. for the fiscal years ended December 29, 2019, January 3, 2021, and January 2, 2022. Also included is a guaranty signed by BBQ Holdings, Inc.

22. CONTRACTS

Attached to this Franchise Disclosure Document are the following exhibits:

Exhibit C:	Franchise Agreement
Exhibit D:	Area Development Agreement
Exhibit F:	Form of Release Agreement

23. RECEIPTS

Exhibit G to this Disclosure Document is a detachable Receipt.

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

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

Item 3 is amended by the addition of the following language:

> Neither Famous Dave's nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Action of 1934, 15 U.S.C.A.78a, et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchise concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following). The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur at Minneapolis, Minnesota with the costs being borne by you if Famous Dave's prevails. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedures Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

Section 31125 of the Franchise Investment Law requires Famous Dave's to give to you a disclosure document approved by the California Department of Business Oversight before Famous Dave's asks you to consider a material modification of your Franchise Agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Sections 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516.) Business and Professions Code Section 200010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

If Famous Dave's negotiates the terms of a Franchise Agreement for a Famous Dave's Restaurant in California, a copy of the Notice of Negotiated Sale of Franchise will be made available for your review upon written request to Jeff Crivello who can be reached at the address and telephone number of Famous Dave's disclosed on the cover page of this Franchise Disclosure Document. You will receive a copy of the Notice of Negotiated Sale of Franchise within five business days after Famous Dave's receives your written request.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

For franchises and franchisees subject to Hawaii statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

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

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

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

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

For franchises and franchisees subject to Illinois statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

> Your Franchise Agreement and Area Development Agreement will be governed by Illinois law. Consequently, Items 17v and 17w of this Disclosure Document are revised to comply with Illinois law.
>
> Section 4 of the Illinois Franchise Disclosure Act of 1987 provides that the provisions of the Franchise Agreement and Area Development Agreement which designate jurisdiction or venue in a forum outside of Illinois are void. However, the Franchise Agreement and Area Development Agreement may provide for mediation and arbitration in Minnesota.

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA

For franchises and franchisees subject to Indiana statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

The scope of the joint and mutual release executed by you as a condition of assignment of the franchised business will be limited by applicable law.

Indiana Code Section 23-2-2.7-1(9) requires that the post-termination noncompetition covenant be limited to within your exclusive territory.

Under Indiana law, you do not waive any right afforded by Indiana statutes with regard to prior representations made by Famous Dave's.

Indiana Code Section 23-2-2.7-1(10) requires that litigation between an Indiana developer and Famous Dave's will be conducted in Indiana or at a site mutually agreed upon by the parties.

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

The following information applies to franchises and franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body:

1. Item 8 is supplemented by the addition of the following language:

> "Famous Dave's is the sole supplier of certain products and services associated with your Restaurant, including certain décor items, installation services and services related to the preparation of the Site Model Report. Famous Dave's believes that the amounts you pay to Famous Dave's for these products and services are approximate to the prevailing market prices you would pay if you obtained products and services of comparable quality from third-parties. This does not mean that Famous Dave's offers the lowest price for such products and services; however, its experience in developing and operating company-owned Famous Dave's® Restaurants (and in helping franchisees develop their own Restaurants) suggests that vendors that provide lower pricing for certain products and services for a single franchisee or small group of franchisees do not promote the same level of uniformity in long-term system. If Famous Dave's is no longer able to provide these products and services, it will endeavor to provide these services to you through one or more alternate suppliers at a comparable cost."

2. The Uniform Consent to Service of Process which Famous Dave's must file pursuant to Section 14-216(25) of the Maryland Franchise Registration and Disclosure Law requires that Famous Dave's be available for suit in Maryland.

3. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits Famous Dave's from requiring you to assent to any release, estoppel or waiver of liability under the Maryland franchise statute as a condition of purchasing a franchise.

4. Nothing in this Disclosure Document will act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

For franchises and franchisees subject to Minnesota statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

The scope of the joint and mutual release executed by you as a condition of assignment of the franchised business will be limited by applicable law.

Famous Dave's will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given written notice 90 days before termination (with 60 days to cure) and 180 days before the non-renewal of your franchise.

Minn. Rule 2860.4400D prohibits Famous Dave's from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minn. Stat. Secs. 80C.01 to 80C.22.

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

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA

For franchises and franchisees subject to North Dakota statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

Covenants not to compete are generally unenforceable in North Dakota, except in limited circumstances provided by law.

The North Dakota Securities Commissioner has held that requiring you to consent to the jurisdiction of courts outside of North Dakota is unenforceable.

The North Dakota Securities Commissioner has held that specifying the governing law of a state other than North Dakota is unenforceable. Consequently, the Franchise Agreement and the Area Development Agreement will be governed by the laws of the State of North Dakota.

The Franchise Agreement includes a waiver of exemplary and punitive damages, which the Commissioner has determined to be void and unenforceable as to North Dakota Franchisees.

In addition, North Dakota franchisees will be bound by the applicable statute of limitations under North Dakota law rather than the one-year contractual limitations period.

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

For franchises and franchisees subject to Rhode Island statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

> Sec. 19-28.1-14 of the Rhode Island Franchise Investment Act provides that any provision of the Franchise Agreement or Area Development Agreement which restricts jurisdiction or venue to a forum outside Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF SOUTH DAKOTA

For franchises and franchisees subject to South Dakota statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

Covenants not to compete are generally unenforceable in South Dakota, except in limited circumstances provided by law.

Any provision of the Franchise Agreement or Area Development Agreement which designates jurisdiction or venue outside South Dakota or requires jurisdiction or venue in a forum outside of South Dakota is void if the cause of action is otherwise enforceable in South Dakota.

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

For franchises and franchisees subject to Virginia statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

> Pursuant to Section 13.1–564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground 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.

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

For franchises and franchisees subject to Washington statutes and regulations, the Famous Dave's® Franchise Disclosure Document is modified to include the following:

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

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

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

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

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

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

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

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WISCONSIN

For franchisees subject to Wisconsin statutes and regulations, the Famous Dave'® Franchise Disclosure Document is modified to include the following:

Item 17

1. For all franchisees residing in the State of Wisconsin, Famous Dave's will provide you at least 90 days prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

2. For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or related contract, which is inconsistent with the law.

FAMOUS DAVE'S OF AMERICA, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A: STATE AGENCY EXHIBIT

STATE AGENCY EXHIBIT

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Secretary of State New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-3563
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

FAMOUS DAVE'S OF AMERICA, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B: FINANCIAL STATEMENTS

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended January 2, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-39053

BBQ HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Minnesota	**83-4222776**
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
12701 Whitewater Drive, Suite 100 Minnetonka, MN	**55343**
Address of Principal Executive Offices	Zip Code

Registrant's Telephone Number, Including Area Code **(952) 294-1300**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**BBQ**	**The Nasdaq Global Market**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☑
Non-accelerated Filer ☐ Smaller Reporting Company ☑
Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of common stock held by non-affiliates of the registrant was approximately $89.7 million as of July 4, 2021, (the last business day of the registrant's most recently completed second quarter), assuming solely for the purpose of this calculation that all directors, officers, and more than 10% shareholders of the registrant are affiliates. The determination of affiliate status for this purpose is not necessarily conclusive for any other purpose. As of March 11, 2022, 10,500,388 shares of the registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the definitive Proxy Statement for our 2022 Annual Meeting of Shareholders which is to be filed within 120 days after the end of the fiscal year ended January 2, 2022, are incorporated by reference into Part III of this Form 10-K, to the extent described in Part III.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
BBQ Holdings, Inc.

Opinions on the Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of BBQ Holdings, Inc. (a Minnesota corporation) and subsidiaries (the "Company") as of January 2, 2022 and January 3, 2021, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the two-year period ended January 2, 2022, and the related notes and financial statement schedule included under Item 15 (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of January 2, 2022, based on criteria established in *2013 Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 2, 2022 and January 3, 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended January 2, 2022, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 2, 2022, based on criteria established in *2013 Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Basis for Opinion

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the entity's financial statements and an opinion on the entity's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that responds to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance

that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Business Combination – Village Inn & Bakers Square and Tahoe Joe's

The Company acquired Village Inn & Bakers Square and Tahoe Joe's restaurants (collectively referred to as the "Acquirees") in fiscal year 2021. The Company accounted for the acquisitions using the acquisition method of accounting for business combinations. Accordingly, the acquisition price was allocated to the assets acquired and liabilities assumed based on their respective fair values at the acquisition date. The Company estimated the fair value of the intangible assets acquired, most notably the Trade Names/Trademarks, using the relief from royalty method, which is a discounted cash flow method. The fair value determination of the Trade Names/Trademarks intangible assets required management to make significant estimates and assumptions related to forecasted future cash flows, including the selection of royalty rates, terminal growth rates, and discount rates.

We identified the Trade Names/Trademarks intangible assets as a critical audit matter because of the significant estimates and assumptions management made to fair value these assets. This required a high degree of auditor judgment and an increased extent of effort, including the involvement of our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's forecasts of future cash flows, including the selection of royalty rates, terminal growth rates, and discount rates.

Our audit procedures related to the forecasts of future cash flows and the selection of the royalty rates, terminal growth rates, and discount rates for the Trade Names/Trademarks intangible assets included the following, among others:

- assessing the reasonableness of fiscal year forecasted cash flows of revenues and operating margins by comparing them to the Acquirees' actual cash flows.

- assessing the reasonableness of the forecasted revenue growth rates and operating margins over the cash flow forecast period by comparing them to the Acquirees' actual revenue growth rates and operating margins during the most recent historical periods.

- performing sensitivity analyses of the significant assumptions used in the valuation model to evaluate the change in fair value resulting from changes in the significant assumptions.

- with the assistance of our fair value specialists, we evaluated the reasonableness of the (1) valuation methodologies; (2) royalty rates by testing the source information used to compare market royalty rates associated with comparable licensing agreements; (3) terminal growth rates by comparing them to industry growth rates and the projected nominal gross domestic product (GDP) growth rate; and (4) discount rates, which included testing the source information

underlying the determination of the discount rates, testing the mathematical accuracy of the calculations, and developing a range of independent estimates and comparing those to the discount rates selected by management.

/s/ Schechter, Dokken, Kanter, Andrews & Selcer, Ltd.

We have served as the Company's auditor since 2020.

Minneapolis, Minnesota
March 16, 2022

BBQ HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

ASSETS

	January 2, 2022	January 3, 2021
Current assets:		
Cash and cash equivalents	$ 40,309	$ 18,101
Restricted cash	1,152	1,502
Accounts receivable, net of allowance for doubtful accounts of $270,000 and $277,000, respectively	5,476	4,823
Inventories	3,316	2,271
Prepaid expenses and other current assets	3,919	1,252
Assets held for sale	—	1,070
Total current assets	54,172	29,019
Property, equipment and leasehold improvements, net	39,943	32,389
Other assets:		
Operating lease right-of-use assets	78,843	61,634
Goodwill	3,037	601
Intangible assets, net	23,444	9,967
Deferred tax asset, net	3,692	4,934
Other assets	1,292	1,724
Total assets	$ 204,423	$ 140,268

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 7,661	$ 6,385
Current portion of operating lease liabilities	11,904	6,185
Current portion of long-term debt and finance lease liabilities	1,621	2,111
Accrued compensation and benefits	7,121	2,390
Gift card liability	11,257	6,554
Other current liabilities	8,510	3,212
Total current liabilities	48,074	26,837
Long-term liabilities:		
Operating lease liabilities, less current portion	77,729	63,105
Finance lease liabilities, less current portion	79	—
Long-term debt, less current portion	13,197	22,169
Other liabilities	997	1,224
Total liabilities	140,076	113,335
Shareholders' equity:		
Common stock, $.01 par value, 100,000 shares authorized, 10,495 and 9,307 shares issued and outstanding at January 2, 2022 and January 3, 2021, respectively	105	93
Additional paid-in capital	21,782	8,748
Retained earnings	43,391	19,370
Total shareholders' equity	65,278	28,211
Non-controlling interest	(931)	(1,278)
Total equity	64,347	26,933
Total liabilities and equity	$ 204,423	$ 140,268

See accompanying notes to consolidated financial statements.

BBQ HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended	
	January 2, 2022	**January 3, 2021**
Revenue:		
Restaurant sales, net	$ 187,872	$ 109,544
Franchise royalty and fee revenue	12,187	8,919
Franchisee national advertising fund contributions	1,711	1,124
Licensing and other revenue	4,672	1,650
Total revenue	206,442	121,237
Costs and expenses:		
Food and beverage costs	55,969	33,867
Labor and benefits costs	59,297	37,228
Operating expenses	55,223	36,984
Depreciation and amortization expenses	7,395	5,121
General and administrative expenses	19,176	14,195
National advertising fund expenses	1,711	1,124
Asset impairment, estimated lease termination charges and other closing costs, net	116	5,683
Pre-opening expenses	204	10
Gain on disposal of property, net	(979)	(1,810)
Total costs and expenses	198,112	132,402
Income (loss) from operations	8,330	(11,165)
Other income (expense):		
Interest expense	(583)	(805)
Interest income	178	154
Gain on forgiveness of debt	14,109	—
Gain on bargain purchase	2,995	13,246
Total other income	16,699	12,595
Income before income taxes	25,029	1,430
Income tax (expense) benefit	(661)	2,837
Net income	24,368	4,267
Net (income) loss attributable to non-controlling interest	(347)	680
Net income attributable to shareholders	$ 24,021	$ 4,947
Income per common share:		
Basic net income per share attributable to shareholders	$ 2.44	$ 0.54
Diluted net income per share attributable to shareholders	$ 2.42	$ 0.54
Weighted average shares outstanding - basic	9,826	9,155
Weighted average shares outstanding - diluted	9,922	9,156

See accompanying notes to consolidated financial statements.

BBQ HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount					
Balance - December 29, 2019	9,272	$ 93	$ 7,856	$ 14,423	$ 22,372	$ (598)	$ 21,774
Issuance of restricted common stock	34	—	—	—	—	—	—
Exercise of stock options	1	—	6	—	6	—	6
Stock-based compensation	—	—	886	—	886	—	886
Net income	—	—	—	4,947	4,947	(680)	4,267
Balance - January 3, 2021	9,307	$ 93	$ 8,748	$ 19,370	$ 28,211	$ (1,278)	$ 26,933
Issuance of restricted common stock, net of shares withheld for taxes	58	—	(773)	—	(773)	—	(773)
Issuance of common stock pursuant to PIPE	1,000	10	12,418	—	12,428	—	12,428
Issuance of common stock upon exercise of options, net of shares withheld for taxes	130	2	121	—	123	—	123
Stock-based compensation	—	—	1,268	—	1,268	—	1,268
Net income	—	—	—	24,021	24,021	347	24,368
Balance - January 2, 2022	10,495	$ 105	$ 21,782	$ 43,391	$ 65,278	$ (931)	$ 64,347

See accompanying notes to consolidated financial statements.

BBQ HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended	
	January 2, 2022	January 3, 2021
Cash flows from operating activities:		
Net income	$ 24,368	$ 4,267
Adjustments to reconcile net income to cash flows provided by operations:		
Depreciation and amortization	7,395	5,121
Stock-based compensation	1,268	886
Net gain on disposal	(979)	(1,783)
Asset impairment, estimated lease termination charges and other closing costs, net	—	5,483
Gain on forgiveness of debt	(14,109)	—
Gain on bargain purchase	(2,995)	(13,246)
Amortization of operating right-of-use assets	8,514	5,249
Deferred tax asset	337	(2,837)
Other non-cash items	905	796
Changes in operating assets and liabilities:		
Accounts receivable, net	(1,570)	(1,011)
Prepaid expenses and other assets	(2,983)	1,460
Accounts payable	1,276	2,418
Accrued compensation and benefits	4,730	(244)
Lease liabilities	(8,278)	(5,152)
Gift card liability	3,341	(2,133)
Accrued and other liabilities	3,638	2,814
Cash flows provided by operating activities	24,858	2,088
Cash flows from investing activities:		
Proceeds from the sale of assets	2,587	2,869
Purchases of property, equipment and leasehold improvements	(3,826)	(3,499)
Payments for acquired restaurants	(18,808)	(5,381)
Payments received on note receivable	785	42
Cash flows used for investing activities	(19,262)	(5,969)
Cash flows from financing activities:		
Proceeds from long-term debt	15,000	22,058
Payments for debt issuance costs	(114)	(45)
Payments on long-term debt	(10,403)	(4,621)
Tax payments for restricted stock units and stock options exercised	(1,094)	—
Proceeds from sale of common stock, net of offering costs	12,428	—
Proceeds from exercise of stock options	445	6
Cash provided by financing activities	16,262	17,398
Increase in cash, cash equivalents and restricted cash	21,858	13,517
Cash, cash equivalents and restricted cash, beginning of period	19,603	6,086
Cash, cash equivalents and restricted cash, end of period	$ 41,461	$ 19,603
Supplemental Disclosures		
Cash paid for interest, net	$ 494	$ 706
Non-cash investing and financing activities:		
Operating right-of-use assets acquired	23,544	51,682
Lease liabilities assumed pursuant to acquisitions	26,166	51,682
Gift card liability assumed pursuant to acquisitions	1,362	3,923
Inventory acquired pursuant to acquisitions	623	1,178

See accompanying notes to consolidated financial statements.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

(1) NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of business

In September 2019 a holding company reorganization was completed in which Famous Dave's of America, Inc. ("FDA") became a wholly owned subsidiary of the new parent holding company named BBQ Holdings, Inc. ("BBQ Holdings"). As used in this Form 10-K, "Company", "we" and "our" refer to BBQ Holdings and its wholly owned subsidiaries. BBQ Holdings was incorporated on March 29, 2019 under the laws of the State of Minnesota, while FDA was incorporated in Minnesota on March 14, 1994. The Company develops, owns and operates restaurants under the name "Famous Dave's", "Village Inn", "Granite City", "Real Urban Barbecue", "Clark Crew BBQ", "Tahoe Joe's Steakhouse", and "Bakers Square." Additionally, the Company franchises restaurants under the name "Famous Dave's" and "Village Inn". As of January 2, 2022, there were 143 Famous Dave's restaurants operating in three countries, including 39 Company-owned restaurants and 104 franchise-operated restaurants. Additionally, the Company operates Famous Dave's ghost kitchens out of eight of its Granite City restaurants. The first Clark Crew BBQ restaurant opened in December 2019 in Oklahoma City, Oklahoma. BBQ Holdings has a 20% ownership in this venture. In March 2020, the Company purchased 18 Granite City Food & Brewery restaurants located throughout the Midwest and one Real Urban Barbecue restaurant located in Vernon Hills, Illinois. On July 30, 2021, the Company completed the purchase of the Village Inn family restaurant concept currently with 21 Company-owned restaurants and 108 franchised restaurants, and the Bakers Square pie and comfort food concept currently with 14 Company-owned restaurants and four locations where the Bakers Square pies are licensed. On October 4, 2021, the Company opened its second Real Urban Barbecue restaurant located in Oak Brook, Illinois and on October 8, 2021, the Company acquired the Tahoe Joe's Steakhouse brand.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic and the United States declared a National Public Health Emergency. As a result, public health measures were taken to minimize exposure to the virus. These measures, some of which are government-mandated, have been implemented globally resulting in a dramatic decrease in economic activity. Reopening of restaurant dining rooms resumed, generally at reduced capacity, at various points since mid-2020. While restrictions on the type of permitted service and occupancy capacity continued to change in various jurisdiction, currently nearly all of the Company's restaurants are operating with no capacity restrictions on indoor dining. The Company cannot predict the severity of another surge, what additional restrictions may be enacted, to what extent it can maintain off-premise sales volumes, whether it can maintain sufficient staffing levels, or if individuals will be comfortable returning to dining rooms during or following social distancing protocols, and what long-lasting effects the COVID-19 pandemic may have on the restaurants industry as a whole. The potential impact of the COVID-19 pandemic on consumer spending behavior, which may be a function of continued concerns over safety and/or depressed consumer sentiment due to adverse economic conditions, including job losses, will determine the significance of the impact to the Company's operating results and financial position. Although the Company has experienced some recovery from the initial impact of COVID-19, the long-term impact of COVID-19 and its variants on the economy and on business remains uncertain, the duration and scope of which cannot currently be predicted.

The full impact of the COVID-19 pandemic continues to evolve as of the date of this report. Despite the fact that vaccines are now widely available across the country, there were widespread increases in diagnosed cases reported in the fourth quarter largely due to the spread of COVID-19 variants. The duration of the disruption on global, national, and local economies cannot be reasonably estimated at this time due to the ongoing effects of this situation. Management is continually evaluating the impact of this global crisis on its financial condition, liquidity, operations, suppliers, industry, and workforce and will take additional actions as necessary.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

Seasonality

The Company's Famous Dave's restaurants typically generate higher revenue in the second and third quarters of its fiscal year as a result of seasonal traffic increases and high catering sales experienced during the summer months. The Company's Granite City restaurants typically generate higher revenue in the second and fourth quarters of its fiscal year as a result of warmer weather and increased patio seating in the second quarter and holiday activity in the fourth quarter. The Company's Village Inn and Bakers Square restaurants typically generate higher sales and revenue during the holiday season between Thanksgiving and New Year's due to the high volumes of holiday pie sales during that time.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All inter-company transactions and balances have been eliminated in consolidation.

Use of estimates

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

Financial instruments

Due to their short-term nature, the carrying value of the Company's current financial assets and liabilities approximates their fair value. The fair value of long-term debt approximates the carrying amount based upon the Company's expected borrowing rate for debt with similar remaining maturities and comparable risk.

Segment reporting

The Company has Company-owned and franchise-operated restaurants in the United States, Canada and the United Arab Emirates, and operate within the single industry segment of foodservice. Management makes operating decisions on behalf of the BBQ Holdings brand which includes both Company-owned and franchise-operated restaurants. In addition, all operating expenses are reported in total and are not allocated to franchising operations for either external or internal reporting. As a result, the Company has concluded that it has a single reporting segment.

Fiscal year

The Company's fiscal year ends on the Sunday nearest to December 31 of each year. The Company's fiscal year is generally 52 weeks; however, it periodically consists of 53 weeks. The fiscal year ended January 2, 2022 (fiscal 2021) consisted of 52 weeks while the fiscal year ended January 3, 2021 (fiscal 2020) consisted of 53 weeks.

Cash and cash equivalents

Cash equivalents include all investments with original maturities of three months or less or which are readily convertible into known amounts of cash and are not legally restricted. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000, while the remaining balances are uninsured. In May 2020, the Company invested $3.5 million in a certificate of deposit (CD) through Choice Bank. The interest rate on this CD was 3.0% with an annual percentage yield of 3.04% with interest was compounded every 30 days. At January 3, 2021, the balance of this CD was $3.6 million and was included with cash and cash equivalents on the Company's balance sheet. The CD matured in December 2021 and the funds are being used for working capital.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

Restricted cash and marketing fund

The Company has Marketing Development Funds, to which Company-owned Famous Dave's and Village Inn restaurants, in addition to the majority of franchise-operated restaurants, contribute a percentage of net sales, for use in public relations and marketing development efforts. The funds held in this account are used in part to reimburse the Company for its marketing and digital services activities on behalf of the Famous Dave's and Village Inn brands. The Company also receives funds from its suppliers to be used exclusively for point-of-sale equipment purchases for its own stores as well as its Famous Dave's franchisees. As the assets held by these funds are considered to be restricted, the Company reflects the cash related to these funds within restricted cash and reflects the related liability within accrued expenses on its consolidated balance sheets. The Company had approximately $1.2 million and $1.5 million in these funds as of January 2, 2022 and January 3, 2021, respectively.

Accounts receivable, net

The Company provides an allowance for uncollectible accounts on accounts receivable based on historical losses and existing economic conditions, when relevant. The Company provides for a general bad debt reserve for franchise receivables due to increases in days sales outstanding and deterioration in general economic market conditions. This general reserve is based on the aging of receivables and is adjusted each quarter based on past due receivable balances. Additionally, the Company has periodically established a specific reserve on certain receivables as necessary. In assessing recoverability of these receivables, the Company makes judgments regarding the financial condition of the franchisees based primarily on past and current payment trends, as well as other variables, including annual financial information, which the Company's franchisees are required to submit. Any changes to the reserve are recorded in general and administrative expenses. Accounts receivable are written off when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. The Company believes all accounts receivable in excess of allowances provided are fully collectible. If accounts receivable in excess of provided allowances are determined uncollectible, they are charged to expense in the period that determination is made. The Company's reserve for bad debt was $270,000 and $277,000 at January 2, 2022 and January 3, 2021, respectively.

Inventories

Inventories consist principally of small wares, food and beverages, and retail goods, and are recorded at the lower of cost (first-in, first-out) or net realizable value.

Assets Held for Sale

In December 2021, the Company sold the building and improvements at its former Woodbury, Minnesota location, which had a carrying value of approximately $1.0 million, for a gross purchase price of $2.7 million. After standard closing costs, the Company recorded a gain of approximately $1.4 million and used proceeds for working capital.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

Property, equipment and leasehold improvements, net

Property, equipment and leasehold improvements are stated at cost, net of accumulated depreciation. The Company recognizes depreciation expense utilizing the straight-line method once an asset has been placed into service. The following table outlines the useful lives of the Company's major classes of property, equipment, and leasehold improvements:

Land	N/A
Buildings	30 years
Leasehold improvements	1 - 30 years
Furniture, fixtures, equipment and software (excluding restaurant signage)	3 - 7 years
Restaurant signage	10 - 15 years
Decor	7 years

The Company capitalizes labor costs associated with the implementation of significant information technology infrastructure projects based on actual labor rates per person including benefits, for all time spent on the implementation of software and are depreciated over 5 years. The Company capitalizes construction overhead costs until the time a building is turned over to operations, which is approximately two weeks prior to opening and depreciate these items over the same useful life as leasehold improvements.

Management reviews property and equipment, including leasehold improvements for impairment when events or circumstances indicate these assets might be impaired pursuant to the FASB accounting guidance on impairment or disposal of long-lived assets. The Company's management considers such factors as the Company's history of losses and the disruptions in the overall economy in preparing an analysis of its property, including leasehold improvements, to determine if events or circumstances have caused these assets to be impaired. Management bases this assessment upon the carrying value versus the fair market value of the assets and whether or not that difference is recoverable. Such assessment is performed on a restaurant-by-restaurant basis and includes other relevant facts and circumstances including the physical condition of the assets. If management determines the carrying value of the restaurant assets exceeds the projected future undiscounted cash flows, an impairment charge would be recorded to reduce the carrying value of the restaurant assets to their fair value.

Intangible Assets

The Company has intangible assets that consist of liquor licenses, database, trademarks and patents, and franchise rights, net. The liquor licenses and trademarks/logos are indefinite-lived assets and are not subject to amortization. The Company holds transferable liquor licenses in jurisdictions with a limited number of authorized liquor licenses. These licenses were capitalized as indefinite-lived intangible assets and are included in intangible assets, net on the Company's consolidated balance sheets. The costs of obtaining non-transferable liquor licenses that are directly issued by local government agencies for nominal fees are expensed as incurred. Annual liquor license renewal fees are expensed over the renewal term. The Company reviews annually the liquor licenses for impairment. Franchise rights are amortized over the life of the related franchise agreement. The Company evaluates franchise rights in conjunction with its impairment evaluation of long-lived assets.

Goodwill represents the excess of cost over the fair value of identified net assets of businesses acquired. Goodwill is tested for impairment annually or on an interim basis if events or changes in circumstances between annual tests indicate a potential impairment. Factors considered include, but are not limited to historical financial performance, a significant decline in expected future cash flows, unanticipated competition, changes in management or key personnel, macroeconomic and industry conditions and the legal and regulatory environment. No goodwill impairment charges were recognized during the years ended January 2, 2022 and January 3, 2021. In fiscal year 2021, goodwill increased by $2.4 million through the acquisitions of new restaurants (Note 2 *Restaurant Acquisitions*).

BBQ HOLDINGS, INC. AND SUBSIDIARIES

Advertising

Advertising costs are charged to expense as incurred. Advertising costs were approximately $4.3 million and $2.7 million for the years ended January 2, 2022 and January 3, 2021, respectively, and are included in operating expenses for local store marketing and in national advertising fund expenses for national advertising in the consolidated statements of operations.

Research and development costs

Research and development costs represent all expenses incurred in relation to the creation of new menu and promotional offerings, recipe enhancements and documentation activities. Research and development costs were approximately $121,000 and $473,000 for the years ended January 2, 2022 and January 3, 2021, respectively, and are included in general and administrative expenses in the consolidated statements of operations.

Pre-opening expenses

All start-up and pre-opening costs are expensed as incurred. Pre-opening rent during the build-out period is included in pre-opening expense. The Company incurred approximately $204,000 and $10,000 of pre-opening expenses during the years ended January 2, 2022 and January 3, 2021.

Leases

The Company leases the property for its corporate headquarters, most of its Company-owned stores, and certain office and restaurant equipment. Operating leases are included in operating lease right-of use ("ROU") assets, current portion of operating lease liabilities, and operating lease liabilities in its consolidated balance sheets. ROU assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term at the commencement date. Because most of the Company's leases do not provide an implicit rate of return, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets are reduced for lease incentives received.

Lease terms for Company-owned stores generally range from 5-20 years with one or more five-year renewal options and generally require the Company to pay a proportionate share of real estate taxes, insurance, common area, and other operating costs in addition to a base or fixed rent. The Company elected the short-term lease exemption for certain qualifying leases with lease terms of twelve months or less and, accordingly, did not record right-of-use assets and lease liabilities. These leases with initial terms of less than 12 months are recorded directly to occupancy expense on a straight-line basis over the term of the lease. Additionally, the Company decided to utilize the package of practical expedients and the practical expedient to not reassess certain land easements. The Company decided not to utilize the practical expedient to use hindsight. Certain of its leases also provide for variable lease payments in the form of percentage rent, in which additional rent is calculated as a percentage of sales in excess of a base amount, and not included in the calculation of the operating lease liability or ROU asset. The Company's leases have remaining lease terms of one to 20 years. For purposes of calculating operating lease liabilities, lease terms may be deemed to include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Rent expense is recognized on a straight-line basis for operating leases over the lease term.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

Exit and disposal costs

Exit or disposal activities, including restaurant closures, include the cost of disposing of the assets and other facility-related expenses from previously closed restaurants. These costs are generally expensed as incurred. Additionally, at the date the Company ceases using a property under an operating lease, it removes the remaining balance of the ROU asset. Any subsequent adjustments to the related liability as a result of lease termination are recorded in the period incurred. Upon disposal of the assets associated with a closed restaurant, any gain or loss and any costs incurred for restaurants that have been closed, after the date of their closure, are presented within the asset impairment, estimated lease termination and other closing costs line item of the Company's consolidated statements of operations.

Net income (loss) per common share

Basic net income per common share ("EPS") is computed by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted EPS equals net income attributable to shareholders divided by the sum of the weighted average number of shares of common stock outstanding plus all additional common stock equivalents, such as stock options and restricted stock units, when dilutive.

The following table is a reconciliation of basic and diluted net income per common share:

	Year Ended	
(in thousands, except per share data)	**January 2, 2022**	**January 3, 2021**
Net income per share – basic:		
Net income attributable to shareholders	$ 24,021	$ 4,947
Weighted average shares outstanding - basic	9,826	9,155
Basic net income per share attributable to shareholders	$ 2.44	$ 0.54
Net income per share – diluted:		
Net income attributable to shareholders	$ 24,021	$ 4,947
Weighted average shares outstanding - diluted	9,922	9,156
Diluted net income per share attributable to shareholders	$ 2.42	$ 0.54

There were approximately 8,990 and 271,176 stock options as of January 2, 2022 and January 3, 2021, respectively that were not included in the computation of diluted EPS because they were anti-dilutive.

Stock-based compensation

The Company recognizes compensation cost for share-based awards granted to team members and board members based on their fair values at the time of grant over the requisite service period. Bonus compensation issued in the form of unrestricted, freely tradable shares of the Company's common stock is expensed in full when earned. Compensation cost for stock options and other incentive awards is included in general and administrative expenses in the Company's consolidated statements of operations (see Note 10 *Stock-based Compensation)*.

Income Taxes

The Company provides for income taxes based on its estimate of federal and state income tax liabilities. These estimates include, among other items, effective rates for state and local income taxes, allowable tax credits for items such as taxes paid on reported tip income, estimates related to depreciation and amortization expense allowable for tax purposes, and the tax deductibility of certain other items. The Company's estimates are based on the information it has available at the time the income tax provision is prepared. The Company generally files its annual income tax returns several months after its fiscal year-end. Income tax returns are subject to audit by federal, state, and local governments, generally years after the tax returns are filed. These returns could be subject to material adjustments or differing

BBQ HOLDINGS, INC. AND SUBSIDIARIES

interpretations of the tax laws. Accounting for uncertain tax positions requires significant judgment including estimating the amount, timing, and likelihood of ultimate settlement. Although the Company believes its estimates are reasonable, actual results could differ from these estimates. Additionally, uncertain positions may be re-measured as warranted by changes in facts or law.

Revenue recognition

The Company recognizes revenue at the point in time when food and services are provided to a restaurant guest or other customer. Revenues from restaurant operations are presented net of discounts, coupons, employee meals and complimentary meals and recognized when food, beverage and retail products are sold. Sales tax collected from customers is excluded from sales and the obligation is included in sales tax payable until the taxes are remitted to the appropriate taxing authorities. Revenue from catered events are recognized in income upon satisfaction of the performance obligation (the date the event is held). All customer payments, including nonrefundable upfront deposits, are deferred as a liability until such time.

The Company recognizes franchise fee revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods. Cash payments are due upon the opening of a new restaurant or upon the execution of a renewal of the related franchise agreement. The Company's performance obligation with respect to franchise fee revenues consists of a license to utilize its brand for a specified period of time, which is satisfied equally over the life of each franchise agreement.

Area development fees are deferred until a new restaurant is opened pursuant to the area development agreement, at which time revenue is recognized on a straight-line basis over the life of the franchise agreement. Cash payments for area development agreements are typically due when an area development agreement has been executed.

Gift card breakage revenue is recognized proportionately as gift cards are redeemed utilizing an estimated breakage rate based on the Company's historical experience. Gift card breakage revenue is reported within the licensing and other revenue line item of the consolidated statements of operations.

The Company defers revenue associated with the estimated selling price of reward points earned pursuant to its loyalty programs and establishes a corresponding liability. This deferral is based on the estimated value of the product for which the reward is expected to be redeemed, net of estimated unredeemed points. When a guest redeems an earned reward, the Company recognizes revenue for the redeemed product and reduces the deferred revenue. Deferred revenue associated with the Company's loyalty programs was $366,000 and $124,000 as of January 2, 2022 and January 3, 2021, respectively.

Contract liabilities consist of deferred revenue resulting from franchise fees paid by franchisees. The Company classifies these liabilities within other current liabilities and other liabilities within the consolidated balance sheets based on the expected timing of revenue recognition associated with these liabilities.

(in thousands)	January 2, 2022	January 3, 2021
Beginning Balance	$ 901	$ 1,318
Revenue recognized	(95)	(417)
Ending Balance	$ 806	$ 901

BBQ HOLDINGS, INC. AND SUBSIDIARIES

The following table illustrates estimated revenues expected to be recognized in the future related to unsatisfied performance obligations as of January 2, 2022:

(in thousands)		
Fiscal Year		
2022	$	118
2023		109
2024		134
2025		76
2026		171
Thereafter		198
Total	$	806

Recent Accounting Guidance

Recently adopted accounting guidance

In December 2019, the FASB issued Update 2019-12, Income Taxes ("Topic 740") as part of its Simplification Initiative. This guidance provides amendments to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. This guidance is effective for annual and interim reporting periods beginning after December 15, 2020, and early adoption is permitted. The Company adopted this guidance during the first quarter of 2021. The adoption of this guidance did not have a material impact on its consolidated financial statements.

Recent Accounting Guidance Not Yet Adopted

The Company reviewed all recently issued accounting pronouncements and concluded they were either not applicable or not expected to have a significant impact on its consolidated financial statements.

(2) RESTAURANT ACQUISITIONS

On July 12, 2021, the Company completed the acquisition of the assets and operations of four Famous Dave's restaurants in Kentucky and Tennessee from FFD Citadel LLC, FFD Hermitage LLC, FFD Cedar Bluff, and FFD Smyrna. The contract purchase price of the restaurants was approximately $1.1 million, exclusive of acquisition costs of approximately $52,000 which are reflected in general and administrative expenses. The assets acquired and liabilities assumed were recorded at estimated fair value based on information available. Pro forma results were deemed immaterial to the Company.

(in thousands)		
Assets acquired:		
Property, plant, equipment and leasehold improvements, net	$	641
Operating lease right-of-use assets		4,616
Total identifiable assets acquired		5,257
Liabilities assumed:		
Gift card liability		(16)
Lease liability		(4,610)
Net assets acquired		631
Goodwill		469
Total consideration transferred	$	1,100

BBQ HOLDINGS, INC. AND SUBSIDIARIES

On June 24, 2021, the Company entered in to a Membership Interest Purchase Agreement (the "MIPA") with VIBSQ Holdco, LLC, a Delaware limited liability company (the "Seller") and Bakers Square Holdings, LLC, a Delaware limited liability company ("BSQ Holdings"), Village Inn Holdings, LLC, a Delaware limited liability company ("VI Holdings"), SVCC I, LLC, an Arizona limited liability company ("SVCC" and collectively with BSQ Holdings and VI Holdings, the "Target Companies"), and for certain limited purposes as described in the MIPA, RG Group Holdco, LLC, a Delaware limited liability company (the "Parent"), pursuant to which the Company agreed, subject to specified terms and conditions, to purchase from the Seller all of the issued and outstanding membership interests (the "Interests") in each of the Target Companies (such purchase of Interests as contemplated by the MIPA, the "VIBS Transaction"). The VIBS Transaction closed on July 30, 2021. As a result of the VIBS Transaction, each of the Target Companies became a wholly-owned subsidiary of the Company, and each of the subsidiaries of the Target Companies, which subsidiaries own or franchise Village Inn Restaurants and Bakers Square Restaurants, became wholly-owned indirect subsidiaries of the Company. The purchase price of the VIBS Transaction was approximately $13.0 million and subject to certain purchase price adjustments and exclusive of acquisition costs of approximately $555,000 which are reflected in general and administrative expenses.

The VIBS Transaction was accounted for using the acquisition method of accounting in accordance with ASC 805 "Business Combinations" and, accordingly, the consolidated statements of operations include the results of these operations from the date of acquisition, July 30, 2021. Revenue and earnings of VIBS included in the consolidated statements of operations in the year ended January 2, 2022 totaled approximately $25.4 million and $2.9 million, respectively. The assets acquired and the liabilities assumed were recorded at estimated fair values based on information available as of the end of the fourth quarter of fiscal 2021.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

The following table presents the allocation of assets acquired and liabilities assumed for the VIBS Transaction:

(in thousands)		
Assets acquired:		
Current assets	$	708
Property, plant, equipment and leasehold improvements, net		5,101
Owned properties		3,148
Franchise agreements		10,602
Identifiable intangible assets, net		2,645
Operating lease right-of-use assets		14,723
Total identifiable assets acquired		36,927
Liabilities assumed:		
Deferred royalty revenue		(327)
Other current liabilities		(1,187)
Supply chain adjustment		(117)
Gift card and loyalty liability		(1,186)
Lease liabilities		(17,220)
Deferred tax liability		(904)
Net assets acquired		15,986
Gain on bargain purchase		2,995
Total consideration transferred	$	12,991

On October 8, 2021, the Company closed on the signed Asset Purchase Agreement with Fresh Acquisitions, LLC following the U.S. Bankruptcy Code Section 363 Auction where Tahoe Joe's Steakhouse, LLC (wholly-owned subsidiary of BBQ Holdings, Inc.) was the successful bidder for the assets associated with the Tahoe Joe's restaurant chain and the IP related to 4 buffet concepts. The Company purchased the Tahoe Joe's restaurant chain as well as the buffet IP (the "Tahoe Joe's Acquisition"). The purchase price was $4.2 million in cash plus additional cure costs, subject to normal closing adjustments.

The Tahoe Joe's Acquisition was accounted for using the acquisition method of accounting in accordance with ASC 805 "Business Combinations" and, accordingly, the consolidated statements of operations include the results of these operations from the date of acquisition, October 8, 2021. Revenue and earnings of Tahoe Joe's included in the consolidated statements of operations in the year ended January 2, 2022 totaled approximately $4.8 million and $200,000, respectively.

(in thousands)		
Assets acquired:		
Inventory		231
Property, plant, equipment and leasehold improvements, net		1,682
Lease right-of-use asset, net of unfavorable lease value		4,205
Identifiable intangible assets, net		1,200
Total identifiable assets acquired		7,318
Liabilities assumed:		
Gift card liability		(160)
Lease liability		(4,355)
Deferred tax liability		(18)
Other current liabilities		(30)
Net assets acquired		2,755
Goodwill		1,962
Total consideration transferred	$	4,717

BBQ HOLDINGS, INC. AND SUBSIDIARIES

On March 16, 2020, the Company completed the acquisition of the assets and operations of a Real Urban Barbeque restaurant in Vernon Hills, Illinois from Real Urban Barbeque VH LLC. The contract purchase price of the restaurant was approximately $45,000, exclusive of closing costs plus the assumption of the lease, gift card and certain other liabilities. The assets acquired and the liabilities assumed were considered to be immaterial and were recorded at estimated fair values based on information available, including an ROU asset and offsetting liability of approximately $714,000.

On February 11, 2020, the Company entered into an Asset Purchase Agreement with Granite City Food & Brewery Ltd. ("Granite City") to acquire certain assets associated with Granite City restaurants in connection with the Chapter 11 filing of Granite City (the "Granite City Acquisition"). The Granite City Acquisition was approved by the Bankruptcy Court at a hearing on February 21, 2020. The purchase price for the assets purchased was $3.7 million plus certain assumed liabilities including gift card liability and cure costs. On March 9, 2020, the Company closed the Granite City Acquisition with cash on hand and borrowing under its existing loan agreement with Choice Financial Group.

The Granite City Acquisition was accounted for using the acquisition method of accounting in accordance with ASC 805 "Business Combinations" and, accordingly, the consolidated statements of operations include the results of these operations from the date of acquisition. The assets acquired and the liabilities assumed were recorded at estimated fair values based on information available as of the end of fiscal year 2020.

The following table presents the allocation of assets acquired and liabilities assumed for the Granite City Acquisition:

(in thousands)		
Assets acquired:		
Cash and cash equivalents	$	128
Inventory		980
Property, plant, equipment and leasehold improvements, net		17,818
Lease right-of-use asset, net of unfavorable lease value		50,968
Identifiable intangible assets, net		8,329
Total identifiable assets acquired		78,223
Liabilities assumed:		
Gift card liability		(3,923)
Lease liability		(50,968)
Deferred tax liability		(4,752)
Net assets acquired		18,580
Gain on bargain purchase		13,246
Total consideration transferred	$	5,334

Unaudited pro forma results of operations for the fiscal years ended January 2, 2022 and January 3, 2021 as if the Company had acquired the operations of the above referenced acquisitions at the beginning of each period presented is as follows. The pro forma results include estimates and assumptions which management believes are reasonable. However, pro forma results are not necessarily indicative of the results that would have occurred if the business combination had been in effect on the dates indicated, or which may result in the future.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

	Year Ended	
	January 2, 2022	January 3, 2021
(in thousands)		
Pro forma revenues	$ 247,973	$ 190,928
Pro forma net income attributable to shareholders	$ 27,975	$ 6,249
Basic pro forma net income per share attributable to shareholders	$ 2.85	$ 0.68
Diluted pro forma net income per share attributable to shareholders	$ 2.82	$ 0.68

(3) INVENTORIES

Inventories consisted approximately of the following at:

(in thousands)	January 2, 2022	January 3, 2021
Food and beverage	$ 2,452	$ 1,559
Smallwares and supplies	864	712
	$ 3,316	$ 2,271

(4) PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following at:

(in thousands)	January 2, 2022	January 3, 2021
Prepaid expenses and deferred costs	$ 2,241	$ 317
Prepaid rent	1,384	633
Prepaid insurance	257	302
Note receivable, short-term	24	—
Seller obligations	13	—
Prepaid expenses and other current assets	$ 3,919	$ 1,252

(5) PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS, NET

The increase in property, equipment and leasehold improvements was primarily due to the VIBS Acquisition and the Tahoe Joe's Acquisition described in Note 2 *Restaurant Acquisitions*. Property, equipment and leasehold improvements, net, consisted of the following:

(in thousands)	January 2, 2022	January 3, 2021
Land, buildings, and improvements	$ 39,632	$ 31,731
Furniture, fixtures, equipment and software	33,565	28,373
Décor	434	475
Construction in progress	—	1,121
Accumulated depreciation and amortization	(33,688)	(29,311)
Property, equipment and leasehold improvements, net	$ 39,943	$ 32,389

BBQ HOLDINGS, INC. AND SUBSIDIARIES

(6) INTANGIBLE ASSETS

The Company has intangible assets that consist of liquor licenses, database, trademarks and patents, and franchise rights, net. The liquor licenses and trademarks/logos are indefinite-lived assets and are not subject to amortization. Franchise rights are amortized to depreciation and amortization expense on a straight-line basis over the remaining life of the franchise agreements. The database is amortized over three years.

The increase in intangible assets was due to the VIBS Acquisition and the Tahoe Joe's Acquisition described in Note 2 *Restaurant Acquisitions*. Intangible assets consisted of the following:

(in thousands)	January 2, 2022	January 3, 2021
Franchise rights, net	11,104	1,246
Liquor licenses	1,018	868
Trademark/Logos/Patents	11,233	7,688
Database	89	165
Intangible assets, net	$ 23,444	$ 9,967

The following table provides the projected future amortization of franchise rights, net for the next five years, as of January 2, 2022:

(in thousands)	Franchise Rights, net
Fiscal 2022	$ 1,450
Fiscal 2023	1,286
Fiscal 2024	1,164
Fiscal 2025	1,163
Fiscal 2026	1,075
Thereafter	4,966
	$ 11,104

The Company recognized amortization expense related to franchise rights of approximately $744,000 and $406,000 during the years ended January 2, 2022 and January 3, 2021, respectively, and expects to recognize the remaining balance over a period of ten years.

(7) OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following at:

(in thousands)	January 2, 2022	January 3, 2021
Sales tax payable	1,657	1,286
Other accrued expense	3,613	1,393
Accrued real estate taxes	2,170	—
Accrued interest	26	115
Accrued utilities	560	199
Deferred revenue, other	366	124
Deferred franchise fees	118	95
Other current liabilities	$ 8,510	$ 3,212

BBQ HOLDINGS, INC. AND SUBSIDIARIES

(8) LONG-TERM DEBT

Long-term debt

On November 23, 2021, the Company, as borrower, entered into a credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A. The Credit Agreement has a five-year term and provides for up to a $5.0 million revolving line of credit and a $15.0 million term loan. The Credit Agreement also provides for the issuance of letters of credit in an aggregate amount up to $1,000,000 which, upon issuance, would be deemed advances under the revolving line of credit. Proceeds of borrowings were used to refinance all indebtedness owed to Choice Financial Group described below. The proceeds will also be used for accretive capital allocation and for working capital purposes. The Company's obligations under the Credit Agreement are secured by substantially all of its assets, excluding real property. Subject to certain conditions, borrowings under the Credit Agreement bear interest in the range of 1.75% to 2.25% per annum plus LIBOR. If LIBOR becomes unavailable, the replacement rate will be determined pursuant to the terms of the Credit Agreement. Quarterly principal payments will be required with a balloon payment due at maturity.

The Credit Agreement contains customary representations, warranties and covenants, including the financial covenants to maintain a rent adjusted leverage ratio not greater than 4.5 to 1.0 and a fixed charge coverage ratio of not less than 1.1 to 1.0. In addition, the Credit Agreement places restrictions on the Company's ability to incur additional indebtedness, to create liens or other encumbrances, to sell or otherwise dispose of assets, to merge or consolidate with other entities, and to make restricted payments such as dividends and stock repurchases.

On June 20, 2019, the Company entered into a Loan Agreement among the Company and Choice Financial Group. The Loan Agreement provided for a term loan in the principal amount of up to $24.0 million and was evidenced by a promissory note. The note had a maturity date of June 20, 2025 and had an interest rate in an amount equal to the Wall Street Journal Prime Rate, but in no circumstances was the rate of interest to be less than 5.00%. At November 23, 2021, using proceeds from the Credit Agreement referenced above, the Company paid off the note which had a balance due of $8.5 million.

On April 30, 2020, FDA and Granite City, Inc. ("GC"), wholly-owned operating subsidiaries of the Company received funding of approximately $7.2 million and $5.8 million, respectively, in connection with "Small Business Loans" under the Paycheck Protection Program. Subsequently, BBQ Ventures, Inc. ("Real Urban Barbeque") and Mercury BBQ ("Clark Crew BBQ") received funding of approximately $121,000 and $800,000, respectively, under the above referenced program on May 6, 2020 and May 8, 2020, respectively. These amounts were borrowed pursuant to the terms of the Promissory Notes by FDA, GC, Real Urban Barbeque and Clark Crew BBQ ("PPP Loans"), in favor of Choice Financial Group, a bank operating out of the state of North Dakota. The Company was very fortunate to be able to utilize the program for each of its subsidiaries. As a nano-cap public restaurant organization, the Company's access to capital differs greatly from its larger competitors. The Company required these funds to retain, recall, and pay its loyal employees. The Covid-19 pandemic led to a government-required shut down of dining rooms, and with the Paycheck Protection Program funds, the Company was able to continue serving its customers.

The PPP Loans bore interest at 1% per annum and were scheduled to mature 24 months from the date of disbursement of funds under the PPP Loans respectively. Under certain circumstances, all or a portion of the PPP Loans were allowed to be forgiven. On June 11, 2021, the Company received a notification from Choice Financial Group that the Small Business Administration approved the Company's loan forgiveness applications for the entire $14.0 million balance of the PPP Loans and that the remaining balance of the PPP Loans is zero. As such, the Company wrote off the debt balance and related accrued interest of $14.1 million. Such amount was included in the Company's consolidated statements of operations in fiscal year 2021.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

Debt outstanding under the above referenced agreements consisted of the following as of the periods presented:

(in thousands)	January 2, 2022	January 3, 2021
Term Loan	$ 15,000	$ 10,403
PPP Loans	—	13,957
Less: deferred financing costs	(209)	(80)
Less: current portion of long-term debt	(1,594)	(2,111)
Long-term debt, less current portion	$ 13,197	$ 22,169

Future minimum principal payments on long-term debt, as of January 2, 2022 were as follows:

(in thousands)	
Fiscal Year	
2022	$ 1,594
2023	1,500
2024	1,125
2025	1,594
2026	9,187
Total	$ 15,000

(9) COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases the property for its corporate headquarters and most of its Company-owned stores under non-cancelable operating leases with remaining minimum terms ranging from one to twenty years. These lease agreements generally contain base rent escalations that are either fixed pursuant to the lease agreement or based on the consumer price index. The Company is also required to pay contingent rentals on certain of its leases in amounts between 2.5% and 7% of gross sales above a minimum threshold. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of use ("ROU") assets, current portion of operating lease liabilities, and operating lease liabilities in its consolidated balance sheets.

Beginning in the second quarter of 2020, the Company negotiated rent concessions with several of its landlords due to the economic disruption to its business during the COVID-19 pandemic. The Company accounted for these lease concessions related to the effects of the COVID-19 pandemic in accordance with the lease modification accounting guidance in Topic 842, Leases. Pursuant to such guidance, the Company remeasured the modified leases using the revised terms as of the modification dates. Adjustments were made to reflect the remeasured liability with the offset to the ROU asset.

Lease expense for lease payments is recognized on a straight-line basis over the lease term and is included in operating expenses and general and administrative expenses on the statement of operations. The components of lease expense for the period presented is as follows:

BBQ HOLDINGS, INC. AND SUBSIDIARIES

(in thousands)	Year Ended January 2, 2022	Year Ended January 3, 2021
Operating lease cost	$ 11,898	$ 9,227
Short-term lease cost	430	423
Variable lease cost	818	933
Sublease income	(166)	(177)
Total lease cost	12,980	10,406

(in thousands)	Year Ended January 2, 2022	Year Ended January 3, 2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 11,691	$ 7,589
Right-of-use assets obtained in exchange for new operating lease liabilities	28,864	51,682
Weighted-average remaining lease term of operating leases (in years)	8.10	10.25
Weighted-average discount rate of operating leases	4.72 %	5.27 %

Future maturities of lease liabilities, as of January 2, 2022, are as follows:

(in thousands)	
Fiscal Year	
2022	$ 15,857
2023	15,274
2024	14,142
2025	13,202
2026	11,601
Thereafter	39,226
Total operating lease obligations	109,302
Less imputed interest	(19,669)
Total	$ 89,633

Litigation

In the normal course of business, the Company is involved in a number of litigation matters that are incidental to the operation of the business. These matters generally include, among other things, matters with regard to employment, leases and general business-related issues. The Company currently believes that the resolution of any of these pending matters will not have a material adverse effect on its financial position, liquidity, or to its consolidated results of operations.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

(10) STOCK-BASED COMPENSATION

Effective May 5, 2015, the Company adopted the 2015 Equity Plan (the "2015 Plan"), pursuant to which it may grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance stock units and other stock and cash awards to eligible participants. At the Company's annual meeting of shareholders held in June 2021, its shareholders approved the amendment to the 2015 Plan to increase the number of common stock reserved for issuance from 1,500,000 to 2,000,000. The Company also maintains an Amended and Restated 2005 Stock Incentive Plan (the "2005 Plan"). The 2005 Plan prohibits the granting of options pursuant to the 2005 plan after May 12, 2015, the tenth anniversary of the date the 2005 Plan was approved by the Company's shareholders. Nonetheless, the 2005 Plan will remain in effect until all outstanding incentives granted thereunder have either been satisfied or terminated. As of January 2, 2022, there were 783,690 shares available for grant pursuant to the 2015 Plan.

Stock options granted to employees and directors generally vest over two to five years, in monthly or annual installments, as outlined in each agreement. Options generally expire ten years from the date of grant. Compensation expense equal to the grant date fair value of the options is recognized in general and administrative expense over the applicable service period.

The Company utilizes the Black-Scholes option pricing model when determining the compensation cost associated with stock options issued using the following significant assumptions:

- Stock price – Published trading market values of the Company's common stock as of the date of grant.
- Exercise price – The stated exercise price of the stock option.
- Expected life – The simplified method as outlined in ASC 718.
- Expected dividend – The rate of dividends that the Company expects to pay over the term of the stock option.
- Volatility – Actual volatility over the most recent historical period equivalent to the expected life of the option.
- Risk-free interest rate – The daily United States Treasury yield curve rate.

The Company recognized stock-based compensation expense in its consolidated statements of operations for the fiscal years ended January 2, 2022 and January 3, 2021, respectively, as follows:

	Year Ended	
(in thousands)	**January 2, 2022**	**January 3, 2021**
Stock options	$ 332	$ 457
Restricted stock	936	429
	$ 1,268	$ 886

BBQ HOLDINGS, INC. AND SUBSIDIARIES

The following is a roll-forward of the Company's stock option activity for the periods presented:

(number of awards in thousands)	Number of Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (in thousands)
Options outstanding at December 29, 2019	453	$ 6.71	5.7	$ 28
Granted	277	3.85		—
Exercised	(1)	4.18		1
Canceled, forfeited or expired	(154)	9.91		10
Options outstanding at January 3, 2021	575	$ 4.49	6.9	$ 401
Granted	123	12.99		—
Exercised	(181)	4.63		1,709
Canceled, forfeited or expired	(129)	4.47		1,159
Options outstanding at January 2, 2022	388	$ 7.13	7.3	$ 3,397
Options exercisable at January 2, 2022	168	$ 5.26	5.9	$ 1,783

The following table discloses the weighted-average values of significant assumptions that the Company made in valuing option grants for the periods presented:

	Year Ended	
	January 2, 2022	January 3, 2021
Weighted-average fair value of options granted during the period	$ 7.33	$ 1.79
Expected life (in years)	5.6	5.1
Expected dividend	$ —	$ —
Expected stock volatility	64.02 %	55.02 %
Risk-free interest rate	0.9 %	0.9 %

As of January 2, 2022, the total compensation cost related to unvested stock option awards was approximately $1.0 million, which is expected to be recognized over a period of approximately 3 years.

Information regarding the Company's restricted stock is summarized below:

(number of awards in thousands)	Number of Awards	Weighted Average Award Date Fair Value	Weighted Average Remaining Contractual Life in Years
Unvested at December 29, 2019	143	5.00	3.2
Granted	403	4.29	
Exercised/Released	(71)	4.85	
Unvested at January 3, 2021	475	$ 4.43	2.0
Granted	53	13.25	
Exercised/Released	(168)	4.93	
Canceled, forfeited or expired	(55)	4.30	
Unvested at January 2, 2022	305	$ 5.75	2.1

As of January 2, 2022, the total compensation cost related to unvested RSU awards was approximately $1.5 million, which is expected to be recognized over a period of approximately 2 years. As of January 2, 2022, the aggregate intrinsic value of unvested RSU awards was approximately $4.8 million.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

(11) SHAREHOLDERS' EQUITY

On June 24, 2021, the Company entered into two separate Securities Purchase Agreements (each, a "Securities Purchase Agreement") with institutional investors pursuant to which the Company raised (i) gross proceeds of $10,000,000, pursuant to an agreement to sell 800,000 shares of the Company's common stock , and (ii) gross proceeds of $3,000,000 pursuant to an agreement to sell 200,000 shares of the Company's common stock (such shares of common stock collectively referred to herein as the "Securities", and the aggregate sale of 1,000,000 Securities referred to herein as the "Offering"). The Company used the net proceeds of the Offering for the VIBS Transaction described in Note 2 *Restaurant Acquisitions*. In connection with the closing of the Offering, the Company paid expenses of approximately of $572,000.

As part of each Securities Purchase Agreement, the Company agreed to register the Securities sold in the Offering (the "Registrable Securities") for resale or other disposition, pursuant to a Registration Rights Agreement with each investor (each, a "Registration Rights Agreement"). On August 4, 2021, the Company filed with the Securities and Exchange Commission (the "SEC") a shelf registration statement with respect to the resale of the Registrable Securities. The shelf registration statement was declared effective by the SEC September 3, 2021. The Company agreed to keep the shelf registration statement effective until such time as all Registrable Securities may be sold pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act") without the need for current public information or other restrictions. If the Company is unable to comply with any of the above covenants, it will be required to pay liquidated damages to the investors in the amount of 1% of the investors' purchase price for every month until such non-compliance is cured (subject to a 6% cap), with such liquidated damages payable in cash.

(12) RETIREMENT SAVINGS PLANS

401(k) Plan

The Company has a pre-tax salary reduction/profit-sharing plan under the provisions of Section 401(k) of the Internal Revenue Code, which covers employees meeting certain eligibility requirements. The following table outlines certain information about the Company's 401(k) plan:

	Year Ended	
(dollars in thousands)	**January 2, 2022**	**January 3, 2021**
Employer contribution rate, percent of employee contributions	25.0 %	25.0 %
Employee contribution rate, maximum percentage of employee earnings subject to employer matching	4.0 %	4.0 %
Employee contributions	$ 646	$ 787
Employer match	$ 87	$ 139

Non-Qualified Deferred Compensation Plan

The Company maintains a non-qualified deferred compensation plan, effective as of February 25, 2005 (the "DCP") for eligible participants, as defined in the DCP. The DCP allows participating employees to defer a portion of their compensation (salary, bonus and commissions). The assets of the DCP are maintained in an unsecured account that has no trust fund. In the event of bankruptcy, participants entitled to future payments under the DCP would have no greater rights than that of an unsecured general creditor and the DCP confers no legal rights for interest or claim on any of the Company's assets. The benefits provided by the DCP are not, nor are they required to be, insured.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

The following table outlines certain information about the DCP:

	Year Ended	
(dollars in thousands)	**January 2, 2022**	**January 3, 2021**
Employer contribution rate, percent of employee contributions	25.0 %	25.0 %
Employee contribution rate, maximum percentage of employee earnings subject to employer matching	4.0 %	4.0 %
Declared interest rate	6.0 %	6.0 %
Employee contributions	$ 38	$ 53
Employer match and interest	$ 5	$ 23
Distributions	$ 77	$ 29

BBQ HOLDINGS, INC. AND SUBSIDIARIES

(13) INCOME TAXES

For financial reporting purposes, income (loss) before income taxes consists of the following components for the periods presented:

(in thousands)	Year Ended January 2, 2022	Year Ended January 3, 2021
United States	$ 24,655	$ 1,124
Foreign	374	306
Total	$ 25,029	$ 1,430

The following table summarizes the income tax (expense) benefit for the periods presented:

(in thousands)	Year Ended January 2, 2022	Year Ended January 3, 2021
Current:		
Federal	$ (86)	$ 6
State	(227)	(169)
Foreign	(11)	(9)
	(324)	(172)
Deferred:		
Federal	(403)	2,801
State	66	208
	(337)	3,009
Total income tax (expense) benefit	$ (661)	$ 2,837

The impact of uncertain tax positions taken or expected to be taken on income tax returns must be recognized in the financial statements at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more likely than not of being sustained.

The following is a reconciliation of the beginning and ending amounts of gross unrecognized tax benefit for the periods presented:

(in thousands)	
Balance at December 29, 2019	4
Decreases due to lapses of statutes of limitations	(2)
Balance at January 3, 2021	2
Decreases due to lapses of statutes of limitations	—
Balance at January 2, 2022	$ 2

Substantially all of the Company's unrecognized tax benefits, if recognized, would impact its effective tax rate.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The preparation of these income tax returns requires it to interpret and apply relevant federal and state income tax laws. It is common for federal and state taxing authorities to periodically examine filed tax returns. During these examinations, it is possible for taxing authorities to interpret facts or tax law differently than the Company does. As a result, the Company may be required to adjust tax liabilities affecting its effective tax rate. Tax years 2018 and forward remain subject to federal examination. Tax years 2017 and forward remain subject to state examination. It is possible that the liability associated with the unrecognized tax benefits will increase or decrease within the next 12 months. The expiration of statutes of limitations would not decrease the Company's unrecognized tax benefits.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

The Company has significant net deferred tax assets ("DTA"), which results from the net temporary timing differences between amounts recorded within its consolidated financial statements in accordance with GAAP and such amounts measured in accordance with the laws of various taxing jurisdictions and as reported in the Company's tax returns. A DTA generally represents future tax benefits to be received when temporary differences previously reported in the Company's consolidated financial statements become deductible for income tax purposes, when net operating loss carry forwards are applied against future taxable income, or when tax credit carry forwards are utilized on other Company's tax returns. As of January 2, 2022, the majority of the Company's DTA resulted from net operating loss and tax credit carryforwards, which will not be fully realized until the Company generates taxable income in the future. The Company evaluates its net deferred tax asset on a quarterly basis to determine whether current facts and circumstances indicate that the DTA may not be fully realizable and it provides for valuation allowances on those portions of the DTA that it does not expect to realize.

Significant judgment is required in determining the realizability of the Company's DTA. The assessment of whether valuation allowances are required considers, among other matters, the nature, frequency and severity of any current and cumulative losses, forecasts of future profitability, the duration of statutory carry forward periods, the Company's experience with loss carry forwards not expiring unused and tax planning alternatives. In analyzing the need for valuation allowances, the Company first considered its history of cumulative operating results for income tax purposes over the past three years in each of the tax jurisdictions in which it operates, its financial performance in recent quarters, statutory carry forward periods and tax planning alternatives. Finally, the Company considered both its near and long-term financial outlook. After considering all available evidence both positive and negative, the Company concluded that recognition of valuation allowances for substantially all of its DTA was not required. The Company recognized a valuation allowance relating to certain state net operating losses for which it believes that is it more likely than not that the benefit will not be realized. In recognition of this risk, the Company has provided a valuation allowance of $1.3 million on the deferred tax asset related to these state net operating loss carryforwards.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

The following is a summary of the components of the Company's net deferred tax assets as of the periods presented:

(in thousands)	January 2, 2022	January 3, 2021
Deferred tax asset:		
Federal net operating loss carry-forwards	$ 779	$ 2,298
State net operating loss carry-forwards	1,666	1,860
Tax credit carryover	4,281	3,225
Accrued expenses	716	241
Stock-based compensation	316	313
Deferred revenue	662	915
Lease reserve	21,493	18,356
Accrued and deferred compensation	475	59
Contribution carryover	37	49
Transaction and organization costs	438	98
Inventories	13	19
Total deferred tax asset	$ 30,876	$ 27,433
Deferred tax liability:		
Property and equipment basis difference	$ (2,468)	$ (2,083)
Intangible property basis difference	(3,660)	(2,112)
Inventories	(201)	(178)
Prepaid expenses	(667)	(306)
Right of use asset	(18,937)	(16,420)
Total deferred tax liability	$ (25,933)	$ (21,099)
Net deferred tax assets	4,943	6,334
Valuation allowance	(1,251)	(1,400)
Deferred tax asset, net	$ 3,692	$ 4,934

During the year ended January 2, 2022, the net decrease in the Company's DTA valuation allowance was approximately $149,000.

As of January 2, 2022, the Company had cumulative state net operating loss carryforwards for tax reporting purposes of approximately $24.3 million and federal net operating loss carryforwards for tax reporting purposes of $3.7 million which, if not used, could begin to expire in fiscal 2022 and in 2038, respectively.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

The following is a reconciliation from the Company's statutory tax rate to its effective tax rate for the periods presented:

	Year Ended	
	January 2, 2022	January 3, 2021
Federal statutory tax rate	21.0 %	21.0 %
State taxes, net of valuation allowance and federal benefit	0.3	(9.9)
Deferred rate change	0.8	2.0
Foreign taxes	—	0.4
Tax effect of permanent differences	(0.5)	(0.4)
Tax effect of general business credits	(3.9)	(19.4)
Tax effect of foreign tax credit	—	(0.4)
Uncertain tax positions	—	(0.2)
Return to provision update	0.2	0.9
Change in valuation allowance	(0.6)	4.0
Tax effect of permanent differences - Bargain Purchase Gain	(2.5)	(129.7)
Tax effect of PPP loan forgiveness	(11.2)	—
Other	(1.0)	(1.0)
Effective tax rate	2.6 %	(132.7)%

The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted on March 27, 2020 and the Consolidated Appropriations Act (the Relief Act) was enacted on December 27, 2020 in the United States. The key provisions of the CARES Act and the Relief Act, as applicable to the Company, include the following:

- The ability to use net operating losses (NOLs) to offset income without the 80% taxable income limitation enacted as part of the Tax Cuts and Jobs Act (TCJA) of 2017, and to carry back NOLs to offset prior year income for five years. These are temporary provisions that apply to NOLs incurred in 2018, 2019 or 2020 tax years. The Company did not recognize any tax benefit for the year ended January 3, 2021 or January 2, 2022 related to its ability to carry back prior year losses, as well as projected current year losses, under the CARES Act to years with the previous 35% tax rate.

- The ability to claim a current deduction for interest expense up to 50% of Adjusted Taxable Income (ATI) for tax years 2019 and 2020. This limitation was previously 30% of ATI pursuant to the TCJA and reverted to 30% in 2021. The Company has no current interest expense limitation.

- The ability to defer the payment of the employer portion of social security taxes incurred between March 27, 2020 and December 31, 2020, with 50% of the deferred amount to be paid by December 31, 2021 and the remaining 50% to be paid by December 31, 2022. For the year ended January 3, 2021 and January 2, 2022, the Company did not defer any social security taxes to be paid in 2021 and 2022.

- The ability to claim an Employee Retention Credit (ERC), which is a refundable payroll tax credit, for 50% of qualified wages or benefits, subject to certain limitations, that are paid to an employee when they are not providing services due to COVID-19. The ERC applies to qualified wages paid or incurred during the period March 13, 2020 through December 31, 2020 and is available to eligible employers whose operations were fully or partially suspended due to COVID-19, or whose gross receipts declined by more than 50% when compared to the applicable period in the prior year. The Relief Act extended this credit to wages paid through July 1, 2021, increased the credit amounts, and now applies to businesses whose sales declined by more than 20%. The Company does not believe that the ERC will provide benefits for the Company.

- The Company received $14.0 million in Paycheck Protection Program (PPP) loans and the loans were forgiven in 2021. The CARES Act provides that the loan forgiveness is tax-exempt for federal purposes. In addition, the Relief Act provided that the expenses paid with the PPP loan proceeds are deductible for federal income tax purposes.

BBQ HOLDINGS, INC. AND SUBSIDIARIES

Based on state guidance, certain states have disallowed PPP loan related expenses. As such, the Company has reflected these state addbacks in the appropriate state calculations.

(14) ASSET IMPAIRMENT, ESTIMATED LEASE TERMINATION AND OTHER CLOSING COSTS

The following is a summary of asset impairment, estimated lease termination and other closing costs for the periods presented:

	Year Ended	
(dollars in thousands)	January 2, 2022	January 3, 2021
Asset impairments, net	$ —	$ 5,532
Lease termination and restaurant closure expenses	116	151
Asset impairment, estimated lease termination charges and other closing costs	$ 116	$ 5,683

(15) FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of cash and cash equivalents reported in the consolidated balance sheets approximates fair value based on current interest rates and short-term maturities. The carrying amount of accounts receivable approximates fair value due to the short-term nature of accounts receivable. The Company believes that the carrying amount of long-term debt approximates fair value due to the variable interest rate on the Company's long-term debt, as well as that there has been no significant change in the credit risk or credit markets since origination.

The Company had no assets measured at fair value in its consolidated balance sheets as of January 2, 2022 and January 3, 2021, except for the assets recorded at fair value in conjunction with restaurant acquisitions (see Note 2 *Restaurant Acquisitions*).

(16) VARIABLE INTEREST ENTITIES

A variable interest holder is considered to be the primary beneficiary of a variable interest entity ("VIE") if it has the power to direct the activities of a VIE that most significantly impact the entity's economic performance and has the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the VIE. Once an entity is determined to be a VIE, the primary beneficiary is required to consolidate the entity. The Company has an installment agreement with one of its franchisees as a result of refranchising its Lincoln, Nebraska restaurant. This franchisee is a VIE; however, the owners of the franchise operations are the primary beneficiaries of the entities, not the Company. Therefore, the franchise operations are not required to be consolidated in the Company's consolidated financial statements.

On July 18, 2018, the Company and Clark Championship Products LLC ("Clark"), an entity owned by Travis Clark, became members of Mercury BBQ LLC ("Mercury") for the purposes of building out and operating the inaugural Clark Crew BBQ restaurant in Oklahoma City, Oklahoma (the "Restaurant"). Clark owns 80% of the units outstanding of Mercury and the Company owns 20% of the units outstanding of Mercury. Also in July 2019, the Company entered into a secured promissory note with Mercury which was amended in October 2019. This promissory note as amended (the "Loan") was in the amount of $3.9 million, the proceeds of which are required to be used for the build out of the Restaurant. The Loan bears interest at a rate of 8% per annum and requires payments of 100% of the excess monthly cash flows until the Loan and all interest accrued thereon is repaid. The Loan requires a balloon payment of unpaid principal and accrued interest on July 15, 2025 and may be prepaid at any time. Also on July 18, 2018, the Company and Clark entered into an intellectual property license agreement (the "License Agreement") pursuant to which Clark granted

BBQ HOLDINGS, INC. AND SUBSIDIARIES

to the Company an exclusive license to use and sublicense the patents, trademarks, trade names, service marks, logos and designs related to Clark Crew BBQ restaurants and products. The term of the License Agreement is indefinite and may only be terminated by mutual written consent, unless the Company breached the License Agreement.

Because the Company has provided more than half of the subordinated financial support of Mercury and control Mercury via its representation on the board of managers, the Company has concluded that Mercury is a VIE, of which the Company is the primary beneficiary and must consolidate Mercury. Mercury generated net income of approximately $434,000 during fiscal year 2021, of which $347,000 was recorded as non-controlling interest the Company's consolidated financial statement. During fiscal year 2020, Mercury generated a net loss of approximately $849,000, of which $680,000 was recorded as non-controlling interest on the Company's consolidated financial statements. As of January 2, 2022, Mercury's assets included approximately $2.5 million of property, equipment and leasehold improvements, net, a $1.7 million ROU asset and $123,000 of inventory. The liabilities recognized as a result of consolidating Mercury BBQ's results of operations do not represent additional claims on the general assets of BBQ Holdings, Inc.; rather, they represent claims against the specific assets of the Mercury BBQ's. Conversely, assets recognized as a result of consolidating the Mercury BBQ's results of operations do not represent additional assets that could be used to satisfy claims against the general assets of BBQ Holdings.

(17) RELATED PARTY TRANSACTIONS

Charles Davidson, a franchisee of the Company, currently serves as a director of the Company and is the beneficial owner of approximately 16.1% of the Company's common stock as of the date that these financial statements were available to be issued, by virtue of his ownership interest in Wexford Capital.

The following table outlines amounts received from related parties during the years ended January 2, 2022 and January 3,2021:

	Year Ended	
(in thousands)	**January 2, 2022**	**January 3, 2021**
Revenues and NAF contributions - Charles Davidson	643	515

The following table outlines accounts receivable, net from related parties as of January 2, 2022 and January 3, 2021:

(in thousands)	**January 2, 2022**	**January 3, 2021**
Accounts receivable, net - Charles Davidson	64	52

(18) SUBSEQUENT EVENTS

The Company evaluated for the occurrence of subsequent events through the issuance date of its financial statements. No recognized or non-recognized subsequent events occurred that require recognition or disclosure in the consolidated financial statements other than the items below.

On March 10, 2022, the Company executed an Asset Purchase Agreement for substantially all the assets related to the fast-growing Barrio Queen restaurant group, and it expects to close the transaction within 45 days. Barrio Queen is known for their authentic Mexican fine dining in Phoenix, Arizona. There are currently seven operating restaurants and a lease signed for an eighth with a target opening date of December 2022. The purchase price of $28.0 million is anticipated to be funded with cash and debt.

On March 11, 2022, the Company executed and closed on an Asset Purchase Agreement for three bar-centric locations. The purchase price of $4.5 million was funded with cash. Due to the timing of the signing and closing of this acquisition, the initial accounting for this acquisition is not complete. In addition, we are not able to complete substantially all disclosures required by ASC 805.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended January 3, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-39053

BBQ HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Minnesota	**83-4222776**
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
12701 Whitewater Drive, Suite 100 Minnetonka, MN	**55343**
Address of Principal Executive Offices	Zip Code

Registrant's Telephone Number, Including Area Code **(952) 294-1300**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**BBQ**	**The Nasdaq Global Market**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☐
Non-accelerated Filer ☑ Smaller Reporting Company ☑
Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of common stock held by non-affiliates of the registrant was approximately $11.9 million as of June 29, 2020, (the last business day of the registrant's most recently completed second quarter), assuming solely for the purpose of this calculation that all directors, officers, and more than 10% shareholders of the registrant are affiliates. The determination of affiliate status for this purpose is not necessarily conclusive for any other purpose. As of April 1, 2021, 9,307,442 shares of the registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the definitive Proxy Statement for our 2021 Annual Meeting of Shareholders which is to be filed within 120 days after the end of the fiscal year ended January 3, 2021, are incorporated by reference into Part III of this Form 10-K, to the extent described in Part III.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
BBQ Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of BBQ Holdings, Inc. (a Minnesota corporation) and subsidiaries (the "Company") as of January 3, 2021, and the related consolidated statement of operations, shareholders' equity, and cash flows for the year then ended, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 3, 2021, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Company as of December 29, 2019, were audited by other auditors whose report dated March 27, 2020, expressed an unqualified opinion on those statements.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of long-lived assets for impairment
Operating lease –right-of-use assets were $61.6 million as of January 3, 2021. The Company evaluates restaurant sites and long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of restaurant sites to be held and used is measured by a comparison of the carrying amount of the restaurant site to the undiscounted future net cash flows expected to be generated on a restaurant-by-restaurant basis. If a restaurant is determined to be impaired, the loss is measured by the amount by which the carrying amount of the restaurant site exceeds its fair value. Fair value is estimated based on the best information available including estimated future cash flows, expected growth rates in comparable restaurant sales, remaining lease

terms, discount rate and other factors. Based upon the analyses performed and primarily resulting from several COVID-19 pandemic factors, including significant reduction in guest traffic at the restaurants, state and local government mandated restrictions including suspension of dine-in operations, and resulting changes in consumer behavior, the Company recognized pre-tax impairment charges for long-lived assets of $5.5 million in fiscal 2020.

We identified the evaluation of long-lived assets for impairment as a critical audit matter. Subjective auditor judgment was required to evaluate the effects of expected useful lives of the long-lived assets and the forecasted cash flows to be generated by the asset groups, specifically forecasted sales and forecasted expenses, including the effects of the COVID-19 pandemic and resulting duration of the economic downturn. Furthermore, in determining the fair value of certain long-lived assets, involvement of valuation professionals with specialized skills and knowledge was required to assess certain discount rates used in the impairment models.

The primary procedures we performed to address this critical audit matter included the following. We evaluated the Company's ability to accurately forecast future sales and expenses by comparing actual results to the Company's historical forecasts. We performed sensitivity analyses over future sales and expense assumptions and expected useful lives to evaluate the change in the impairment analysis resulting from changes in these specific assumptions. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

– assessing the methodology used to determine the fair value of right-of-use assets;

– evaluating the discount rates by comparing them to publicly available market data for comparable entities and assessing the resulting discount rates.

Business Combination – Granite City Acquisition
On March 9, 2020, the Company completed the acquisition of certain Granite City restaurants. The Company accounted for the acquisition using the purchase method of accounting for business combinations. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values at the acquisition date. As a result of the acquisition, management recorded $8.3 million of identifiable intangible assets. The most significant identifiable intangible assets acquired were Trade Names/Trademarks of $7.7 million. The Company estimated the fair value of the Trade Names/Trademarks using the relief from royalty method, which is a discounted cash flow method. The fair value determination of the Trade Names/Trademarks intangible assets required management to make significant estimates and assumptions related to forecasted future cash flows, including the selection of royalty rates, terminal growth rates, and discount rates.

We identified the Trade Names/Trademarks intangible assets for Granite City as a critical audit matter because of the significant estimates and assumptions management made to fair value these assets. This required a high degree of auditor judgment and an increased extent of effort, including the involvement of our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's forecasts of future cash flows, including the selection of royalty rates, terminal growth rates, and discount rates.

Our audit procedures related to the forecasts of future cash flows and the selection of the royalty rates, terminal growth rates, and discount rates for the Trade Names/Trademarks intangible assets for Granite City included the following, among others:

- assessing the reasonableness of fiscal year forecasted cash flows of revenues and operating margins by comparing them to Granite City's actual cash flows.

- assessing the reasonableness of the forecasted revenue growth rates and operating margins over the cash flow forecast period by comparing them to Granite City's actual revenue growth rates and operating margins during the most recent historical periods.

- performing sensitivity analyses of the significant assumptions used in the valuation model to evaluate the change in fair value resulting from changes in the significant assumptions.

- with the assistance of our fair value specialists, we evaluated the reasonableness of the (1) valuation methodologies; (2) royalty rates by testing the source information used to compare market royalty rates associated with comparable licensing agreements; (3) terminal growth rates by comparing them to industry growth rates and the projected nominal gross domestic product (GDP) growth rate; and (4) discount rates, which included testing the source information underlying the determination of the discount rates, testing the mathematical accuracy of the calculations, and developing a range of independent estimates and comparing those to the discount rates selected by management.

Allowance for deferred tax assets
The Company recognizes deferred income tax assets and liabilities for the estimated future tax effects attributable to temporary differences and carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized in the future. Future realization of deferred tax assets depends on the existence of sufficient taxable income within the carryback or carryforward period of the appropriate character under the relevant tax law. Sources of taxable income include future reversals of deferred tax assets and liabilities, future taxable income, taxable income in prior carryback year(s) if permitted under the tax law, and tax planning strategies. The Company's valuation allowance for deferred tax assets was $1.4 million as of January 3, 2021.

The Company's determination of the valuation allowance involves estimates. Management's primary estimate in determining whether a valuation allowance should be established is the projection of future sources of taxable income. Auditing management's estimate of future sources of taxable income, which affects the recorded valuation allowances, required a high degree of audit judgment, and included the need to involve our income tax specialists.

Our audit procedures related to estimated future sources of taxable income included the following, among others:

- with the assistance of our income tax specialists, we considered relevant tax laws and regulations in evaluating the appropriateness of management's estimates of future sources of taxable income.

- evaluating management's ability to accurately estimate future sources of taxable income by comparing actual results to management's historical estimates. Further, we evaluated the reasonableness of management's estimates of future sources of taxable income by comparing the estimates to historical sources of taxable income or losses and minutes of the Board of Directors.

With the assistance of our income tax specialists, we evaluated whether the estimated future sources of taxable income were of the appropriate character to utilize the deferred tax assets under tax law.

We evaluated management's assessment that it is more likely than not that sufficient taxable income will be generated in the future to utilize the net deferred tax assets.

/s/ Schechter, Dokken, Kanter, Andrews & Selcer, Ltd.

We have served as the Company's auditor since 2020.

Minneapolis, Minnesota
April 2, 2021

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
BBQ Holdings, Inc.

Opinion on the financial statements
We have audited the accompanying consolidated balance sheet of BBQ Holdings Inc. (a Minnesota corporation) and subsidiaries (the "Company") as of December 29, 2019, the related consolidated statements of operations, shareholders' equity, and cash flows for the year then ended and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 29, 2019, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Grant Thornton LLP

We have served as the Company's auditor from 2002 through 2020.

Minneapolis, Minnesota
March 27, 2020

BBQ HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

ASSETS

	January 3, 2021	December 29, 2019
Current assets:		
Cash and cash equivalents	$ 18,101	$ 5,325
Restricted cash	1,502	761
Accounts receivable, net of allowance for doubtful accounts of $277,000 and $132,000, respectively	4,823	4,379
Inventories	2,271	1,346
Prepaid income taxes and income taxes receivable	—	264
Prepaid expenses and other current assets	1,252	1,356
Assets held for sale	1,070	2,842
Total current assets	29,019	16,273
Property, equipment and leasehold improvements, net	32,389	19,756
Other assets:		
Operating lease right-of-use assets	61,634	25,962
Goodwill	601	640
Intangible assets, net	9,967	2,213
Deferred tax asset, net	4,934	6,646
Other assets	1,724	1,591
	$ 140,268	$ 73,081
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,385	$ 3,967
Current portion of lease liabilities	6,185	4,230
Current portion of long-term debt	2,111	616
Accrued compensation and benefits	2,390	2,694
Other current liabilities	9,766	4,975
Total current liabilities	26,837	16,482
Long-term liabilities:		
Lease liabilities, less current portion	63,105	26,957
Long-term debt, less current portion	22,169	6,258
Other liabilities	1,224	1,610
Total liabilities	113,335	51,307
Shareholders' equity:		
Common stock, $.01 par value, 100,000 shares authorized, 9,307 and 9,272 shares issued and outstanding at January 3, 2021 and December 29, 2019, respectively	93	93
Additional paid-in capital	8,748	7,856
Retained earnings	19,370	14,423
Total shareholders' equity	28,211	22,372
Non-controlling interest	(1,278)	(598)
Total equity	26,933	21,774
	$ 140,268	$ 73,081

See accompanying notes to consolidated financial statements.

BBQ HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended	
	January 3, 2021	**December 29, 2019**
Revenue:		
Restaurant sales, net	$ 109,544	$ 68,564
Franchise royalty and fee revenue	8,919	12,126
Franchisee national advertising fund contributions	1,124	1,616
Licensing and other revenue	1,850	1,249
Total revenue	121,437	83,555
Costs and expenses:		
Food and beverage costs	33,867	21,541
Labor and benefits costs	37,228	24,565
Operating expenses	36,984	22,555
Depreciation and amortization expenses	5,121	2,231
General and administrative expenses	14,395	10,992
National advertising fund expenses	1,124	1,616
Asset impairment, estimated lease termination charges and other closing costs, net	5,683	1,296
Pre-opening expenses	10	460
Gain on disposal of property, net	(1,810)	(74)
Total costs and expenses	132,602	85,182
Loss from operations	(11,165)	(1,627)
Other (expense) income :		
Interest expense	(805)	(494)
Interest income	154	215
Gain on bargain purchase	13,246	—
Total other income (expense)	12,595	(279)
Income (loss) before income taxes	1,430	(1,906)
Income tax benefit	2,837	659
Net income (loss)	4,267	(1,247)
Net loss attributable to non-controlling interest	680	598
Net income (loss) attributable to shareholders	$ 4,947	$ (649)
Income (loss) per common share:		
Basic net income (loss) per share attributable to shareholders	$ 0.54	$ (0.07)
Diluted net income (loss) per share attributable to shareholders	$ 0.54	$ (0.07)
Weighted average shares outstanding - basic	9,155	9,099
Weighted average shares outstanding - diluted	9,168	9,099

See accompanying notes to consolidated financial statements.

BBQ HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount					
Balance - December 30, 2018	9,085	$ 91	$ 7,375	$ 15,075	$ 22,541	$ —	$ 22,541
Exercise of stock options	5	—	20	—	20	—	20
Stock-based compensation	182	2	461	—	463	—	463
Other	—	—	—	(3)	(3)	—	(3)
Net loss	—	—	—	(649)	(649)	(598)	(1,247)
Balance - December 29, 2019	9,272	$ 93	$ 7,856	$ 14,423	$ 22,372	$ (598)	$ 21,774
Issuance of restricted common stock	34	0	(0)	—	—	—	—
Exercise of stock options	1	—	6	—	6	—	6
Stock-based compensation			886	—	886	—	886
Net income	—	—	—	4,947	4,947	(680)	4,267
Balance - January 3, 2021	9,307	$ 93	$ 8,748	$ 19,370	$ 28,211	$ (1,278)	$ 26,933

See accompanying notes to consolidated financial statements.

BBQ HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended	
	January 3, 2021	**December 29, 2019**
Cash flows from operating activities:		
Net income (loss)	$ 4,267	$ (1,247)
Adjustments to reconcile net income (loss) to cash flows provided by operations:		
Depreciation and amortization	5,121	2,231
Stock-based compensation	886	463
Net gain on disposal	(1,783)	(74)
Asset impairment, estimated lease termination charges and other closing costs, net	5,483	1,273
Gain on bargain purchase	(13,246)	—
Deferred income taxes	(2,837)	(688)
Bad debts expense (recovery)	567	239
Other non-cash items	229	291
Changes in operating assets and liabilities:		
Accounts receivable, net	(1,011)	(1,582)
Other assets	(282)	(449)
Accounts payable	2,418	258
Accrued and other liabilities	2,276	1,867
Cash flows provided by operating activities	2,088	2,582
Cash flows from investing activities:		
Proceeds from the sale of assets	2,869	33
Purchases of property, equipment and leasehold improvements	(3,499)	(6,755)
Payments for acquired restaurants	(5,381)	(6,188)
Advances on notes receivable	—	(150)
Payments received on note receivable	42	31
Cash flows used for investing activities	(5,969)	(13,029)
Cash flows from financing activities:		
Proceeds from long-term debt	22,058	4,300
Payments for debt issuance costs	(45)	(54)
Payments on long-term debt	(4,621)	(175)
Proceeds from exercise of stock options	6	22
Cash provided by financing activities	17,398	4,093
Increase (decrease) in cash, cash equivalents and restricted cash	13,517	(6,354)
Cash, cash equivalents and restricted cash, beginning of period	6,086	12,440
Cash, cash equivalents and restricted cash, end of period	$ 19,603	$ 6,086
Supplemental Disclosures		
Cash paid for interest, net	$ 1,055	$ 244
Non-cash investing and financing activities:		
(Decrease) in accrued property and equipment purchases	—	(39)
Gift card liability assumed pursuant to acquisitions	3,923	705
Accounts receivable settled through acquisitions	—	993
Inventory acquired pursuant to acquisitions	1,178	103

See accompanying notes to consolidated financial statements.

BBQ HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of business

In September 2019 a holding company reorganization was completed in which Famous Dave's of America, Inc. ("FDA") became a wholly owned subsidiary of the new parent holding company named BBQ Holdings, Inc. ("BBQ Holdings"). As used in this Form 10-K, "Company", "we" and "our" refer to BBQ Holdings and its wholly owned subsidiaries. BBQ Holdings was incorporated on March 29, 2019 under the laws of the State of Minnesota, while FDA was incorporated in Minnesota on March 14, 1994. The Company develops, owns and operates restaurants under the name "Famous Dave's", "Clark Crew BBQ", "Granite City Food & Brewery" and "Real Urban Barbecue." Additionally, the Company franchises restaurants under the name "Famous Dave's". As of January 3, 2021, there were 125 Famous Dave's restaurants operating in 31 states, Canada, and the United Arab Emirates, including 27 Company-owned restaurants and 98 franchise-operated restaurants. In October 2020, the Company signed a 25-unit development agreement with Bluestone Hospitality Group ("Bluestone") whereby Bluestone will open Famous Dave's ghost kitchens and dual restaurant concepts with the Johnny Carino's Italian brand. The first Clark Crew BBQ restaurant opened in December 2019 in Oklahoma City, Oklahoma. BBQ Holdings has a 20% ownership in this venture. On March 9, 2020, the Company purchased 18 Granite City Food & Brewery restaurants ("Granite City Acquisition") in connection with a Chapter 11 bankruptcy filing. On March 16, 2020, the Company purchased one Real Urban Barbecue restaurant located in Vernon Hills, Illinois.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic and the United States declared a National Public Health Emergency. As a result, public health measures were taken to minimize exposure to the virus. These measures, some of which are government-mandated, have been implemented globally resulting in a dramatic decrease in economic activity. "Stay-at-home" orders with the exception of conducting certain essential functions, quarantines, travel restrictions and other governmental restrictions to reduce the spread of COVID-19 have had an adverse impact on the Company's business. In some areas, these restrictions have discouraged or precluded even carry-out orders. Further, the COVID-19 pandemic has precipitated significant job losses and a national economic downturn that typically impacts the demand for restaurant food service. From mid-March through April, all of the Company's restaurants operated on a take-away, mobile pick-up and delivery basis only in order to protect its employees and customers from the spread of the COVID-19 pandemic and to comply with the government mandates. Beginning in May, the Company gradually began opening its restaurants for dine-in at 25% to 50% capacity pursuant to the regulations of the jurisdictions in which the Company operates. While all but one of the Company-owned restaurants began operating under limited-capacity in-store dining by mid-June 2020, in late October, some locations were required to reduce or eliminate in-store dining due to new COVID restrictions. Although the Company has experienced some recovery from the initial impact of COVID-19, the long-term impact of COVID-19 on the economy and on its business remains uncertain, the duration and scope of which cannot currently be predicted. The Company cannot predict what additional restrictions may be enacted, to what extent it can maintain off-premise sales volumes or if individuals will be comfortable returning to its dining rooms during or following social distancing protocols, and what long-lasting effects the COVID-19 pandemic may have on the restaurants industry as a whole. The extent of the reopening process, along with the potential impact of the COVID-19 pandemic on consumer spending behavior, which may be a function of continued concerns over safety and/or depressed consumer sentiment due to adverse economic conditions, including job losses, will determine the significance of the impact to the Company's operating results and financial position.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is continually evaluating the impact of this global crisis on its financial condition, liquidity, operations, suppliers, industry, and workforce and will take additional actions as necessary. Management delayed making certain rent payments on its leased properties and continues to negotiate with its landlords. The Company deferred the March through June royalties due from their franchisees and offered a discount on deferred payments remitted prior to June 30, 2020. On April 30, 2020, two of the Company's wholly-owned operating subsidiaries received funding in connection with "Small Business Loans" under the federal Paycheck Protection Program provided in Section 7(a) of the Small Business Act of 1953, as

amended by the Coronavirus Aid, Relief and Economic Security Act, as amended from time to time (the "Paycheck Protection Program"). Pursuant to the terms of the Business Loan Agreements and Promissory Notes the Company borrowed approximately $13.0 million in the aggregate. Subsequently, two of the Company's subsidiaries borrowed approximately $921,000 in the aggregate under the above referenced program in May 2020 (see Note 8 *Long-term Debt*). The Company was very fortunate to be able to utilize the program for each of its subsidiaries. As a nano-cap public restaurant organization, the Company's access to capital differs greatly from its larger competitors. The Company requires these funds to retain, recall, and pay its loyal employees. The Covid-19 pandemic led to a government-required shut down of dining rooms, and with the Paycheck Protection Program funds, the Company has been able to continue serving customers. While each state mandates the extent of government restrictions, those restrictions continue to suppress revenues at each of the Company's stores, thus inhibiting the Company's ability to build upon its cash position. Should government restrictions increase, the Company's cash position could be further diminished. After a thorough review and consultation with advisors, pursuant to the guidance provided by Small Business Administration, the Company was able to certify with a high level of confidence that it met the requirements of the loans. The Company continues to monitor the economic impact of the COVID-19 pandemic, as well as mitigating emergency assistance programs, such as the Coronavirus Aid, Relief, and Economic Security Act, on it, its customers, and its vendors. Remote work arrangements have been established for the Company's employees to the extent possible in order to maintain financial reporting systems.

The duration of the disruption on global, national, and local economies cannot be reasonably estimated at this time. Due to the rapid development and fluidity of this situation, the Company cannot determine the ultimate impact that the COVID-19 pandemic will have on the Company's consolidated financial condition, liquidity, and future results of operations, and therefore any prediction as to the ultimate material adverse impact on the Company's consolidated financial condition, liquidity, and future results of operations is uncertain.

Seasonality

The Company's Famous Dave's restaurants typically generate higher revenue in the second and third quarters of its fiscal year as a result of seasonal traffic increases and high catering sales experienced during the summer months. The Company's Granite City restaurants typically generate higher revenue in the second and fourth quarters of its fiscal year as a result of warmer weather and increased patio seating in the second quarter and holiday activity in the fourth quarter. However, due to safety concerns and government regulations related to COVID-19, in fiscal year 2020, the Company was not able to realize the higher revenue from catering sales and holiday events as it has historically.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All inter-company transactions and balances have been eliminated in consolidation.

Use of estimates

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

Financial instruments

Due to their short-term nature, the carrying value of the Company's current financial assets and liabilities approximates their fair value. The fair value of long-term debt approximates the carrying amount based upon the Company's expected borrowing rate for debt with similar remaining maturities and comparable risk.

Segment reporting

The Company has Company-owned and franchise-operated restaurants in the United States, Canada and the United Arab Emirates, and operate within the single industry segment of foodservice. Management makes operating decisions on behalf of the BBQ Holdings brand which includes both Company-owned and franchise-operated restaurants. In addition, all operating expenses are reported in total and are not allocated to franchising operations for either external or internal reporting. As a result, the Company has concluded that it has a single reporting segment.

Fiscal year

The Company's fiscal year ends on the Sunday nearest to December 31 of each year. The Company's fiscal year is generally 52 weeks; however, it periodically consists of 53 weeks. The fiscal year ended January 3, 2021 (fiscal 2020) consisted of 53 weeks while the fiscal year ended December 29, 2019 (fiscal 2019) consisted of 52 weeks.

Cash and cash equivalents

Cash equivalents include all investments with original maturities of three months or less or which are readily convertible into known amounts of cash and are not legally restricted. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000, while the remaining balances are uninsured. In May 2020, the Company invested $3.5 million in a certificate of deposit (CD) through Choice Bank. The interest rate on this CD is 3.0% with an annual percentage yield of 3.04%. Interest is compounded every 30 days and the CD automatically renews monthly. This balance is included with cash and cash equivalents on the Company's balance sheet.

Restricted cash and marketing fund

The Company has a Marketing Development Fund, to which most Company-owned Famous Dave's restaurants, in addition to the majority of franchise-operated, contribute a percentage of net sales, for use in public relations and marketing development efforts. The funds held in this account are used in part to reimburse the Company for its marketing and digital services activities on behalf of the Famous Dave's brand. The Company also receives funds from its suppliers to be used exclusively for point-of-sale equipment purchases for its own stores as well as its franchisees. As the assets held by these funds are considered to be restricted, the Company reflects the cash related to these funds within restricted cash and reflect the liability within accrued expenses on its consolidated balance sheets. The Company had approximately $1.5 million and $761,000 in these funds as of January 3, 2021 and December 29, 2019, respectively.

Accounts receivable, net

The Company provides an allowance for uncollectible accounts on accounts receivable based on historical losses and existing economic conditions, when relevant. The Company provides for a general bad debt reserve for franchise receivables due to increases in days sales outstanding and deterioration in general economic market conditions. This general reserve is based on the aging of receivables and is adjusted each quarter based on past due receivable balances. Additionally, the Company has periodically established a specific reserve on certain receivables as necessary. In assessing recoverability of these receivables, the Company makes judgments regarding the financial condition of the franchisees based primarily on past and current payment trends, as well as other variables, including annual financial information, which our franchisees are required to submit. Any changes to the reserve are recorded in general and administrative expenses. Accounts receivable are written off when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. In fiscal 2020, the Company recorded approximately $403,000 in bad debt related to the discount it offered franchisees as a result of the pandemic on deferred payments remitted prior to June 30, 2020 as described above. Exclusive of that one-time adjustment, accounts receivable balances written off have not exceeded allowances provided and the Company believes all accounts receivable in excess of allowances provided are fully collectible. If accounts receivable in excess of provided allowances are determined uncollectible, they are charged to expense in the period that determination is made. The Company's reserve for bad debt was $277,000 and $132,000 at January 3, 2021 and December 29, 2019, respectively.

Inventories

Inventories consist principally of small wares, food and beverages, and retail goods, and are recorded at the lower of cost (first-in, first-out) or net realizable value.

Assets Held for Sale

As of January 3, 2021, the Company had assets held for sale of approximately $1.1 million related to an owned property for which it has entered into agreements to sell for a contract purchase price of $2.5 million. In September 2020, the Company sold the building and improvements at its Coon Rapids, Minnesota location, which had a carrying value of approximately $2.7 million, for a gross purchase price of $3.6 million. After standard closing costs, the Company recorded a gain of approximately $937,000 and used proceeds of approximately $3.5 million to pay down its loan with Choice Financial Group (Note 8 *Long-term Debt*).

Property, equipment and leasehold improvements, net

Property, equipment and leasehold improvements are stated at cost, net of accumulated depreciation. The Company recognizes depreciation expense utilizing the straight-line method once an asset has been placed into service. The following table outlines the useful lives of the Copmpany's major classes of property, equipment and leasehold improvements:

Land	N/A
Buildings	30 years
Leasehold improvements	0 - 30 years
Furniture, fixtures, equipment and software (excluding restaurant signage)	3 - 7 years
Restaurant signage	10 - 15 years
Decor	7 years

The Company capitalizes labor costs associated with the implementation of significant information technology infrastructure projects based on actual labor rates per person including benefits, for all time spent on the implementation of software and are depreciated over 5 years. The Company capitalizes construction overhead costs until the time a

building is turned over to operations, which is approximately two weeks prior to opening and depreciate these items over the same useful life as leasehold improvements.

Management reviews property and equipment, including leasehold improvements for impairment when events or circumstances indicate these assets might be impaired pursuant to the FASB accounting guidance on impairment or disposal of long-lived assets. The Company's management considers such factors as the Company's history of losses and the disruptions in the overall economy in preparing an analysis of its property, including leasehold improvements, to determine if events or circumstances have caused these assets to be impaired. Management bases this assessment upon the carrying value versus the fair market value of the asset and whether or not that difference is recoverable. Such assessment is performed on a restaurant-by-restaurant basis and includes other relevant facts and circumstances including the physical condition of the asset. If management determines the carrying value of the restaurant assets exceeds the projected future undiscounted cash flows, an impairment charge would be recorded to reduce the carrying value of the restaurant assets to their fair value.

In fiscal 2020, the financial performance of the Company's restaurants in Grand Junction, Colorado, Colorado Springs, Colorado, Madison, Wisconsin, Westbury, New York and Minneapolis, Minnesota including a history of negative cash flow as well as decreases in comparable restaurant sales, caused the Company to record impairment losses. The recorded impairment losses of the carrying value of each restaurant's assets consisted of the following:

Location	FF&E	ROU Asset	Total
(dollars in thousands)			
Westbury, NY	$ 948	$ -	$ 948
Colorado Springs, CO	462	97	559
Grand Junction, CO	1,032	1,187	2,219
Madison, WI	164	820	984
Minneapolis, MN	503	319	822
	$ 3,109	$ 2,423	$ 5,532

Intangible Assets

The Company has transferable liquor licenses in jurisdictions with a limited number of authorized liquor licenses. These licenses were capitalized as indefinite-lived intangible assets and are included in intangible assets, net in our consolidated balance sheets. The Company reviews annually the liquor licenses for impairment. The costs of obtaining non-transferable liquor licenses that are directly issued by local government agencies for nominal fees are expensed as incurred. Annual liquor license renewal fees are expensed over the renewal term.

Goodwill represents the excess of cost over the fair value of identified net assets of businesses acquired. Goodwill is tested for impairment annually or on an interim basis if events or changes in circumstances between annual tests indicate a potential impairment. Factors considered include, but are not limited to historical financial performance, a significant decline in expected future cash flows, unanticipated competition, changes in management or key personnel, macroeconomic and industry conditions and the legal and regulatory environment. In fiscal year 2020, the Company adopted the FASB issued ASU 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which simplified the accounting for goodwill impairment and reduced the cost and complexity of accounting for goodwill. ASU 2017-04 removes Step 2 of the goodwill impairment test, which required a hypothetical purchase price allocation. Instead, goodwill impairment will be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of the goodwill. The fair value assessment could change materially if different estimates and assumptions were used. No goodwill impairment charges were recognized during the years ended January 3, 2021 and December 29, 2019. In fiscal year 2020, the Company wrote off $39,000 of goodwill in conjunction with the closure of its Colorado Springs, CO location.

Reacquired franchise rights are amortized over the life of the related franchise agreement. The Company evaluates reacquired franchise rights in conjunction with its impairment evaluation of long-lived assets.

Advertising

Advertising costs are charged to expense as incurred. Advertising costs were approximately $2.7 million and $2.8 million for the years ended January 3, 2021 and December 29, 2019, respectively, and are included in operating expenses for local store marketing and in national advertising fund expenses for national advertising in the consolidated statements of operations.

Research and development costs

Research and development costs represent all expenses incurred in relation to the creation of new menu and promotional offerings, recipe enhancements and documentation activities. Research and development costs were approximately $473,000 and $489,000 for the years ended January 3, 2021 and December 29, 2019, respectively, and are included in general and administrative expenses in the consolidated statements of operations.

Pre-opening expenses

All start-up and pre-opening costs are expensed as incurred. Pre-opening rent during the build-out period is included in pre-opening expense. We incurred approximately $10,000 and $460,000 of pre-opening expenses during the years ended January 3, 2021 and December 29, 2019.

Leases

The Company leases the property for its corporate headquarters, most of its Company-owned stores, and certain office and restaurant equipment. Beginning in fiscal 2019, the Company adopted *ASU 2016-02 - Leases* (Topic 842). Under this standard, the Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of use ("ROU") assets, current portion of operating lease liabilities, and operating lease liabilities in its consolidated balance sheets. ROU assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term at the commencement date. Because most of the Company's leases do not provide an implicit rate of return, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets exclude lease incentives received.

Lease terms for Company-owned stores generally range from 5-20 years with one or more five-year renewal options and generally require the Company to pay a proportionate share of real estate taxes, insurance, common area, and other operating costs in addition to a base or fixed rent. The Company elected the short term lease exemption for certain qualifying leases with lease terms of twelve months or less and, accordingly, did not record right-of-use assets and lease liabilities. These leases with initial terms of less than 12 months are recorded directly to occupancy expense on a straight-line basis over the term of the lease. Additionally, the Company decided to utilize the package of practical expedients and the practical expedient to not reassess certain land easements. The Company decided not to utilize the practical expedient to use hindsight. Certain of its leases also provide for variable lease payments in the form of percentage rent, in which additional rent is calculated as a percentage of sales in excess of a base amount, and not included in the calculation of the operating lease liability or ROU asset. The Company's leases have remaining lease terms of one to 20 years. For purposes of calculating operating lease liabilities, lease terms may be deemed to include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Rent expense is recognized on a straight-line basis for operating leases over the entire lease term, including lease renewal options and build-out periods where the renewal is reasonably assured and the build-out period takes place prior to the restaurant opening or lease commencement date. Rent expense recorded during the build-out period is reported as pre-opening expense.

Exit and disposal costs

Exit or disposal activities, including restaurant closures, include the cost of disposing of the assets and other facility-related expenses from previously closed restaurants. These costs are generally expensed as incurred. Additionally, at the date the Company ceases using a property under an operating lease, it removes the remaining balance of the ROU asset. Any subsequent adjustments to the related liability as a result of lease termination are recorded in the period incurred. Upon disposal of the assets associated with a closed restaurant, any gain or loss and any costs incurred for restaurants that have been closed, after the date of their closure, are presented within the asset impairment, estimated lease termination and other closing costs line item of our consolidated statements of operations.

Net income (loss) per common share

Basic net income per common share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding for the reporting period. Diluted EPS equals net income divided by the sum of the weighted average number of shares of common stock outstanding plus all additional common stock equivalents, such as stock options and restricted stock units, when dilutive.

The following table is a reconciliation of basic and diluted net (loss) income per common share:

	Year Ended	
(in thousands, except per share data)	**January 3, 2021**	**December 29, 2019**
Net income (loss) per share – basic:		
Net income (loss) attributable to shareholders	$ 4,947	$ (649)
Weighted average shares outstanding - basic	9,155	9,099
Basic net income (loss) per share attributable to shareholders	$ 0.54	$ (0.07)
Net income (loss) per share – diluted:		
Net income (loss) attributable to shareholders	$ 4,947	$ (649)
Weighted average shares outstanding - diluted	9,168	9,099
Diluted net income (loss) per share attributable to shareholders	$ 0.54	$ (0.07)

There were approximately 271,176 and 191,000 stock options as of January 3, 2021 and December 29, 2019, respectively that were not included in the computation of diluted EPS because they were anti-dilutive.

Stock-based compensation

The Company recognizes compensation cost for share-based awards granted to team members and board members based on their fair values at the time of grant over the requisite service period. Stock options granted to non-employees are marked to market as they vest. Bonus compensation issued in the form of unrestricted, freely tradable shares of the Company's common stock and is expensed in full when earned. Compensation cost for stock options and other incentive awards is included in general and administrative expenses in the Company's consolidated statements of operations (see Note 10 *Stock-based Compensation)*.

Beginning in fiscal 2019, the Company adopted *ASU 2018-07 – Stock Compensation*, which simplifies the accounting related to nonemployee share-based payments. The update brings the accounting for nonemployees in line with that of awards granted to employees. The standard allows for measurement at the grant date for equity awards as opposed to the earlier of the performance commitment date or the date performance is complete. The new standard allows an entity to use the expected term or the contractual term.

Income Taxes

The Company provides for income taxes based on its estimate of federal and state income tax liabilities. These estimates include, among other items, effective rates for state and local income taxes, allowable tax credits for items such as taxes paid on reported tip income, estimates related to depreciation and amortization expense allowable for tax purposes, and the tax deductibility of certain other items. The Company's estimates are based on the information available to it at the time that it prepare the income tax provision. The Company generally files its annual income tax returns several months after its fiscal year-end. Income tax returns are subject to audit by federal, state, and local governments, generally years after the tax returns are filed. These returns could be subject to material adjustments or differing interpretations of the tax laws.

Revenue recognition

The Company recognizes revenue at the point in time when food and services are provided to a restaurant guest or other customer. Revenues from restaurant operations are presented net of discounts, coupons, employee meals and complimentary meals and recognized when food, beverage and retail products are sold. Sales tax collected from customers is excluded from sales and the obligation is included in sales tax payable until the taxes are remitted to the appropriate taxing authorities. Revenue from catered events are recognized in income upon satisfaction of the performance obligation (the date the event is held). All customer payments, including nonrefundable upfront deposits, are deferred as a liability until such time.

The Company recognizes franchise fee revenue on a straight-line basis over the life of the related franchise agreements and any exercised renewal periods. Cash payments are due upon the opening of a new restaurant or upon the execution of a renewal of the related franchise agreement. The Company's performance obligation with respect to franchise fee revenues consists of a license to utilize our company's brand for a specified period of time, which is satisfied equally over the life of each franchise agreement.

Area development fees are deferred until a new restaurant is opened pursuant to the area development agreement, at which time revenue is recognized on a straight-line basis over the life of the franchise agreement. Cash payments for area development agreements are typically due when an area development agreement has been executed.

Gift card breakage revenue is recognized proportionately as gift cards are redeemed utilizing an estimated breakage rate based on our company's historical experience. Gift card breakage revenue is reported within the licensing and other revenue line item of the consolidated statements of operations.

The Company defers revenue associated with the estimated selling price of reward points earned pursuant to its loyalty program and establishes a corresponding liability. This deferral is based on the estimated value of the product for which the reward is expected to be redeemed, net of estimated unredeemed points. When a guest redeems an earned reward, the Company recognizes revenue for the redeemed product and reduces the deferred revenue. Deferred revenue associated with our loyalty program was $124,000 as of January 3, 2021.

Contract liabilities consist of deferred revenue resulting from franchise fees paid by franchisees. The Company classifies these liabilities within other current liabilities and other liabilities within the consolidated balance sheets based on the expected timing of revenue recognition associated with these liabilities.

(in thousands)	January 3, 2021	December 29, 2019
Beginning Balance	$ 1,318	$ 1,998
Revenue recognized	(417)	(680)
Ending Balance	$ 901	$ 1,318

The following table illustrates estimated revenues expected to be recognized in the future related to unsatisfied performance obligations as of January 3, 2021:

(in thousands) Fiscal Year		
2021	$	95
2022		95
2023		95
2024		91
2025		84
Thereafter		441
Total	$	901

Revision of prior financial statements

In fiscal 2020, the Company determined that it would be more accurate to have fees charged to the Company by the various delivery service providers ("DPS") reflected in costs of operations rather than discounts to revenue. These fees charged to the Company do not reduce the amount of revenue but rather are additional costs incurred by the Company to allow its customers to enjoy its menu items outside of its restaurants' dining rooms.

As a result, the fiscal year 2019 accounting for the DSP fees as of December 29, 2019 has been adjusted to reflect an increase of $1.3 million in both revenue and cost of operations. As a result, the loss from operations as a percentage of revenue for fiscal year 2019 changed from (2.0)% as previously presented to (1.9)% as reported currently. The fiscal year 2019 adjustment had no effect on loss from operations, net loss, cash flow or financial position.

Recent Accounting Guidance

Recently adopted accounting guidance

In August 2018, the the Financial Accounting Standards Board ("FASB") issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement, which changes disclosure requirements for fair value measurements. The objective of the new guidance is to provide additional information about assets and liabilities measured at fair value in the statement of financial position or disclosed in the notes to financial statements. New incremental disclosure requirements include the amount of fair value hierarchy level 3 changes in unrealized gains and losses and the range and weighted average used to develop significant unobservable inputs for level 3 fair value measurements. The Company adopted this guidance during the first quarter of 2020. The adoption of this guidance did not have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This new guidance simplifies the accounting for goodwill impairment by eliminating step two from the goodwill impairment test. The Company adopted this amendment during the first quarter of 2020. The adoption of this guidance did not have a material impact on its consolidated financial statements.

Recent Accounting Guidance Not Yet Adopted

In December 2019, the FASB issued Update 2019-12, Income Taxes ("Topic 740") as part of its Simplification Initiative. This guidance provides amendments to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. This guidance is effective for annual and interim

reporting periods beginning after December 15, 2020, and early adoption is permitted. The Company plans to adopt during the first quarter of 2021, and it expects an immaterial impact to the consolidated financial statements.

(2) RESTAURANT ACQUISITIONS

On March 4, 2019, the Company completed the acquisition of the assets and operations of four Famous Dave's restaurants in Colorado (the "Colorado Restaurants"). The sellers of the Colorado Restaurants were Legendary BBQ, Inc., Quebec Square BBQ, Inc., Cornerstar BBQ, Inc., Razorback BBQ, Inc., and Larkridge BBQ, Inc. Pursuant to the same purchase agreement as the acquisition of the Colorado Restaurants, on June 3, 2019, the Company completed the acquisition of the assets and operations of one Famous Dave's restaurant in Grand Junction, Colorado (the "Grand Junction Restaurant"). The seller of the Grand Junction Restaurant was Mesa Mall BBQ, Inc. The contract purchase price of the Colorado Restaurants and the Grand Junction Restaurant was approximately $4.1 million, exclusive of acquisition costs of approximately $409,000, which are reflected in general and administrative expenses, plus the assumption of the gift card liability associated with the restaurants. Accounts receivable amounts owed to the Company reduced the cash required to be paid for the purchase price. The Company also purchased inventory on hand as of the acquisition dates. Effective as of the closing date of the acquisitions, the franchise agreements for the Colorado Restaurants and the Grand Junction Restaurant were terminated.

The acquisition was accounted for using the purchase method of accounting in accordance with ASC 805 "Business Combinations" and, accordingly, these consolidated statements of operations include the results of these operations from the date of acquisition.

(in thousands)		
Assets acquired:		
Cash and cash equivalents	$	13
Inventory		176
Property, plant, equipment and leasehold improvements, net		3,139
Lease right-of-use asset, net of unfavorable lease value		6,729
Identifiable intangible assets, net		1,368
Total identifiable assets acquired		11,425
Liabilities assumed:		
Gift card liability		(182)
Lease liability		(7,116)
Net assets acquired		4,127
Goodwill		373
Total consideration transferred	$	4,500

On July 10, 2019, the Company completed the acquisition of the assets and operations of four Famous Dave's restaurants in Arizona (the "Arizona Restaurants"). The sellers of the Arizona Restaurants were Desert Ribs LLC, Famous Charlie LLC, Famous Freddie LLC, Famous Gracie LLC, and Famous George LLC, which were franchisees of the Company. The acquisition of the Arizona Restaurants was pursuant to the Purchase Agreement, as filed on June 26, 2019, resulting from a stalking horse bid in the sale process conducted under Sections 363 and 365 of Chapter 11 of the U.S. Bankruptcy Code. The purchase price of the Arizona Restaurants was approximately $1.6 million in cash and approximately $1.4 million for the assumption of gift card and other liabilities as specified in the Purchase Agreement, settlement of outstanding franchise billings, and fees related to debtor-in-possession financing. The Company incurred acquisition costs of approximately $166,000, which are reflected in general administrative expenses, associated with the purchase of the Arizona Restaurants. Effective as of the closing date of the acquisition, the franchise agreements for the Arizona Restaurants were terminated and outstanding receivables were considered additions to the purchase price.

The acquisition was accounted for using the purchase method of accounting in accordance with ASC 805 "Business Combinations" and, accordingly, these consolidated statements of operations include the results of these operations from the date of acquisition.

(in thousands)		
Assets acquired:		
Cash and cash equivalents	$	12
Inventory		103
Property, plant, equipment and leasehold improvements, net		5,177
Lease right-of-use asset, net of unfavorable lease value		731
Total identifiable assets acquired		6,023
Liabilities assumed:		
Gift card liability		(428)
Lease liability		(2,992)
Net assets acquired		2,603
Goodwill		415
Total consideration transferred	$	3,018

The following table presents the allocation of assets acquired and liabilities assumed for individually immaterial acquisitions during the twelve months ended December 29, 2019:

(in thousands)		
Assets acquired:		
Cash and cash equivalents	$	15
Inventory		202
Property, plant, equipment and leasehold improvements, net		362
Lease right-of-use asset, net of unfavorable lease value		6,109
Identifiable intangible assets, net		728
Total identifiable assets acquired		7,416
Liabilities assumed:		
Gift card liability		(71)
Lease liability		(6,715)
Net assets acquired		630
Gain on bargain purchase		(178)
Total consideration transferred	$	452

On March 16, 2020, the Company completed the acquisition of the assets and operations of a Real Urban Barbeque restaurant in Vernon Hills, Illinois from Real Urban Barbeque VH LLC. The contract purchase price of the restaurant was approximately $45,000, exclusive of closing costs plus the assumption of the lease, gift card and certain other liabilities. The assets acquired and the liabilities assumed were considered to be immaterial and were recorded at estimated fair values based on information available, including an ROU asset and offsetting liability of approximately $714,000.

On February 11, 2020, the Company entered into an Asset Purchase Agreement with Granite City Food & Brewery Ltd. ("Granite City") to acquire certain assets associated with Granite City restaurants in connection with the Chapter 11 filing of Granite City. The Granite City Acquisition was approved by the Bankruptcy Court at a hearing on February 21, 2020. The purchase price for the assets purchased was $3,650,000 plus certain assumed liabilities

including gift card liability and cure costs. On March 9, 2020, the Company closed the Granite City Acquisition with cash on hand and borrowing under its existing loan agreement with Choice Bank.

The Granite City Acquisition was accounted for using the purchase method of accounting in accordance with ASC 805 "Business Combinations" and, accordingly, the consolidated statements of operations include the results of these operations from the date of acquisition. The assets acquired and the liabilities assumed were recorded at estimated fair values based on information available as of the end fiscal 2020.

The following table presents the allocation of assets acquired and liabilities assumed for the Granite City Acquisition:

(in thousands)	
Assets acquired:	
Cash and cash equivalents	$ 128
Inventory	980
Property, plant, equipment and leasehold improvements, net	17,818
Lease right-of-use asset, net of unfavorable lease value	50,968
Identifiable intangible assets, net	8,329
Total identifiable assets acquired	78,223
Liabilities assumed:	
Gift card liability	(3,923)
Lease liability	(50,968)
Deferred tax liability	(4,752)
Net assets acquired	18,580
Gain on bargain purchase	13,246
Total cash consideration	$ 5,334

Unaudited pro forma results of operations for the fiscal years ended January 3, 2021 and December 29, 2019 as if the Company had acquired the operations of the above referenced acquisitions at the beginning of each period presented is as follows. The pro forma results include estimates and assumptions which management believes are reasonable. However, pro forma results are not necessarily indicative of the results that would have occurred if the business combination had been in effect on the dates indicated, or which may result in the future.

	Fiscal Years Ended	
	January 3, 2021	**December 29, 2019**
(in thousands)		
Pro forma revenues	$ 133,841	$ 170,384
Pro forma net income attributable to shareholders	$ 3,929	$ 2,312
Basic pro forma net income per share attributable to shareholders	$ 0.43	$ 0.25
Diluted pro forma net income per share attributable to shareholders	$ 0.43	$ 0.25

(3) INVENTORIES

Inventories consisted approximately of the following at:

(in thousands)	January 3, 2021	December 29, 2019
Food and beverage	$ 1,559	$ 798
Smallwares and supplies	712	548
	$ 2,271	$ 1,346

(4) PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS, NET

The increase in property, equipment and leasehold improvements was primarily due to the Granite City Acquisition described in Note 2 *Restaurant Acquision*, offset in part by the impairment write down of assets as described in Note 1 *Nature of Business and Significant Accounting Policies)*. Property, equipment and leasehold improvements, net, consisted of the following:

(in thousands)	January 3, 2021	December 29, 2019
Land, buildings, and improvements	$ 31,731	$ 28,185
Furniture, fixtures, equipment and software	28,373	17,880
Décor	475	584
Construction in progress	1,121	483
Accumulated depreciation and amortization	(29,311)	(27,376)
Property, equipment and leasehold improvements, net	$ 32,389	$ 19,756

(5) INTANGIBLE ASSETS

The Company has intangible assets that consist of liquor licenses, database, trademarks and patents, and reacquired franchise rights, net. The liquor licenses and trademarks/logos are indefinite-lived assets and are not subject to amortization. Reacquired franchise rights are amortized to depreciation and amortization expense on a straight-line basis over the remaining life of the reacquired franchise agreement. The database is amortized over three years.

The increase in intangible assets was due to the Granite City Acquisition described in Note 2 *Restaurant Acquisition*. Intangible assets consisted of the following:

(in thousands)	January 3, 2021	December 29, 2019
Reacquired franchise rights, net	1,246	1,788
Goodwill	601	640
Liquor licenses	868	425
Trademark/Logos/Patents	7,688	-
Database	165	-
Intangible assets, net	$ 10,568	$ 2,853

The following table provides the projected future amortization of reacquired franchise rights, net for the next five years, as of January 3, 2021:

(in thousands)	Reacquired Franchise Rights, net
Fiscal 2021	$ 390
Fiscal 2022	390
Fiscal 2023	225
Fiscal 2024	104
Fiscal 2025	102
Thereafter	35
	$ 1,246

The Company recognized amortization expense related to reacquired franchise rights of approximately $406,000 and $306,000 during the years ended January 3, 2021 and December 29, 2019, respectively, and expect to recognize the remaining balance over a period of 7 years.

(6) OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following at:

(in thousands)	January 3, 2021	December 29, 2019
Gift cards payable	$ 6,553	$ 2,360
Sales tax payable	1,286	584
Other accrued expense	1,394	1,880
Accrued interest	115	—
Accrued utilities	199	—
Deferred revenue	124	—
Deferred franchise fees	95	151
Other current liabilities	$ 9,766	$ 4,975

(7) OTHER LIABILITIES

Other liabilities consisted of the following at:

(in thousands)	January 3, 2021	December 29, 2019
Deferred rent	$ 133	$ —
Deferred franchise fees	806	1,165
Miscellaneous other liabilities	26	216
Asset retirement obligations	—	3
Accrual for uncertain tax position	2	6
Long-term deferred compensation	257	220
Other liabilities	$ 1,224	$ 1,610

(8) LONG-TERM DEBT

Long-term debt

On June 20, 2019, the Company entered into a Loan Agreement among the Company and Choice Financial Group. The Loan Agreement provides for a term loan in the principal amount of up to $24.0 million and is evidenced by a promissory note. The note has a maturity date of June 20, 2025. The first year of the note provided for payments of interest only, with the remaining five years requiring payments of interest and principal based on a 60 month amortization period. Interest shall be payable in an amount equal to the Wall Street Journal Prime Rate, but in no circumstances shall the rate of interest be less than 5.00%. The note may be prepaid, partially or in full, at any time and for no prepayment penalty. The Company is subject to various financial and non-financial covenants on this debt, including a debt-service coverage ratio. The Loan Agreement is secured by a mortgage and security agreement and fixture financing statement granting to Choice a security interest in and title to certain real property in the state of Minnesota and as more fully described therein.

The Loan Agreement contains customary representations and warranties and financial and other covenants and conditions, including, among other things, minimum debt service coverage ratio and post-closing covenant to maintain a complete deposit and cash management relationship with Choice. The Loan Agreement also places certain restrictions on, among other things, the Company's ability to incur additional indebtedness, to create liens or other encumbrances, to use funds for purposes other than as stated therein, to sell or otherwise dispose of assets without the consent of Choice.

In addition, the Loan Agreement contains events of default (subject to certain materiality thresholds and grace periods), including, without limitation, payment defaults; breaches of covenants; breaches of representations and warranties; failure to perform remediation of any environmental matters on the mortgaged property, as set forth in the First Mortgage; failure to perform or observe the covenants, conditions or terms of the First Loan Agreement and related agreements; certain bankruptcy events of our company and failure to timely provide financial statements.

Proceeds from the loan were used to repay the Company's previous real estate loan, dated December 2, 2016, which had an outstanding balance as of the Effective Date of approximately $2.6 million, and to purchase the assets included in the Granite City Acquisition. Pursuant to the sale of the Company's Coon Rapids, Minnesota Famous Dave's location on September 30, 2020, the Company paid down approximately $3.5 million in principal on this loan. As of January 3, 2021, the Company was compliant with all of its covenants.

Also on the Effective Date, the Company also entered into a Revolving Promissory Note among the Company and Choice. The Revolving Promissory Note provided for a revolving line of credit from Choice to the Company set forth therein in the principal amount of up to $1.0 million executed and delivered by the Company to Choice on the Effective Date. The Revolving Promissory Note had a maturity date of December 2, 2019 and provided for monthly payments of interest only, with a balloon payment of the remaining outstanding balance and applicable interest due on the maturity date. Interest was to be payable in an amount equal to the 30-day London Interbank Offer Rate ("LIBOR") plus 325 basis points, but in no circumstances was the rate of interest be less than 3.75%. The Revolving Promissory Note has matured and no balance is due.

On April 30, 2020, FDA and Granite City, Inc. ("GC"), wholly-owned operating subsidiaries of the Company received funding of approximately $7.2 million and $5.8 million, respectively, in connection with "Small Business Loans" under the Paycheck Protection Program. Subsequently, BBQ Ventures, Inc. ("Real Urban Barbeque") and Mercury BBQ ("Clark Crew BBQ") received funding of approximately $121,000 and $800,000, respectively, under the above referenced program on May 6, 2020 and May 8, 2020, respectively. These amounts were borrowed pursuant to the terms of the Promissory Notes by FDA, GC, Real Urban Barbeque and Clark Crew BBQ ("PPP Loans"), in favor of Choice Financial Group, a bank operating out of the state of North Dakota. The Company was very fortunate to be able to utilize the program for each of its subsidiaries. As a nano-cap public restaurant organization, the Company's access to capital differs greatly from its larger competitors. The Company requires these funds to retain, recall, and pay its loyal employees. The Covid-19 pandemic led to a government-required shut down of dining rooms, and with the Paycheck

Protection Program funds, the Company has been able to continue serving its customers. While each state mandates the extent of government restrictions, those restrictions continue to suppress revenues at each of the Company's stores, thus inhibiting the Company's ability to build upon its cash position. Should government restrictions increase, the Company's cash position could be further diminished. After a thorough review and consultation with advisors, pursuant to the guidance provided by Small Business Administration, the Company was able to certify with a high level of confidence that it met the requirements of the loans.

The PPP Loans bear interest at 1% per annum and mature in 24 months from the date of disbursement of funds under the PPP Loans respectively. Under certain circumstances, all or a portion of the PPP Loans may be forgiven, however, there can be no assurance that any portion of the PPP Loans will be forgiven and that FDA, GC, Real Urban Barbeque or Clark Crew BBQ would not be required to repay the PPP Loans in full. The Company has worked with its Small Business Adminstration lender and has filed the necessary paperwork with the Small Business Admiinstration for forgiveness of the PPP Loans. As of this filing, the Company has not yet heard from the Small Business Administration. If the PPP Loans are forgiven in full, no interest and principal payments will be required. Interest and principal payments under the PPP Loans will be deferred until such time the amount of forgiveness is determined.

The PPP Loans contain certain covenants which, among other things, restrict the borrower's use of the proceeds of the PPP Loans to the payment of payroll costs, interest on mortgage obligations, rent obligations and utility expenses, require compliance with all other loans or other agreements with any creditor of the borrower, to the extent that a default under any loan or other agreement would materially affect the borrower's ability to repay the PPP Loans and limit the ability of the borrower to make certain changes to its ownership structure.

Debt outstanding under the above referenced debt agreements consisted of the following as of the periods presented:

(in thousands)	January 3, 2021	December 29, 2019
Term Loan	$ 10,403	$ 6,924
PPP Loans	13,957	—
Less: deferred financing costs	(80)	(50)
Less: current portion of long-term debt	(2,111)	(616)
Long-term debt, less current portion	$ 22,169	$ 6,258

Future minimum principal payments on long-term debt, as of January 3, 2021 were as follows:

(in thousands)	
Fiscal Year	
2021	$ 2,111
2022	16,177
2023	2,335
2024	2,457
2025	1,280
Total	$ 24,360

(9) COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases most of its Company-owned restaurants and office facilities under non-cancelable operating leases with remaining minimum terms ranging from one to 20 years. These lease agreements generally contain base rent escalations that are either fixed pursuant to the lease agreement or based on the consumer price index. The

Company is also required to pay contingent rentals on certain of its leases in amounts between 3% and 8% of gross sales above a minimum threshold. Beginning in fiscal 2019, the Company adopted ASC 842 – Leases. Under this standard, the Company determined if an arrangement is a lease at inception. Operating leases are included in ROU assets, current portion of operating lease liabilities, and operating lease liabilities in the Company's consolidated balance sheets. ROU assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term at the commencement date.

Beginning in the second quarter of 2020, the Company negotiated rent concession with several of its landlords due to the economic disruption to its business during the COVID-19 pandemic. The Company accounted for these lease concessions related to the effects of the COVID-19 pandemic in accordance with the lease modification accounting guidance in Topic 842, Leases. Pursuant to such guidance, the Company remeasured the modified leases using the revised terms as of the modification dates. Adjustments were made to reflect the remeasured liability with the offset to the ROU asset.

Lease expense for lease payments is recognized on a straight-line basis over the lease term and is included in operating expenses and general and administrative expenses on the statement of operations. The components of lease expense for the period presented is as follows:

	Year Ended	
(in thousands)	**January 3, 2021**	**December 29, 2019**
Operating lease cost	$ 9,227	$ 4,261
Short-term lease cost	423	123
Variable lease cost	933	31
Sublease income	(177)	(248)
Total lease cost	10,406	4,167

(in thousands)	**Year Ended January 3, 2021**	**Year Ended December 29, 2019**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 7,589	$ 4,424
Right-of-use assets obtained in exchange for new operating lease liabilities	51,682	18,458
Weighted-average remaining lease term of operating leases (in years)	10.25	9.56
Weighted-average discount rate of operating leases	5.27 %	5.56 %

Future maturities of our lease liabilities, as of January 3, 2021, are as follows:

(in thousands)	
Fiscal Year	
2021	$ 9,674
2022	9,978
2023	9,617
2024	8,608
2025	8,254
Thereafter	45,130
Total operating lease obligations	91,261
Less imputed interest	(21,971)
Total	$ 69,290

Litigation

As of the date of this filing, there are three potentially material litigation matters involving the Company.

Graham v. Famous Dave's of America, Inc., has been ongoing since January 2019. It revolves around claims under Maryland wage and hour law and the U.S. Fair Labor Standards Act. After reviewing all the evidence during discovery, the Company believes there is some liability on its part, but is in the midst of determining that total exposure. The Company is open to settlement talks with the Plaintiff if the economics seem appropriate.

Zia Properties v. Famous Dave's of America, Inc. is a breach of contract case revolving around the Colorado Springs, Co lease. The Company exited the property at the end of the lease in August 2020. The Landlord claims, pursuant to the lease, that the Company was required to make certain repairs before exiting. The Company disagrees with all the claims in the complaint and will vigorously defend.

Additionally, in the normal course of business, the Company is involved in a number of litigation matters that are incidental to the operation of the business. These matters generally include, among other things, matters with regard to employment and general business-related issues. The Company currently believes that the resolution of any of these pending matters will not have a material adverse effect on its financial position or liquidity, but an adverse decision in more than one of the matters could be material to its consolidated results of operations.

(10) STOCK-BASED COMPENSATION

Effective May 5, 2015, the Company adopted the 2015 Equity Plan (the "2015 Plan"), pursuant to which it may grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance stock units and other stock and cash awards to eligible participants. At the Company's annual meeting of shareholders held in June 2020, its shareholders approved the amendment to the 2015 Plan to increase the number of common stock reserved for issuance from 1,000,000 to 1,500,000. The Company also maintains an Amended and Restated 2005 Stock Incentive Plan (the "2005 Plan"). The 2005 Plan prohibits the granting of options pursuant to the 2005 plan after May 12, 2015, the tenth anniversary of the date the 2005 Plan was approved by the Company's shareholders. Nonetheless, the 2005 Plan will remain in effect until all outstanding incentives granted thereunder have either been satisfied or terminated. As of January 3, 2021, there were 169,440 shares available for grant pursuant to the 2015 Plan.

Stock options granted to employees and directors generally vest over two to five years, in monthly or annual installments, as outlined in each agreement. Options generally expire ten years from the date of grant. Compensation expense equal to the grant date fair value of the options is recognized in general and administrative expense over the applicable service period.

The Company utilizes the Black-Scholes option pricing model when determining the compensation cost associated with stock options issued using the following significant assumptions:

- Stock price – Published trading market values of the Company's common stock as of the date of grant.
- Exercise price – The stated exercise price of the stock option.
- Expected life – The simplified method as outlined in ASC 718.
- Expected dividend – The rate of dividends that the Company expects to pay over the term of the stock option.
- Volatility – Actual volatility over the most recent historical period equivalent to the expected life of the option.
- Risk-free interest rate – The daily United States Treasury yield curve rate.

The Company recognized stock-based compensation expense in its consolidated statements of operations for the fiscal years ended January 3, 2021 and December 29, 2019, respectively, as follows:

	Year Ended	
(in thousands)	**January 3, 2021**	**December 29, 2019**
Stock options	$ 457	$ 266
Restricted stock	429	197
	$ 886	$ 463

The following is a roll-forward of the Company's stock option activity for the periods presented:

	Number of Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value (in thousands)
Options outstanding at December 30, 2018	384	$ 7.43	6.7	$ 29
Granted	212	4.37		—
Exercised	(5)	3.90		6
Canceled, forfeited or expired	(138)	5.22		68
Options outstanding at December 29, 2019	453	$ 6.71	5.7	$ 28
Granted	277	3.85		—
Exercised	(1)	4.18		1
Canceled, forfeited or expired	(154)	9.91		10
Options outstanding at January 3, 2021	575	$ 4.49	6.9	$ 401
Options exercisable at January 3, 2021	285	$ 4.69	6.4	$ 148

The following table discloses the weighted-average values of significant assumptions that the Company made in valuing option grants for the periods presented:

	Year Ended	
	January 3, 2021	December 29, 2019
Weighted-average fair value of options granted during the period	$ 1.79	$ 1.88
Expected life (in years)	5.1	4.6
Expected dividend	$ —	$ —
Expected stock volatility	55.02 %	50.55 %
Risk-free interest rate	0.9 %	1.9 %

As of January 3, 2021, the total compensation cost related to unvested stock option awards was approximately $544,000, which is expected to be recognized over a period of approximately 3 years.

Information regarding the Company's restricted stock is summarized below:

(number of awards in thousands)	Number of Awards	Weighted Average Award Date Fair Value	Weighted Average Remaining Contractual Life in Years
Unvested at December 29, 2019	143	$ 5.00	
Granted	403	4.27	
Exercised/Released	(71)	4.85	
Unvested at January 3, 2021	475	$ 4.43	2.0

(11) RETIREMENT SAVINGS PLANS

401(k) Plan

The Company has a pre-tax salary reduction/profit-sharing plan under the provisions of Section 401(k) of the Internal Revenue Code, which covers employees meeting certain eligibility requirements. The following table outlines certain information about our 401(k) plan:

	Year Ended	
(dollars in thousands)	January 3, 2021	December 29, 2019
Employer contribution rate, percent of employee contributions	25.0 %	25.0 %
Employee contribution rate, maximum percentage of employee earnings subject to employer matching	4.0 %	4.0 %
Employee contributions	$ 787	$ 570
Employer match	$ 139	$ 113
Discretionary contributions	$ —	$ —

Non-Qualified Deferred Compensation Plan

The Company maintains a non-qualified deferred compensation plan, effective as of February 25, 2005 (the "DCP") for eligible participants, as defined in the DCP. The DCP allows participating employees to defer a portion of their compensation (salary, bonus and commissions). The assets of the DCP are maintained in an unsecured account that has no trust fund. In the event of bankruptcy, participants entitled to future payments under the DCP would have no greater rights than that of an unsecured general creditor and the DCP confers no legal rights for interest or claim on any of the Company's assets. The benefits provided by the DCP are not, nor are they required to be, insured.

The following table outlines certain information about the DCP:

	Year Ended	
(dollars in thousands)	January 3, 2021	December 29, 2019
Employer contribution rate, percent of employee contributions	25.0 %	25.0 %
Employee contribution rate, maximum percentage of employee earnings subject to employer matching	4.0 %	4.0 %
Declared interest rate	6.0 %	6.0 %
Employee contributions	$ 53	$ 47
Employer match and interest	$ 23	$ 6
Distributions	$ 29	$ 32

(12) INCOME TAXES

For financial reporting purposes, income (loss) before income taxes consists of the following components for the periods presented:

(in thousands)	Year Ended January 3, 2021	Year Ended December 29, 2019
United States	$ 1,124	$ (2,127)
Foreign	306	221
Total	$ 1,430	$ (1,906)

The following table summarizes the income tax (expense) benefit for the periods presented:

(in thousands)	Year Ended January 3, 2021	Year Ended December 29, 2019
Current:		
Federal	$ 6	$ (10)
State	(169)	(48)
Foreign	(9)	(25)
	(172)	(83)
Deferred:		
Federal	2,801	603
State	208	139
	3,009	742
Total income tax (expense) benefit	$ 2,837	$ 659

The impact of uncertain tax positions taken or expected to be taken on income tax returns must be recognized in the financial statements at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more likely than not of being sustained.

The following is a reconciliation of the beginning and ending amounts of gross unrecognized tax benefit for the periods presented:

(in thousands)	
Balance at December 30, 2018	8
Decreases due to lapses of statutes of limitations	(4)
Balance at December 29, 2019	4
Decreases due to lapses of statutes of limitations	(2)
Balance at January 3, 2021	$ 2

Substantially all of the Company's unrecognized tax benefits, if recognized, would impact its effective tax rate.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The preparation of these income tax returns requires it to interpret and apply relevant federal and state income tax laws. It is common for federal and state taxing authorities to periodically examine filed tax returns. During these examinations, it is possible for taxing authorities to interpret facts or tax law differently than the Company does. As a result, the Company may be required to adjust tax liabilities affecting its effective tax rate. Tax years 2017 and forward remain subject to federal examination. Tax years 2016 and forward remain subject to state examination. It is possible that the liability associated with the unrecognized tax benefits will increase or decrease within the next 12 months. The expiration of statutes of limitations would decrease the Company's unrecognized tax benefits by approximately $2,000.

The Company has significant net deferred tax assets ("DTA"), which results from the net temporary timing differences between amounts recorded within its consolidated financial statements in accordance with GAAP and such amounts measured in accordance with the laws of various taxing jurisdictions and as reported in the Company's tax

returns. A DTA generally represents future tax benefits to be received when temporary differences previously reported in the Company's consolidated financial statements become deductible for income tax purposes, when net operating loss carry forwards are applied against future taxable income, or when tax credit carry forwards are utilized on other Company's tax returns. As of January 3, 2021, the majority of our DTA resulted from net operating loss and tax credit carryforwards, which will not be realized unless the Company generates taxable income in the future. The Company evaluates its net deferred tax asset on a quarterly basis to determine whether current facts and circumstances indicate that the DTA may not be fully realizable and it provides for valuation allowances on those portions of the DTA that it does not expect to realize.

Significant judgment is required in determining the realizability of our DTA. The assessment of whether valuation allowances are required considers, among other matters, the nature, frequency and severity of any current and cumulative losses, forecasts of future profitability, the duration of statutory carry forward periods, the Company's experience with loss carry forwards not expiring unused and tax planning alternatives. In analyzing the need for valuation allowances, the Company first considered its history of cumulative operating results for income tax purposes over the past three years in each of the tax jurisdictions in which it operates, its financial performance in recent quarters, statutory carry forward periods and tax planning alternatives. Finally, the Company considered both its near and long-term financial outlook. After considering all available evidence both positive and negative, the Company concluded that recognition of valuation allowances for substantially all of its DTA was not required. The Company recognized a valuation allowance relating to certain state net operating losses for which it believes that is it more likely than not that the benefit will not be realized. In recognition of this risk, the Company has provided a valuation allowance of $1.4 million on the deferred tax asset related to these state net operating loss carryforwards.

The following is a summary of the components of our net deferred tax assets as of the periods presented:

(in thousands)	January 3, 2021	December 29, 2019
Deferred tax asset:		
Federal net operating loss carry-forwards	2,298	1,980
State net operating loss carry-forwards	1,860	1,993
Intangible property basis difference	—	(7)
Tax credit carryover	3,225	2,581
Accrued expenses	241	168
Stock-based compensation	313	187
Deferred revenue	915	693
Lease reserve	18,356	8,060
Accrued and deferred compensation	59	53
Contribution carryover	49	50
Transaction and organization costs	98	121
Inventories	19	10
Total deferred tax asset	$ 27,433	$ 15,889
Deferred tax liability:		
Property and equipment basis difference	$ (2,083)	$ (755)
Intangible property basis difference	(2,112)	—
Inventories	(178)	(146)
Prepaid expenses	(306)	(365)
Right of use asset	(16,420)	(6,664)
Total deferred tax liability	$ (21,099)	$ (7,930)
Net deferred tax assets	6,334	7,959
Valuation allowance	(1,400)	(1,313)
Deferred tax asset, net	$ 4,934	$ 6,646

During the year ended January 3, 2021, the net change in the Company's DTA valuation allowance was approximately $87,000.

As of January 3, 2021, the Company had cumulative state net operating loss carry-forwards for tax reporting purposes of approximately $26.8 million and federal net operating loss carry-forwards for tax reporting purposes of $10.9 million which, if not used, will begin to expire in fiscal 2021 and 2038, respectively.

The following is a reconciliation from our statutory tax rate to our effective tax rate for the periods presented:

	Year Ended	
	January 3, 2021	December 29, 2019
Federal statutory tax rate	21.0 %	21.0 %
State taxes, net of valuation allowance and federal benefit	(9.9)	(4.7)
Deferred rate change	2.0	11.9
Foreign taxes	0.4	(2.0)
Tax effect of permanent differences	(0.4)	0.5
Tax effect of general business credits	(19.4)	24.3
Tax effect of foreign tax credit	(0.4)	2.0
Uncertain tax positions	(0.2)	0.3
Return to povision update	0.9	(173.8)
Change in valuation allowance	4.0	171.8
Tax effect of permanent differences - Bargain Purchase Gain	(129.7)	—
Other	(1.0)	0.9
Effective tax rate	(132.7)%	52.2 %

The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was enacted on March 27, 2020 and the Consolidated Appropriations Act (the Relief Act) was enacted on December 27, 2020 in the United States. The key provisions of the CARES Act and the Relief Act, as applicable to the Company, include the following:

- The ability to use net operating losses (NOLs) to offset income without the 80% taxable income limitation enacted as part of the Tax Cuts and Jobs Act (TCJA) of 2017, and to carry back NOLs to offset prior year income for five years. These are temporary provisions that apply to NOLs incurred in 2018, 2019 or 2020 tax years. We did not recognize any tax benefit for the year ended December 31, 2020 related to our ability to carry back prior year losses, as well as projected current year losses, under the CARES Act to years with the previous 35% tax rate.

- The ability to claim a current deduction for interest expense up to 50% of Adjusted Taxable Income (ATI) for tax years 2019 and 2020. This limitation was previously 30% of ATI pursuant to the TCJA, and will revert to 30% after 2020. The Company has no current interest expense limitation.

- The ability to defer the payment of the employer portion of social security taxes incurred between March 27, 2020 and December 31, 2020, with 50% of the deferred amount to be paid by December 31, 2021 and the remaining 50% to be paid by December 31, 2022. For the year ended December 31, 2020, the Company did not defer any social security taxes to be paid in 2021 and 2022.

- The ability to claim an Employee Retention Credit (ERC), which is a refundable payroll tax credit, for 50% of qualified wages or benefits, subject to certain limitations, that are paid to an employee when they are not providing services due to Novel Coronavirus (COVID-19). The ERC applies to qualified wages paid or incurred during the period March 13, 2020 through December 31, 2020 and is available to eligible employers whose operations were fully or partially suspended due to COVID-19, or whose gross receipts declined by more than 50% when compared to the applicable period in the prior year. The Relief Act extended this credit to wages paid through July 1, 2021, increased the credit amounts, and now applies to businesses whose sales declined by more than 20%. The Company does not believe that the ERC will provide benefits for the Company.

- The Company received $13.9M in Paycheck Protection Program (PPP) loans and has applied for loan forgiveness in early 2021. The CARES Act provides that the loan forgiveness is tax-exempt for federal purposes. In addition, the Relief Act provided that the expenses paid with the PPP loan proceeds are deductible for federal income tax

purposes. Based on state guidance, certain states have disallowed PPP loan related expenses. As such, the Company has reflected these state addbacks in the calculations.

(13) ASSET IMPAIRMENT, ESTIMATED LEASE TERMINATION AND OTHER CLOSING COSTS

The following is a summary of asset impairment, estimated lease termination and other closing costs for the periods presented:

	Year Ended	
(dollars in thousands)	**January 3, 2021**	**December 29, 2019**
Asset impairments, net	$ 5,532	$ 282
Lease termination charges and related costs	169	926
Restaurant closure expenses	(18)	88
Asset impairment, estimated lease termination charges and other closing costs	$ 5,683	$ 1,296

Below reflects the change in our reserve for lease termination costs for the periods presented:

(in thousands)	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions Credits to Costs and Expenses and Other Accounts	Balance at End of Period
Year Ended January 3, 2021				
Reserve for lease termination costs and asset retirement obligations	$ 8	—	(8)	$ —
Year Ended December 29, 2019				
Reserve for lease termination costs and asset retirement obligations	$ 431	182	(605)	$ 8

These amounts were recorded in other current liabilities or other liabilities depending on when we expected the amounts to be paid.

(14) FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of cash and cash equivalents reported in the consolidated balance sheets approximates fair value based on current interest rates and short-term maturities. The carrying amount of accounts receivable approximates fair value due to the short-term nature of accounts receivable. The Company believes that the carrying amount of long-term debt approximates fair value due to the variable interest rate on the Company's long-term debt, as well as that there has been no significant change in the credit risk or credit markets since origination.

The Company had no assets measured at fair value in its consolidated balance sheets as of January 3, 2021 and December 29, 2019, except for the assets recorded at fair value in conjunction with restaurant acquisitions and certain assets deemed to be impaired as of January 3, 2021 (see Notes 1 and 2).

(15) VARIABLE INTEREST ENTITIES

A variable interest holder is considered to be the primary beneficiary of a variable interest entity ("VIE") if it has the power to direct the activities of a VIE that most significantly impact the entity's economic performance and has the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the VIE. Once an entity is determined to be a VIE, the primary beneficiary is required to consolidate the entity. The Company has an installment agreement with one of its franchisees as a result of refranchising its Lincoln, Nebraska restaurant. This franchisee is a VIE; however, the owners of the franchise operations are the primary beneficiaries of the entities, not the Company. Therefore, the franchise operations are not required to be consolidated in the Company's consolidated financial statements.

On November 1, 2017, the Company sold its Frederick, Maryland restaurant. Pursuant to the terms of the Frederick Agreement, the Company remained the primary obligor of the lease. As of December 29, 2019, the amount of lease payments outweighed the amount of expected sublease income, and the Company, therefore, recorded $200,000 as asset impairment related to ROU asset. As of January 3, 2021, the Company wrote off the remaining liability and related ROU asset, recognizing a gain of approximately $117,000.

On July 18, 2018, the Company and Clark Championship Products LLC ("Clark"), an entity owned by Travis Clark, became members of Mercury BBQ LLC ("Mercury") for the purposes of building out and operating the inaugural Clark Crew BBQ restaurant in Oklahoma City, Oklahoma (the "Restaurant"). Clark will own 80% of the units outstanding of Mercury and the Company will own 20% of the units outstanding of Mercury. Mercury shall be governed by three managers, two of which will be appointed by the Company and one of which will be appointed by Clark. Also in July 2019, the Company entered into a secured promissory note with Mercury which was amended in October 2019. This promissory note as amended (the "Loan") was in the amount of $3.9 million, the proceeds of which are required to be used for the build out of the Restaurant. The Loan bears interest at a rate of 8% per annum and requires payments of 100% of the excess monthly cash flows until the Loan and all interest accrued thereon is repaid. The Loan requires a balloon payment of unpaid principal and accrued interest on July 15, 2025 and may be prepaid at any time. Also on July 18, 2018, the Company and Clark entered into an intellectual property license agreement (the "License Agreement") pursuant to which Clark granted to the Company an exclusive license to use and sublicense the patents, trademarks, trade names, service marks, logos and designs related to Clark Crew BBQ restaurants and products. The term of the License Agreement is indefinite and may only be terminated by mutual written consent, unless the Company breached the License Agreement.

Because the Company has provided more than half of the subordinated financial support of Mercury and control Mercury via its representation on the board of managers, the Company has concluded that Mercury is a VIE, of which the Company is the primary beneficiary and must consolidate Mercury. Mercury generated a net loss of approximately $849,000 during fiscal year 2020, of which $680,000 was recorded as non-controlling interest on our consolidated financial statements. During fiscal year 2019, the Company incurred expenses of $748,000 related to Mercury, of which $598,000 was allocated to non-controlling interest. As of January 3, 2021, Mercury's assets included approximately $3.1 million of property, equipment and leasehold improvements, net, a $1.8 million ROU asset and $180,000 of inventory. The liabilities recognized as a result of consolidating Mercury BBQ's results of operations do not represent additional claims on the general assets of BBQ Holdings, Inc.; rather, they represent claims against the specific assets of the Mercury BBQ's. Conversely, assets recognized as a result of consolidating the Mercury BBQ's results of operations do not represent additional assets that could be used to satisfy claims against the general assets of BBQ Holdings.

(16) RELATED PARTY TRANSACTIONS

Anand D. Gala is a franchisee of the Company and currently serves as a director of the Company. Mr. Gala is the Founder, President and Chief Executive Officer of Gala Holdings International, a diversified holding company that conducts consulting, restaurant development and management operations.

Charles Davidson, a franchisee of the Company, currently serves as a director of the Company and is the beneficial owner of approximately 17.4% of the Company's common stock as of the date that these financial statements were available to be issued, by virtue of his ownership interest in Wexford Capital.

The following table outlines amounts received from related parties during the years ended January 3, 2021 and December 29, 2019:

	Year Ended	
(in thousands)	**January 3, 2021**	**December 29, 2019**
Revenues and NAF contributions - Anand Gala	$ 1,062	$ 1,649
Revenues and NAF contributions - Charles Davidson	515	314

The following table outlines accounts receivable, net from related parties as of January 3, 2021 and December 29, 2019:

(in thousands)	**January 3, 2021**	**December 29, 2019**
Accounts receivable, net - Anand Gala	$ 207	$ 290
Accounts receivable, net - Charles Davidson	52	77

(17) SUBSEQUENT EVENTS

The Company evaluated for the occurrence of subsequent events through the issuance date of its financial statements. No recognized or non-recognized subsequent events occurred that require recognition or disclosure in the consolidated financial statements other than the item below.

In March 2021, the Company completed an agreement in the case of Hamilton Commons v. Famous Dave's of America, Inc. related to a breach of contract of a lease of the Famous Dave's at Mays Landing, NJ (Note 9 Commitments and Contingencies). The parties agreed to dismiss the matter as a result of the Lease Modification (the "Agreement") which was executed by all the parties. The Agreement stipulates that in consideration for $130,000, the Company will continue to make monthly payments starting in March 2021, the parties shall both market the property to find a new tenant to replace the Company before the lease term expires, and at the time this lease is terminates or ends, the landlord shall pay $192,994.56 for the liquor license which is owned by the Company, which is the amount currently in arrears. There are terms in the Agreement about the criteria of the new tenant the landlord can choose to accept or deny and that the Company must supplement the rent of the new tenant if the rent paid by the new tenant does not meet or exceed what the Company would pay through January 31, 2023.

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GUARANTEE OF PERFORMANCE

For value received, BBQ Holdings, Inc., a Minnesota corporation (the "Guarantor"), located at 12701 Whitewater Drive, Suite 100, Minnetonka, MN 55343-4164, absolutely and unconditionally guarantees to assume the duties and obligations of Famous Dave's of America, Inc. (the "Franchisor"), located at 12701 Whitewater Drive, Suite 100, Minnetonka, MN 55343-4164, under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2022 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This Guarantee continues until all such obligations of the Franchisor under the franchise registration and the Franchise Agreement are satisfied or until the liability of the Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. This Guarantee does not extend to third parties. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This Guarantee is binding on the Guarantor and its successors and assignees.

The Guarantor signs this Guarantee of Performance at Minnetonka, Minnesota, on the 10 day of May, 2022.

Guarantor:

BBQ Holdings, Inc.

DocuSigned by:

By: jeff crivello
DABA898BEF9341F

Name: Jeffery Crivello
Title: Chief Executive Officer

48817931v1

FAMOUS DAVE'S OF AMERICA, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C: FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

FAMOUS DAVE'S OF AMERICA, INC.
12701 Whitewater Drive, Suite 290
Minnetonka, MN 55343-4164
Telephone: (952) 294-1300
Fax: (952) 294-0242

Legal Name of Franchisee	**Franchised Location**
_____	_____
Legal Name	Street
_____	_____
Street	City, State, Zip Code
_____	
City, State, Zip Code	
_____	
Telephone Number Facsimile Number	
_____	
Email Address	

_____, 20___
Date of Franchise Agreement

FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT

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FAMOUS DAVE'S OF AMERICA, INC.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made, entered into and effective this _____ day of _____, 20__ (the "Effective Date"), by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee"). Famous Dave's and Franchisee may be referred to together herein as the "Parties." In consideration of the mutual promises and covenants set forth in this Agreement, Famous Dave's and Franchisee agree as follows:

ARTICLE 1
NATURE AND PURPOSE OF THIS AGREEMENT

1.1 Restaurant System.

Famous Dave's has developed a distinctive business system for operating and franchising authentic, down-home barbecue restaurants featuring genuine smoked barbecue including, as of the Effective Date, combinations of hickory-smoked spareribs, baby back ribs, beef brisket, herb-roasted chicken, barbecue sandwiches, char-grilled burgers, cornbread, potato salad, coleslaw, Wilbur™ beans, desserts and other high-quality Foods, Beverages, and Products in a distinctive atmosphere under the name "Famous Dave's®" and associated with the Marks, copyrights, distinctive interior and exterior building designs, décor, furnishings, menus, recipes, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, technology, training, advertising, and instructions promulgated by Famous Dave's (the "Restaurant System"), and has extensively publicized the name "Famous Dave's®" to the public as an organization of restaurant businesses operating under the Restaurant System. During the Term: (a) the Restaurant System may be modified by Famous Dave's in the exercise of its business judgment; and (b) regional or local variations in the Restaurant System, tests of potential new menu items or products and introduction of menu items or products in stages over time may all be authorized by Famous Dave's in the exercise of its business judgment in order to enhance the marketing, consumer acceptance, competitive position, compliance obligations, and other objectives intended to facilitate operations over the Term.

1.2 Marks.

Famous Dave's has the right and authority to license the use of the name "Famous Dave's®" and the other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines designated by Famous Dave's in writing which are now owned or which will be developed by Famous Dave's (the "Marks") for use in connection with the Restaurant System to selected persons, businesses or Entities who will comply with the uniformity requirements and quality standards of Famous Dave's. Famous Dave's intends, in the exercise of its business judgment, to develop, use and control the use of the Marks in order to identify for the public the source of the Foods, Beverages, and Products marketed under the Restaurant System, and to represent to the public the Restaurant System's high standards of quality, appearance, cleanliness and service to the public.

1.3 Franchisee's Objective.

Franchisee desires to develop, own and operate a Famous Dave's® Restaurant (the "Famous Dave's® Restaurant" or the "Restaurant") in conformity with the Restaurant System, Famous Dave's uniformity requirements applicable to the Restaurant, and quality standards as established and promulgated from time to time by Famous Dave's, and all other provisions of this Agreement. In determining whether or not to enter into this Agreement, Franchisee has had the opportunity to consult with legal counsel and other advisors selected by Franchisee, as well as Famous Dave's Franchise Disclosure Document.

1.4 **Restaurant Type.**

It is understood and agreed that the Restaurant authorized by this Agreement will be as checked and initialed below (check only one):

____ Full Service
____ Counter Service
____ Line Service
____ Flex Service
____ Cloud Kitchen *(Parties must also execute the Cloud Kitchen Addendum attached as Exhibit D)*
____ Add-on Ghost Kitchen *(Parties must also execute the Add-On Ghost Kitchen Addendum attached as Exhibit E)*

_____	_____
Franchisee	Famous Dave's

The Famous Dave's® Restaurant designed, constructed or remodeled and operated pursuant to this Agreement will serve the Foods, Beverages, and Products to its customers in compliance with the Restaurant System for the Restaurant type indicated above in this provision.

1.5 **Operations in Conformity with Agreement.**

(a) Without limiting the effect of any of the specific provisions of this Agreement, Franchisee understands and acknowledges the importance of the high standards of quality, appearance, procedures, controls, cleanliness, service and other aspects of the Restaurant System established and from time to time revised by Famous Dave's, and the necessity of operating Franchisee's Restaurant in strict conformity with the mandatory standards and specifications (as opposed to voluntary standards and best practices) established and from time to time revised by Famous Dave's, all of which is the foundation for this Agreement.

(b) Within the framework established by this Agreement and subject to the principle that efforts by which Famous Dave's seeks to avoid and prevent conduct which is likely to impair the value of and the goodwill associated with the Marks and the Restaurant System being licensed under this Agreement do not reflect any right or effort by Famous Dave's to control the overall operation of the Restaurant or the business prerogatives of Franchisee, as stated further in Article 7.1 of this Agreement, Franchisee is totally and solely responsible for the operation of its Famous Dave's® Restaurant, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee, including the right to hire and fire its employees. Franchisee is responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled. Famous Dave's has no right, obligation or responsibility to control, supervise or manage Franchisee's employees, agents or independent contractors, and will in no way be involved in the day-to-day operations of Franchisee's Restaurant, irrespective of the use by Franchisee of any tools, hardware or software that would enable such control, supervision or management by Famous Dave's.

(c) Franchisee understands and acknowledges that this Agreement does not create a fiduciary relationship with Famous Dave's, that Famous Dave's and Franchisee are each independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. Franchisee will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of Famous Dave's or represent that their relationship is other than that of franchisor and franchisee, and will affirmatively advise its employees, agents and contractors of that fact. Neither Famous Dave's nor Franchisee will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

(d) Famous Dave's is not the employer of Franchisee or any of Franchisee's employees. Franchisee will control and be solely responsible for the day-to-day operations of the Restaurant and the terms and conditions and employment of Franchisee's personnel. Franchisee will be solely responsible for all employment decisions and functions of the Restaurant including, without limitation, those related to soliciting, hiring, firing, training, disciplining, paying, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, managing and supervising its employees, regardless of whether Franchisee receives information from Famous Dave's on these subjects. Franchisee acknowledges and agrees that all personnel decisions will be made by Franchisee, without any influence or advice from Famous Dave's, and such decisions and actions shall not be, nor be deemed to be, a decision or action of Famous Dave's. Neither Franchisee nor any employee of Franchisee will be considered an employee of Famous Dave's under any circumstances. To the extent that any legal authority determines that Famous Dave's has a duty to act or not act with respect to any of Franchisee's employees, Famous Dave's hereby assigns to Franchisee any such duty, and Franchisee hereby accepts such assignment.

1.6 Disclosure, Review and Advice of Counsel.

(a) Franchisee acknowledges that it received a copy of this Agreement with all material blanks fully completed at least seven calendar days prior to the date that this Agreement was executed by Franchisee. Franchisee further acknowledges that it received a copy of Famous Dave's Franchise Disclosure Document at least 14 calendar days prior to the date on which this Agreement was executed, or as required by law.

(b) Franchisee acknowledges that this Agreement constitutes a legal document that grants certain rights to and imposes certain obligations upon Franchisee. Franchisee has been advised by Famous Dave's to retain an attorney or advisor prior to the execution of this Agreement to review Famous Dave's Franchise Disclosure Document, to review in detail this Agreement, including its exhibits and attachments, to review all legal documents, including the Lease, all purchase agreements and architectural and construction contracts, to review the economics, operations and other business aspects of the Famous Dave's® Restaurant, to determine compliance with applicable laws, to advise Franchisee on economic risks, liabilities, obligations and rights under this Agreement, and to advise Franchisee on tax issues, financing matters, applicable state and federal laws, liquor laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Restaurant business, and other legal and business matters, and that Franchisee has in fact had an opportunity to consult with legal counsel, and to review this Agreement (including, but not limited to, the fact that this Agreement contains capitalized terms which are further defined in Article 28 of this Agreement) and all exhibits and related documents in detail.

(c) Franchisee has provided Famous Dave's with the name(s), address and telephone numbers of Franchisee's attorney(s) and/or other advisors in writing prior to executing this Agreement.

ARTICLE 2
GRANT OF FRANCHISE

2.1 Franchise Grant and Location.

Famous Dave's hereby grants Franchisee the personal right to operate one Famous Dave's® Restaurant in conformity with the Restaurant System using the name "Famous Dave's®" and other specified Marks at the Franchised Location set forth and described in Exhibit A. Franchisee and Famous Dave's agree that, except as expressly granted to Franchisee in this Article 2, all rights respecting designated areas and venues and/or types of operation, are outside the scope of this Agreement and will remain and be retained by Famous Dave's. Rights granted to Franchisee in this Article 2 are strictly limited to those expressly granted and may not be enlarged or modified by interpretation, implication or any other process. Franchisee has no right to franchise, sub-franchise, license, or sublicense its rights under this Agreement, or any part thereof. Franchisee will not have the right to Assign this Agreement or its rights under this Agreement in whole or in part, or to Assign the income stream from the operation of the Restaurant, except as specifically provided for in this Agreement.

2.2 Designated Area.

Subject to the limitations of this Article 2, Franchisee will operate the Restaurant only at the Franchised Location in the Designated Area set forth in Exhibit A to this Agreement. Franchisee's Designated Area consists of an area around the Franchised Location, the specific size of which has been determined by Famous Dave's in the exercise of its reasonable business judgment. The Designated Area may be expressed with reference to a radius, to roadways, to natural and/or man-made landmarks, or such other identifiers as Famous Dave's determines. By its signature to this Agreement, Franchisee accepts such determination.

2.3 Limited Exclusivity.

(a) Famous Dave's will not Develop a Famous Dave's® Restaurant location with a Designated Area that intersects with or is located within Franchisee's Designated Area. No other type of franchisee exclusivity is intended.

(b) Famous Dave's and its licensees, appointees, designated developers, franchisees and agents have the absolute and exclusive right to advertise, promote, and sell all of the Foods, Beverages, and Products associated with the Restaurant System at special promotions conducted within or outside of the Designated Area including, without limitation, fund-raising and charitable events, and events conducted at exhibitions, any state fair, any county fair, or a community-wide event sponsored by a state or local government (in a metropolitan area with a population in excess of 300,000 people).

(c) Famous Dave's has the absolute and exclusive right to (i) Develop other restaurant business concepts of any kind under other brand names anywhere, even if the locations for the concepts are within the Designated Area; (ii) Develop Famous Dave's® Restaurants in the Designated Area if they are located at or within an airport, a train station or other mass transit facility, a theme or entertainment park, a stadium or arena or other venue for semi-professional or professional sports, a military installation, within the boundaries of an Indian reservation, a school, college, university, or hospital, or at other similar venues that Famous Dave's determines, in the exercise of its reasonable business judgment, to be entirely or in principal part "captive markets"; and (iii) Develop other food service businesses using the Marks, menu items and Restaurant System concepts anywhere, even in the Designated Area, so long as they are not Famous Dave's® Restaurants of the sizes, types and character described in Article 1.4 above.

(d) Famous Dave's has the absolute and exclusive right to, market, distribute, and sell or license for sale, on a wholesale or retail basis, seasonings, sauces, food products including beans, meats, poultry and fish (in cooked or uncooked form), biscuit and muffin mixes, music (on compact discs or in other media), clothing, or any other food products or other goods under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing, or by any other marketing or distribution method, even if such sales are made to customers, distributors, or retailers or ultimate consumers who are located in the Designated Area.

(e) Notwithstanding the foregoing provisions of this Article 2.3, Franchisee has the right to participate in special promotions conducted within the Designated Area including, without limitation, "Ribfests," and cooking, recipe or restaurant competitions. Should the venue for such events be outside the Designated Area, but not in the designated area of another Famous Dave's® franchisee, Franchisee may be authorized to participate in such events after written application to and the approval of Famous Dave's, on such terms and conditions as Famous Dave's determines to be appropriate.

2.4 Personal Guarantors.

If Franchisee is an Entity, then: (a) all Owners of Franchisee who own 20% or more of the Ownership Interests of Franchisee (and, if married, such Owners' spouses), and (b) the Owners of at least 50.1% of the total Ownership Interests of Franchisee (and, if married, such Owners' spouses), must sign the Personal Guaranty attached to this Agreement.

2.5 Operating Partner.

When Franchisee signs this Agreement, Franchisee will designate in writing the individual who will serve as Franchisee's Operating Partner. If Franchisee is an individual, then the Operating Partner will be Franchisee. If Franchisee is an Entity, the designated Operating Partner must have at least five years of restaurant management experience, as may be further described in the Standard Operating Procedure/Training Manual(s). The Operating Partner will also, during the entire period he or she serves as the Operating Partner: (a) maintain, at all times, an Ownership Interest in Franchisee of at least 20% of the issued and outstanding Ownership Interests in Franchisee; (b) execute the Personal Guaranty of this Agreement in the form attached hereto and execute this Agreement as one of the Owners of Franchisee; and (c) devote his or her full time and best efforts to the supervision, conduct and operations of Franchisee's Restaurant. The Operating Partner must attend and pass Famous Dave's then-current training program, at Franchisee's cost and expense, before participating in the management and operation of the Restaurant. If during the term of this Agreement, the Operating Partner is not able to or is not qualified to continue to serve in the capacity of Operating Partner, then Franchisee will promptly notify Famous Dave's in writing and will designate a duly qualified replacement Operating Partner within 30 days after the former Operating Partner ceases to serve in that capacity.

2.6 Multi-Unit Manager.

If this Agreement has been executed pursuant to an Area Development Agreement that requires the development of six or more Famous Dave's® Restaurants, then the Operating Partner need not satisfy the full-time requirement set forth in Article 2.5(c) above if Franchisee (or the Affiliate of Franchisee that executed the Area Development Agreement pursuant to which this Agreement was executed) employs an additional individual who devotes his or her full time and best efforts to the operation of the Restaurant and the other Famous Dave's® Restaurants developed pursuant to the Area Development Agreement (the "Multi-Unit Manager"). The Multi-Unit Manager must have at least five years of multi-unit restaurant management experience and operations experience, as may be further described in the Standard Operating Procedure/Training Manual(s). If during the term of this Agreement, the Multi-Unit Manager is unable to continue to serve in such position, then Franchisee will notify Famous Dave's in writing and will designate a new Multi-Unit Manager within 30 days after the former Multi-Unit Manager ceases to serve in such capacity. All Multi-Unit Managers must attend and pass Famous Dave's then-current training program, at Franchisee's (or its Affiliate's) cost and expense, before assuming his or her duties as the Multi-Unit Manager.

2.7 Undetermined Franchised Location.

At such time as the specific address of the Franchised Location is determined, its street address, city, state, and the Designated Area of the Franchised Location will be inserted into Exhibit A and signed by the Parties, and Exhibit A, as completed, will amend this Agreement.

2.8 Required Opening Date.

(a) Franchisee will, at its sole expense, cause Franchisee's Restaurant to be open and operating in compliance with Famous Dave's standards and specifications on or before the Required Opening Date. Time is of the essence and Franchisee's failure to open the Restaurant by the Required Opening Date is a material breach of this Agreement, entitling Famous Dave's to exercise all rights with respect thereto, including termination.

(b) Notwithstanding the foregoing, (i) if the failure to open before the Required Opening Date is due to fire or other casualty or act of God, Famous Dave's may, in the exercise of its reasonable business judgment, extend the Required Opening Date in writing for up to 12 months after the date of the event of casualty; and (ii) if Franchisee will not be able to meet the deadline, Franchisee may obtain one 60-day extension of the Required Opening Date, upon giving written notice to Famous Dave's before the Required Opening Date, describing and certifying to the circumstances qualifying for an extension. No rights to any further

extensions are contemplated by Famous Dave's or Franchisee. In the event Famous Dave's decides to offer a further extension, such extension will be based on Famous Dave's sole judgment on such terms and conditions as Famous Dave's may then determine, and shall be expressed in a written extension signed by both Famous Dave's and Franchisee.

ARTICLE 3
TERM OF AGREEMENT

3.1 Term.

This Agreement is effective as of the Effective Date, and will expire on the date which is 10 years after the Restaurant's Required Opening Date, unless earlier terminated in accordance with the terms and conditions of this Agreement (the "Term").

3.2 Franchisee's Option to Reacquire Franchise.

(a) At the end of the Term, Franchisee has the right to reacquire the Franchise for the Franchised Location for two additional 10-year terms, provided that Franchisee has timely complied with all terms and conditions of this Agreement including the timely payment of all Royalty Fees and other fees due, and provided that: (i) Franchisee has given Famous Dave's written notice at least 180 days prior to the end of the Term of its intention to reacquire the Franchise for the Franchised Location; (ii) all monetary obligations owed by Franchisee to Famous Dave's have been paid or satisfied prior to the end of the Term; (iii) Franchisee has agreed, in writing, to make the reasonable capital expenditures necessary to remodel the Franchised Location to comply with the then-current Famous Dave's® image, décor and specifications; (iv) Franchisee either owns or has the right to lease the Franchised Location for a term that coincides with the additional 10-year terms; (v) Franchisee and its employees have completed the required training designated by Famous Dave's; (vi) Franchisee and its Owners execute a release in a form satisfactory to Famous Dave's releasing and discharging Famous Dave's and its directors, officers, Affiliates, successors and assigns from and against all claims and demands which Franchisee may have against Famous Dave's and the other released parties; and (vii) Franchisee executes Famous Dave's then-current standard franchise agreement, provided that Franchisee will pay Famous Dave's a Reacquisition Fee equal to 50% of the Initial Fee specified in the then-current standard franchise agreement in lieu of the Initial Fee thereunder, and that there will be no further right or option to reacquire the Franchise or further extend the term of such franchise agreement. The terms, conditions and economics of future franchise agreements may vary substantially in substance and form from this Agreement. Franchisee will pay Royalty Fees and all other fees at the rates specified in the then-current standard franchise agreement.

(b) Any reacquisition of the Franchise shall not be effective unless and until Franchisee executes Famous Dave's then-current standard franchise agreement (modified to reflect that the Reacquisition Fee and the fact that the franchise agreement is for a 10-year renewal term only) at least 30 days before the expiration of the original Term.

ARTICLE 4
INITIAL FEE, ROYALTY FEE AND REPORTS

4.1 Initial Fee.

Franchisee will pay Famous Dave's a non-refundable Initial Fee of $45,000 at the time this Agreement is signed by Franchisee and Famous Dave's.

4.2 Weekly Revenue Reports and Royalty Fee Payments.

(a) Franchisee will pay Famous Dave's a Royalty Fee equal to 5% of the Revenues received by Franchisee with respect to its activity during the entire Term of this Agreement. Franchisee's obligation to pay Royalty Fees pursuant to the terms of this Agreement are absolute and unconditional, and remain in full force and effect for the entire Term of this Agreement.

(b) Franchisee will maintain an accurate written record of the daily and weekly Revenues for Franchisee's Famous Dave's® Restaurant. Revenue Reports of the Restaurant's Revenues for the previous week (Monday to Sunday) will be required on a weekly basis. The weekly Revenue Reports will be electronically transmitted to Famous Dave's by Franchisee by 12:00 noon, Central Time on Tuesday of each week for the previous week or retrieved by Famous Dave's from Franchisee's electronic cash registers or computers anytime after 12:00 noon Central Time on Tuesday of the each week for the previous week. All Revenue Reports for the Restaurant will align to the Famous Dave's fiscal calendar and will be in the form specified by Famous Dave's.

(c) Royalty Fees will be paid to Famous Dave's by electronic transfer, using such methods and technologies for effecting payment as Famous Dave's may specify. Such methods may be modified from time to time by Famous Dave's in writing, as it solely determines, in order to reflect improvements and new technologies available for fund reporting and transfer. Franchisee agrees to adopt and install any equipment needed to implement such changes and enter into any and all agreements required in connection therewith. In all cases, the Royalty Fee is payable by Franchisee each Tuesday with respect to the previous week's Revenues, unless that day is a non-business day, in which case the Royalty Fee is payable to Famous Dave's on the next business day.

(d) As of the date of this Agreement, Famous Dave's draws payments due to it using electronic transfer from Franchisee's bank. Accordingly, at the same time as this Agreement is executed, Franchisee must sign the electronic transfer of funds authorization, attached as Exhibit B, authorizing and directing Franchisee's bank or financial institution to transfer, electronically, direct to Famous Dave's account and to charge Franchisee's account all amounts owed to Famous Dave's under this Agreement when due, except in the event that Famous Dave's notifies Franchisee that certain amounts need not be paid via electronic transfer of funds. Franchisee must at all times maintain a balance in its account sufficient to allow Famous Dave's to collect the amount owed when due. Franchisee is responsible for any penalties, fines, or other similar expenses associated with the transfer of funds described in this provision.

4.3 Access to Information.

Franchisee will, at its expense, install and maintain equipment to permit Famous Dave's to access and retrieve over telephone lines, the Internet or other forms of telecommunication all information Famous Dave's is entitled to obtain from Franchisee under this Agreement, including all information which is stored on Franchisee's electronic cash registers and computers and the Revenue Reports for the Restaurant as provided for in Article 4.2(b) of this Agreement. Franchisee will install and utilize at the Franchised Location (i) the equipment and software specified in the Standard Operating Procedure/Training Manual(s) to permit Famous Dave's to electronically inspect, monitor and retrieve at any time all information concerning Franchisee's Restaurant, Revenues and other information contained in Franchisee's electronic cash registers and point-of-sale computers, and (ii) the telephone line, modem, Internet connection or other electronic communication portal required to permit Famous Dave's to access Franchisee's electronic cash registers and point-of-sale computers by telephone or the Internet at all of the times specified in the Standard Operating Procedures/Training Manual(s). Franchisee agrees and acknowledges that Famous Dave's has the right to access and retrieve all information concerning Franchisee and the Restaurant that is stored on Franchisee's electronic cash registers and computers.

4.4 Interest on Unpaid Fees; No Right of Offset.

If Franchisee fails to timely remit any fees or other amounts due to Famous Dave's, then the amount of the past due fees will bear simple interest at the lesser of the maximum legal rate allowable by applicable law or 18% simple interest per annum. Franchisee will, on the date invoiced, immediately reimburse Famous Dave's for any and all costs incurred by Famous Dave's in the collection of any past due payments, including attorneys' fees and costs. Franchisee has not "right of offset' and, as a consequence, Franchisee must timely pay any and all fees due to Famous Dave's under this Agreement regardless of any claims or allegations Franchisee may allege against Famous Dave's.

ARTICLE 5
MARKETING FUND AND LOCAL ADVERTISING

5.1 Marketing Fund Fees.

In addition to all amounts payable to Famous Dave's by Franchisee pursuant to this Agreement, each Tuesday Franchisee will pay Famous Dave's a Marketing Fund Fee (the "Marketing Fund Fees") equal to a specified percentage of the Revenues generated by Franchisee's Famous Dave's® Restaurant for the preceding week, unless that day is a non-business day, in which case the Marketing Fund Fee is payable to Famous Dave's on the next business day. The Marketing Fund Fees will be deposited into one or more local, regional, national or international Marketing Funds (collectively, the "Fund" or the "Marketing Fund"), which will be administered and controlled exclusively by Famous Dave's. The Marketing Fund Fee amount that Franchisee must pay pursuant to this Article 5.1 is an amount equal to 1% of the Restaurant's weekly Revenues. Famous Dave's reserves the right to increase this percentage upon 60 days prior written notice to Franchisee; provided however, that Famous Dave's may not increase the Marketing Fund Fee by more than ½% in any 12-month period.

5.2 Use of Marketing Fund Fees.

(a) Famous Dave's will determine when, how and where the Marketing Fund Fees and other payments will be deposited into the Fund and how the Fund will be spent in the exercise of its reasonable business judgment. This includes, without limitation, the right of Famous Dave's to purchase and pay for product and market research, market strategy, production development, production of point-of-purchase materials, ads, brochures, radio and television commercial production costs, services provided by advertising agencies, maintaining sales and marketing staff and related expenses (including reasonable salaries, administrative costs, travel expenses, overhead and similar expenses Famous Dave's may incur in activities related to the administration of the Marketing Fund), in-store advertising, signs, public relations, telemarketing, direct mail advertising, promotional programs, advertising market research, brand development, online media, graphics and design costs, creation and maintenance of a website for the Restaurant System, Internet costs, miscellaneous advertising costs, expenditures for items, materials and services provided by third parties, the costs incurred in administering the Marketing Fund, other costs and expenses as Famous Dave's deems appropriate and in the best interests of all Famous Dave's® Restaurants and the Restaurant System, and for local, regional, national and/or Restaurant System wide promotional programs and advertising. All costs for the administration of the Fund, collection costs and office supplies will be paid from the Fund (including attorneys' fees paid in collecting past due Marketing Fund Fees or in addressing disputes of any kind involving the Fund and its expenditures).

(b) Franchisee and Famous Dave's agree that the Fund is not a trust or escrow account, and Famous Dave's does not have any fiduciary obligations regarding the Fund. Famous Dave's is not required to spend the Marketing Fund Fees in any particular geographic or DMA market and has no obligation to spend the Marketing Fund Fees in Franchisee's market area in proportion to the Marketing Fund Fees paid by Franchisee. Famous Dave's is not required to spend the Marketing Fund Fees in the calendar year in which the payments were made. Payments to the Fund not spent in the calendar year in which they were paid and the interest accrued will remain in the Fund. A summary showing the income to the Fund and the expenditures made from the Fund during each calendar year will, upon written request, be provided to Franchisee on a confidential basis no more frequently than once per year.

5.3 Local Marketing and Advertising.

Beginning with the calendar quarter that the Restaurant opens, Franchisee will, each calendar quarter, spend a minimum of 1.5% of its Revenues on approved local marketing and advertising for its Restaurant (as specified in the Standard Operating Procedures/Training Manual(s)). Each calendar year during the Term, Franchisee's cumulative quarterly expenditures on approved local advertising must total at least 1.5% of Franchisee's Revenues for the calendar year. If Franchisee spends less than 1.5% of its Revenues for

approved local advertising in any calendar quarter or less than 1.5% of its Revenues for approved local advertising during any calendar year, then Franchisee will deposit with Famous Dave's the difference between the amount Franchisee was required to spend and the amount actually spent by Franchisee. Famous Dave's will have the right to spend all of the funds deposited by Franchisee under this provision for advertising and promotion in Franchisee's DMA in the manner deemed appropriate by Famous Dave's. Franchisee will not conduct any advertising and/or promotion programs for its Restaurant, except those permitted by the Standard Operating Procedures/Training Manual(s) or otherwise provided by Famous Dave's, without the prior written approval of Famous Dave's. Franchisee will not permit any party to advertise its business, services, or products on the premises of or in connection with Franchisee's Restaurant, or in a manner that suggests any association with Franchisee's Restaurant.

5.4 Multiple Restaurants.

If Franchisee (or any affiliated Entity or individual) operates more than one Famous Dave's® Restaurant pursuant to a franchise agreement with Famous Dave's, then Franchisee may spend up to 50% of the amount required to be spent on approved local advertising for any Restaurant on approved local advertising for any other Restaurant owned and operated by Franchisee (or any affiliated Entity or individual); provided however, that in no event will Franchisee spend less than 1.5% of the aggregate Revenues from all of its Restaurants on approved local advertising per calendar quarter or per calendar year. If Franchisee spends less than 1.5% of the aggregate Revenues from all of its Restaurants on approved local advertising during any calendar quarter or calendar year, then Franchisee will deposit with Famous Dave's the difference between the amount Franchisee was required to spend and the amount actually spent by Franchisee. Famous Dave's will have the right to spend all of the funds deposited by Franchisee under this provision for advertising and promotion in any of Franchisee's DMAs in the manner deemed appropriate by Famous Dave's in its sole and absolute discretion.

5.5 Reports of Local Advertising.

Within 30 days after the end of each calendar quarter, Franchisee will, in the prescribed form, furnish Famous Dave's with an accurate accounting of Franchisee's expenditures for local advertising for the previous calendar quarter.

5.6 Local Advertising Association.

If two or more independently owned or controlled Famous Dave's® Restaurants, including Franchisee's Restaurant, are opened in Franchisee's DMA (or other market area designated by Famous Dave's), Famous Dave's may require that Franchisee become a "Member" of and participate in a local advertising group (the "Local Advertising Association" or the "LAA") which will conduct and administer media advertising, promotion, marketing and public relations for the benefit of the Famous Dave's® Restaurants located in the DMA, subject to the terms and conditions set forth in the Standard Operating Procedures/Training Manual(s). If Franchisee is a member of an LAA, Franchisee will contribute Local Advertising Fees equal to 1.5% of its weekly Revenues to the LAA by each Tuesday with respect to the previous week's Revenues, unless that day is a non-business day, in which case the Local Advertising Fee is payable on the next business day. The weekly Local Advertising Fees paid by Franchisee to the LAA will meet the local advertising requirement set forth in Article 5.3 of this Agreement.

5.7 Grand Opening Celebration.

Famous Dave's will provide access to a "grand opening celebration" package that will include advertising and promotional materials for Franchisee's Restaurant. Franchisee will spend a minimum of (a) $15,000 (or such other greater amount determined by Famous Dave's, in its sole and absolute discretion, and specified in writing by Famous Dave's) on the grand opening celebration for Franchisee's Restaurant if the Restaurant is Franchisee's first Restaurant in the market area (as determined by Famous Dave's), or (b) $10,000 if when Franchisee executes this Agreement, Franchisee already owns and operates at least one other Famous Dave's® Restaurant in the same market area as the Restaurant. The grand opening

expenditures can be applied toward the local advertising requirements set forth in Article 5.3 of this Agreement. Famous Dave's reserves the right to request written documentation from Franchisee sufficient to establish to Famous Dave's satisfaction that such expenditures were actually made by Franchisee. Such documentation will be provided to Famous Dave's within 15 days after Famous Dave's request.

ARTICLE 6
FINANCIAL STATEMENTS

6.1 Financial Statements.

Franchisee will, at its expense, prepare monthly, quarterly and year-to-date Financial Statements and will deliver those Financial Statements to Famous Dave's within 30 days after the end of each period. Franchisee will also prepare annual Financial Statements that will be delivered to Famous Dave's no later than 90 days after the end of Franchisee's fiscal year. All Financial Statements will be in the form prescribed by Famous Dave's. The Financial Statements must be verified by an officer or Owner of Franchisee as to accuracy and completeness. All financial information provided to Famous Dave's by or on behalf of Franchisee may be used or disclosed by Famous Dave's for any purpose it deems necessary including, but not limited to, in the marketing of franchises and/or preparing financial performance information.

6.2 Sales and Income Tax Returns.

Within three business days after receipt of a written request, Franchisee will furnish Famous Dave's with complete signed copies of all sales tax returns and income tax returns for Franchisee's Restaurant for the fiscal years or other periods requested.

6.3 Audit Rights.

Within three business days after receiving written notice from Famous Dave's, Franchisee and Franchisee's accountants will make all of their Financial Records available during regular business hours for Famous Dave's or its designees to review, copy, and audit. The Financial Records for each fiscal year will be maintained by Franchisee in a safe place for each of the last five fiscal years. The audit will be conducted at the location where Franchisee maintains the Financial Records. Franchisee will provide adequate facilities to enable Famous Dave's or its designee to conduct the audit.

6.4 Payment of Audit Costs.

If an audit of Franchisee's Financial Records reveals any deficiencies in the Royalty Fees, Marketing Fund Fees or any other fees payable to Famous Dave's under this Agreement, then Franchisee will, within five days after receipt of an invoice, pay to Famous Dave's any deficiency owed, together with interest as provided for herein. In addition, if an audit establishes that Franchisee's Revenues were understated by more than 2% in any reporting period, then Franchisee will, within 15 days after receipt of an invoice, pay Famous Dave's for all costs and expenses incurred for the audit of Franchisee's Financial Records (including employee salaries, Travel Expenses, and audit fees).

ARTICLE 7
STANDARDS AND OTHER FRANCHISEE OBLIGATIONS

7.1 Compliance with Standards.

(a) Franchisee will use the Marks and the Restaurant System in strict compliance with the mandatory moral and ethical standards, quality standards, health standards, operating procedures, data security standards, and other specifications, requirements and instructions required by Famous Dave's.

(b) It is understood and agreed that the mandatory standards established by this Agreement including, but not limited to, the inspection and audit rights provided in this Agreement, and the provisions of Famous Dave's Standard Operating Procedures/Training Manual(s) are reasonable means by which Famous Dave's seeks to create a uniform customer experience and to avoid and prevent conduct which is likely to impair

the value of and the goodwill associated with the Marks and the Restaurant System being licensed under this Agreement, and do not reflect any right or effort by Famous Dave's to control the day-to-day operation of the Restaurant or the business prerogatives of Franchisee. Franchisee agrees to comply with all mandatory provisions of Famous Dave's Standard Operating Procedures/Training Manual(s), as they may be revised from time to time by Famous Dave's in the exercise of its business judgment; provided, however, that those portions of such Manuals that are expressly designated as recommendations are not intended to limit or control the business prerogatives of Franchisee.

(c) Franchisee understands and acknowledges that over the Term it may be appropriate for Famous Dave's, in the exercise of its business judgment, to adopt standards and business principles needed to maintain the reputation, legal status or competitive position of the Marks and the Restaurant System and to reflect such details in Famous Dave's Standard Operating Procedures/Training Manual(s). To the extent such Manuals, as they may be amended from time to time, conflict with the provisions of this Article 7, the provisions of the Manuals then in effect shall control. Franchisee further understands and acknowledges that due to local circumstances, Famous Dave's may occasionally adopt different standards and business principles to apply to different market areas or types of Famous Dave's® Restaurants.

(d) Franchisee agrees to participate, at its expense, in any quality assurance monitoring programs Famous Dave's specifies, including telephonic or electronic customer polling or onsite "secret shopper" programs, and Franchisee agrees to share the results of such programs with Famous Dave's. Franchisee agrees to participate in all required customer surveys and satisfaction audits, which may require Franchisee to provide discounted or complimentary foods, products and services, provided that such discounted or complimentary sales will not be included in the Revenues of Franchisee's Restaurant. Additionally, Franchisee agrees to participate in any customer complaint resolution and other programs that Famous Dave's may reasonably establish for the Restaurant System, which programs may include, without limitation, providing discounts or refunds to customers.

7.2 Quality and Service Standards; Business Efforts of Franchisee and Owners.

(a) Famous Dave's has developed and will continue to develop uniform standards of quality, cleanliness and service regarding the business operations of Franchisee's Restaurant to protect and maintain (for the benefit of Famous Dave's and all of its franchisees) the distinction, valuable goodwill, and uniformity represented and symbolized by the Marks and the Restaurant System. Franchisee agrees to maintain the uniformity and quality standards required by Famous Dave's for all foods, products, and services associated with the Marks and the Restaurant System and agrees to the terms and conditions contained in this Article to assure the public that all Famous Dave's® Restaurants will be uniform in nature and will sell and dispense quality foods, products, and services, except to the extent any variations from such standards have been expressly permitted by Famous Dave's.

(b) Franchisee understands and acknowledges that maintenance of required quality and service standards requires continuous personal effort by Franchisee and its senior management and that, during the Term, Franchisee, the Owners and the Personal Guarantors acknowledge that Franchisee, its partners or officers, and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipes, cooking and food preparation information, and trade secrets from Famous Dave's pertaining to the Restaurant System and the operation of the Famous Dave's® Restaurant. Franchisee, the Owners and the Personal Guarantors have also been advised that Famous Dave's will not sell a Franchise to any person or Entity that owns or intends to own, operate or be involved in any enterprise whose sales of barbecue or barbecue-style food products constitute 15% or more of that enterprise's gross annual sales (a "Competitive Business"). Franchisee, the Owners and the Personal Guarantors each warrant and represents that they do not own, operate or have any involvement with or interest in any Competitive Business that has not been disclosed in writing to Famous Dave's before the Effective Date. Accordingly, Franchisee, the Owners and the Personal Guarantors each agree that except as Famous Dave's may authorize in writing in the exercise of its sole and absolute judgment, during the Term, the food-related

business efforts of Franchisee, the Owners and the Personal Guarantors will be devoted to the operation of Franchisee's Restaurant and any other Famous Dave's® Restaurants operated by Franchisee or its Affiliates, to the exclusion of any Competitive Business. Notwithstanding the foregoing terms of this Article 7.2(b) and the terms of Article 21.2: (i) Famous Dave's may, in the exercise of its sole judgment, on such conditions as Famous Dave's determines, give written consent to existing Competitive Businesses owned and operated by Franchisee, the Owners and the Personal Guarantors as of the Effective Date of this Agreement, to own and operate designated Competitive Businesses during the Term and thereafter in accordance with such written consent; and (ii) a passive ownership of a financial interest in the stock of a publicly-held business that constitutes 3% or less of that publicly-held Entity shall not constitute a violation of this Article 7.2(b) or Article 21.2.

7.3 Identification of Restaurant.

Franchisee will operate the Restaurant so that it is clearly identified and advertised as a Famous Dave's® Restaurant. The style and form of the words "Famous Dave's®" and the other Marks used in any advertising, marketing, public relations, or promotional program must have the prior written approval of Famous Dave's. Franchisee will use the name "Famous Dave's®," the approved logos and all graphics commonly associated with the Restaurant System and the Marks on all materials in the manner prescribed by Famous Dave's.

7.4 Franchisee's Business Name and Entities.

Franchisee will not use the name "Famous Dave's®" or any derivative thereof in the name of the Entity that is Franchisee or in any name of an affiliated or controlled Entity of Franchisee in any incorporation, organization, or other legal formation documents filed with any state government or agency. Franchisee will hold itself out to the public and to its employees as an independent contractor operating an independently owned and operated Restaurant pursuant to a Franchise from Famous Dave's, using such signage and other forms of notification as prescribed by Famous Dave's. Franchisee will file for a certificate of assumed name in the manner required by applicable state law to notify the public that Franchisee is operating its Restaurant as an independent contractor operating an independently owned and operated business.

7.5 Business Hours; Personnel; Customer Reservations.

Franchisee's Restaurant will be open during the hours specified in the Standard Operating Procedures/Training Manual(s). During business hours, Franchisee will have sufficient management personnel on duty who are responsible for supervising the Restaurant's employees and operations. Franchisee will have a sufficient number of adequately trained and competent service, kitchen and other personnel on duty to guarantee efficient service to the customers of the Restaurant. Franchisee will require its employees to wear the standard attire or uniforms described in the Standard Operating Procedures/Training Manual(s). In the event Franchisee determines to accept reservations or offer any form of pre-reserved seating at Franchisee's Restaurant, it shall comply with the provisions of Famous Dave's Standard Operating Procedures/Training Manual(s) with respect to such practices.

7.6 Inspection Rights.

Franchisee will permit Famous Dave's or its representatives to enter, remain on, and inspect the Restaurant without prior notice. Famous Dave's may: (a) interview Franchisee's employees and customers; (b) take photographs and record video of the interior and exterior of the Franchised Location; (c) examine and remove samples of the Foods, Beverages, and Products sold or used at Franchisee's Restaurant; (d) evaluate the quality of the Foods, Beverages, and Products, and the services provided by Franchisee to its customers; and (e) inspect the premises of the Franchised Location and the operation of Franchisee's Restaurant to determine compliance with the Restaurant System. Famous Dave's will have the right to use all interviews, photographs, and videotapes of Franchisee's Restaurant for such purposes as Famous Dave's deems

appropriate, including use in advertising, marketing, and promotional materials, without compensating Franchisee.

7.7 Default Notices and Significant Correspondence.

Franchisee will deliver to Famous Dave's, immediately upon receipt by Franchisee or delivery at the Franchised Location, an exact copy of all: (a) notices of default received from the landlord of the Franchised Location or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party; (b) notifications or other correspondence relating to any legal proceeding relating in any way to Franchisee's Restaurant or to the Franchised Location; (c) inspection reports or any other notices, warnings or citations from any governmental authority, including any health or safety authority; and (d) all written consumer and employee complaints or claims immediately upon receipt. Franchisee will provide all additional information requested by Famous Dave's relating to any of these matters.

7.8 Catastrophes.

If the Restaurant is damaged or destroyed by fire or other casualty or Franchisee is unable to operate the Restaurant due to an act of eminent domain or an act of God and this Agreement has a remaining term of at least five years, then: (a) Franchisee will, within 30 days thereafter, initiate the process to commence the repairs and reconstruction necessary to restore the Franchised Location to its original condition prior to such casualty, or (b) Franchisee will relocate the Restaurant to a location approved in writing by Famous Dave's, and in any event, the Term will be extended for the period from the date the Franchised Location was damaged or destroyed as a result of the casualty or as a result of eminent domain until the date it opens if Franchisee elects to extend the term. Franchisee will relocate the Restaurant or repair or reconstruct the premises of the Restaurant in conformance with Famous Dave's then-current standard décor specifications and will open the Restaurant or the relocated Restaurant for business within 18 months after the date of such casualty or act of eminent domain.

7.9 Vending and Gaming Machines; Unauthorized Devices or Items.

Franchisee will not, except with the written permission of Famous Dave's, permit any jukeboxes, electronic games, vending machines (including cigarette, gum, and candy machines), ATM machines, newspaper racks, entertainment devices, coin or token operated machines, gambling devices or other devices not specified by Famous Dave's to be used on the Restaurant premises. Franchisee will not sell or allow its employees or others on the Restaurant premises to sell any items to consumers that have not been specified by Famous Dave's including, but not limited to, tickets, subscriptions, raffles, lottery tickets, or participation in games of chance.

7.10 Compliance with Applicable Law.

(a) Franchisee is responsible for the operation of its Restaurant, and will control, supervise, and manage all the employees, agents, and independent contractors who work for or with Franchisee. Famous Dave's will not have any right, obligation, or responsibility to control, supervise or manage Franchisee's employees, agents, or independent contractors. Franchisee will advise its employees, agents and independent contractors of the foregoing facts, in writing, upon hiring or contracting with them, and in any employee manual or human resources materials made available to employees, agents or independent contractors.

(b) Franchisee will comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the construction or remodeling and the operation of Franchisee's Restaurant including, but not limited to: (i) health, food service, business, and liquor licensing laws; (ii) health and safety regulations and laws; (iii) environmental laws; (iv) labor and employment laws (including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, disability and discrimination laws and laws and regulations governing employment of aliens); (v) tax laws (including those relating to individual and corporate income taxes, sales and use

taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, liquor taxes, personal property taxes and real estate taxes, and federal, state and local income tax laws); (vi) credit, charge, courtesy and cash card transactions and processing laws including all financial privacy laws; (vii) laws pertaining to the privacy of consumer, employee, and transactional information, and all data collection and protection laws; and (viii) laws pertaining to the transmission of advertisements or solicitations by telephone, text, fax, email, or any other communication medium. Franchisee will, at its expense, be solely and exclusively responsible for determining the licenses and permits required by law for Franchisee's Restaurant, for obtaining and qualifying for all licenses and permits, and for compliance with all applicable laws by its employees, agents and independent contractors.

(c) Famous Dave's will have no liability for any taxes which arise or result from Franchisee's Restaurant and Franchisee will indemnify Famous Dave's for any such taxes that may be assessed or levied against Famous Dave's which arise out of or result from Franchisee's Restaurant. If any "franchise" or other tax which is based upon the Revenues, receipts, sales, business activities, or operation of Franchisee's Restaurant is imposed upon Famous Dave's by any taxing authority, then Franchisee will reimburse Famous Dave's for all such taxes paid by Famous Dave's.

7.11 Alcoholic Beverages.

If the premises of the Restaurant are 4,000 square feet or greater, and unless otherwise approved in writing by Famous Dave's, Franchisee will serve beer, wine and other alcoholic beverages, including hard liquor and mixed drinks, at its Restaurant. If the premises of the Restaurant are less than 4,000 square feet, Franchisee may serve beer and wine only. Franchisee will comply with: (a) all federal, state, city, local and municipal licensing, insurance and other laws, regulations, and requirements applicable to the sale of alcoholic beverages by Franchisee; and (b) the liquor liability insurance requirements set forth in this Agreement.

7.12 Security Interests or Other Form of Interest in Franchise Agreement.

This Agreement and the Franchise granted to Franchisee hereunder (including any right to receive the gross nor net income realized by Franchisee) may not be used directly or indirectly, 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.

7.13 Credit Cards; Gift Cards/Certificates.

Franchisee will honor all debit, credit, charge, cash cards and all other types of payment cards, devices or methods approved by Famous Dave's. To the extent Franchisee will store, process, transmit or otherwise access or possess cardholder data in connection with the sale of the Foods, Beverages, and Products provided under this Agreement and the operation of Franchisee's Restaurant, Franchisee will maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("PCI DSS"), currently found at www.pcisecuritystandards.org, and any future generally-accepted security standards for the protection of cardholder data throughout the Term. Franchisee will not create or issue any gift cards or certificates and will only sell gift cards or certificates that have been issued by Famous Dave's or an affiliated Entity, and which are accepted at all Famous Dave's® Restaurants. Franchisee will not issue coupons or discounts of any type except as approved by Famous Dave's. In the event that the Restaurant closes or is otherwise abandoned, whether due to termination of this Agreement or for any other reason, Franchisee will pay Famous Dave's the full amount of the Restaurant's outstanding gift card liability at the time of closing, reduced by the then-current percentage of anticipated gift card non-redemption as established by Famous Dave's. Such amount will be paid together with all other fees and amounts payable to Famous Dave's in connection with Restaurant closure pursuant to this Agreement.

7.14 Music and Music Selection.

Franchisee will only play the music and music selections that have been approved by Famous Dave's as set forth in the Standard Operating Procedures/Training Manual(s) or otherwise in writing.

7.15 Maintenance.

Franchisee will, at its expense, repair and maintain the Restaurant in a clean and sanitary condition and will replace all décor items as they become worn-out, soiled, or in disrepair. All mechanical equipment must be kept in good working order by Franchisee. All replacement equipment and décor items used in the Restaurant must comply with the standards and specifications in the Standard Operating Procedures/Training Manual(s).

7.16 Remodeling of Business Premises.

Franchisee will make the reasonable capital expenditures necessary to extensively remodel, modernize, redecorate, and renovate ("remodel" or "remodeling") Franchisee's Restaurant and to replace and modernize the FF&E so that Franchisee's Restaurant will reflect the then-current image of a Famous Dave's® Restaurant and conform to Famous Dave's then-current specifications. Franchisee will commence remodeling the Restaurant within seven months after receiving written notice from Famous Dave's specifying the required remodeling, and will diligently complete such remodeling within a reasonable time after its commencement. Except as provided for in Article 7.15 of this Agreement, Franchisee will not be required to remodel the Restaurant, or to replace and modernize its FF&E more than once every five years.

7.17 Décor Items.

Franchisee will purchase, install, and/or display in the Restaurant the décor items specified in the Standard Operating Procedures/Training Manual(s). Franchisee is responsible for paying any supplier or vendor for all décor and installation costs, in accordance with terms established by agreement with such suppliers or vendors. Décor items that have been approved for use in the Restaurant will not be sold by Franchisee without Famous Dave's prior written consent.

7.18 Other Business Activity at or Related to Franchised Location.

Franchisee will use the Franchised Location solely for the operation of a Famous Dave's® Restaurant and will not directly or indirectly operate or engage in any other business or activity from the Franchised Location. Franchisee will not participate in any dual branding program, or in any other program, promotion or business activity pursuant to which another trademark, service mark, trade name, or commercial symbol is used in connection with Franchisee's Restaurant or which suggests an association with Franchisee's Restaurant or seeks to derive any form of benefit from an association with Franchisee's Restaurant, except to the extent expressly permitted in a prior writing by Famous Dave's.

7.20 Annual Conference.

Franchisee's Operating Partner, other Owners, senior executives and the other persons designated by Franchisee will attend each annual franchise system conference (the "Annual Conference") held by Famous Dave's. The date and location of all Annual Conferences will be at the sole determination of Famous Dave's. Franchisee will pay the conference registration fee established by Famous Dave's for each person attending the Annual Conference. Franchisee will also pay the Salaries and Benefits, the Travel Expenses, and all other expenses incurred by the persons attending the Annual Conference on Franchisee's behalf. Franchisee acknowledges that the attendance of at least one of its senior executives at the Famous Dave's Annual Conference is mandatory.

7.21 Disclosure of Franchisee Information.

Famous Dave's has the right to disclose in its Franchise Disclosure Document as required by law or regulation, and to retrieve and disseminate in other documents and places, as determined by Famous Dave's,

any information relating to Franchisee and the Restaurant, including Franchisee's name, any address and/or telephone number(s), and the Revenues, expenses, results of operations and/or other information regarding the Restaurant utilizing the retrieval method and disseminated via the medium and in the format determined by Famous Dave's, in its sole discretion. Any disclosure by Famous Dave's of such information will be for reasonable business purposes, and its rights under this provision will survive the Assignment, termination or expiration of this Agreement.

7.22 Payment of Obligations.

Franchisee will timely pay any and all of its uncontested obligations or liabilities when due and owing under this Agreement, any other contract or otherwise payable to Famous Dave's, any affiliated or controlled Entity of Famous Dave's, the Local Advertising Association, the landlord for the Franchised Location, suppliers, vendors, distributors, banks, purveyors, lessors, creditors and any federal, state, local and municipal government.

ARTICLE 8
FOODS, BEVERAGES AND PRODUCTS; RELATED OPERATIONS

8.1 Limitations on Foods, Beverages and Products.

Franchisee will only sell the Foods, Beverages, and Products specified in writing by Famous Dave's or in the Standard Operating Procedures/Training Manual(s) and will offer and sell all of the Foods, Beverages, and Products specified by Famous Dave's in writing or in the Standard Operating Procedures/Training Manual(s). Franchisee will maintain sufficient inventories to realize the full potential of the Restaurant and will conform to all customer service standards prescribed by Famous Dave's in writing. Franchisee will set the retail price of Foods, Beverages, and Products sold at the Restaurant; provided, however, that Famous Dave's may exercise all rights with respect to retail price available to it under applicable law including, but not limited to, setting maximum prices for items sold at the Restaurant. Franchisee will only sell the Foods, Beverages, and Products on a retail eat-in or take-out basis and will not offer or sell the Foods, Beverages, and Products: (a) on a wholesale or retail basis at any other location; (b) by means of the Internet, catalogue or mail order sales, or telemarketing; and (c) by any other method distribution.

8.2 Delivery.

Franchisee will not, without the prior written consent of Famous Dave's, offer or provide delivery, or enter into arrangements for third party delivery, to locations outside Franchisee's Restaurant, whether for a fee or not, of any Foods, Beverages, and Products offered for sale by Franchisee's Restaurant; provided, however, that Franchisee may provide catering services not involving individual consumer orders, in compliance with the provisions of Famous Dave's Standard Operating Procedures/Training Manual(s).

8.3 Approved Suppliers.

Franchisee will purchase the Foods, Beverages, and Products which will be used or sold at its Restaurant from suppliers approved in writing by Famous Dave's. Certain approved Foods, Beverages, and Products may only be available from one source, as noted in Article 8.4 of this Agreement, and Famous Dave's or its Affiliates may be that source. Franchisee will pay the then-current price in effect for all purchases Franchisee makes from Famous Dave's or an Affiliate. Except for single source Foods, Beverages, and Products purchases and instances where Famous Dave's has made volume commitments on behalf of franchisees that may be compromised, Franchisee will have the right to purchase the Foods, Beverages, and Products from other suppliers provided they conform to Famous Dave's standards and specifications and Famous Dave's determines, in the exercise of its business judgment, that the supplier's or distributor's business reputation, quality standards, delivery performance, credit rating, and other factors are acceptable and that approval of such supplier or distributor will not have a negative effect on the economical and efficient operation of the network of Famous Dave's® Restaurants or the Restaurant System as a whole. If Franchisee desires to purchase any Foods, Beverages, and Products from other suppliers, then Franchisee

must, at its expense, submit samples, specifications, and product information requested by Famous Dave's, for review and testing to determine whether these Foods, Beverages, and Products comply with Famous Dave's standards and specifications. Famous Dave's will also have the right to inspect the facilities of the proposed supplier, and Franchisee will reimburse Famous Dave's for the costs and expenses incurred to conduct the inspection and the review of the supplier and the product(s) reviewed. Famous Dave's will complete all product testing within 30 days after being provided with adequate samples, specifications and product information, and will notify Franchisee of its determination within 45 days after Famous Dave's receives the samples and other requested information from Franchisee. The written approval of Famous Dave's must be obtained before any previously unapproved Foods, Beverages, and Products are sold or used by Franchisee.

8.4 Designated Suppliers; Brand Name Products.

Franchisee will purchase from designated suppliers the Foods, Beverages, and Products designated in writing by Famous Dave's which are to be used or sold by the Restaurant and which Famous Dave's determines must meet the standards of quality and uniformity required to protect the valuable goodwill and uniformity symbolized by and associated with the Marks and the Restaurant System. In addition, Franchisee will purchase and use in its Restaurant operations all of the brand name products specified by Famous Dave's in the Standard Operating Procedures/Training Manual(s). Franchisee will purchase all proprietary proteins, sauces, seasonings, and other food products from a member of Famous Dave's Distribution Marketing Advantage system or from any other distributor Famous Dave's may designate in the future.

8.5 Branding of Foods, Products or Services.

Franchisee has no right to: (a) use or display the Marks on or in connection with any foods, products, or services that have not been approved by Famous Dave's; (b) acquire, develop, or manufacture any food or product using the name "Famous Dave's®" or any of the Marks or any confusingly similar marks, or direct any other person or Entity to do so; (c) acquire (other than for resale pursuant to this Agreement in Franchisee's Restaurant), develop, or manufacture any foods or product that has been developed or manufactured by or for Famous Dave's for use in conjunction with the operations of the Restaurant and which is sold under any of the Marks, or direct any other person or Entity to do so; and (d) use, have access to, or have any rights to any proprietary formulas, ingredients, or recipes for any foods or products created by or at the direction of Famous Dave's and sold under the name "Famous Dave's®" or any of the Marks.

8.6 Third Party Performance Evaluations.

In its sole and absolute judgment, Famous Dave's may hire providers of independent and secret shopping or other services to: (a) visit and evaluate food safety at the Restaurant; (b) visit and dine at Franchisee's Restaurant; (c) interview the customers of Franchisee's Restaurant by telephone, electronically, interactive voice response, or in person; (d) summarize information from customer surveys or comment cards for Franchisee's Restaurant; and (e) communicate with customers of Franchisee's Restaurant by email or in writing, by direct contact, electronically, or interactive voice response for the purpose of evaluating: (i) the operations of Franchisee's Restaurant; (ii) the quality of the Foods, Beverages, and Products provided to customers by Franchisee's Restaurant; and (iii) whether Franchisee is in compliance with the operational and quality standards specified in the Standard Operating Procedures/Training Manual(s). Famous Dave's will determine the frequency, nature and extent of the services that will be provided and the form of the reports the service providers will provide to Famous Dave's. The fees charged by the service provider for evaluating Franchisee's Restaurant will be shared equally by Famous Dave's and Franchisee. Famous Dave's will provide Franchisee with copies of all evaluation reports prepared by the service provider for Franchisee's Restaurant and the invoices for the service evaluation. Franchisee will pay amounts invoiced by Famous Dave's within 30 days after receipt. In the event Franchisee fails a food safety evaluation, and without waiving any of the rights afforded to Famous Dave's under Article 17 herein, Franchisee must pay the full cost of any required follow-up evaluation, as well as the full cost of the original failed evaluation.

8.7 Purchasing Cooperative.

Famous Dave's may require that Franchisee join and make required purchases/leases through a purchasing cooperative or other Entity designated by Famous Dave's. Such Entity may adopt its own by-laws, rules, regulations and procedures, subject to Famous Dave's prior review and approval, which may include required provisions intended to meet applicable legal and regulatory principles. Franchisee's failure to timely pay amounts due to, or comply with the by-laws, rules, regulations and procedures of such cooperative is a breach of this Agreement. Famous Dave's will have the right, but not the obligation, to offset against amounts Famous Dave's owes to Franchisee the amount of Franchisee's unpaid cooperative obligations.

8.8 Payments to Suppliers.

Franchisee will timely pay when due and owing any and all of its uncontested obligations or liabilities for purchases made by Franchisee from designated suppliers, approved suppliers, Famous Dave's, any Affiliate of Famous Dave's, and/or other suppliers, vendors and distributors ("Suppliers") for the Foods, Beverages, and Products, or other items, goods, products, merchandise or services for the Restaurant. Franchisee agrees and acknowledges that Famous Dave's has the right to require that information be provided by Franchisee's Suppliers to Famous Dave's regarding the purchases and payments made by Franchisee to Suppliers and/or the status of Franchisee's accounts with its Suppliers, and Franchisee hereby authorizes Famous Dave's to direct Franchisee's Suppliers to promptly provide Famous Dave's with the information and documents, including order forms and invoices, requested by Famous Dave's. Franchisee's Suppliers will accept this Agreement as evidence of the right of Famous Dave's to require that it be provided with information and documents regarding Franchisee's accounts with its Suppliers, and this Agreement will constitute the authority from Franchisee for Franchisee's Suppliers to provide such information and documents to Famous Dave's.

8.9 Payments by Suppliers.

Franchisee acknowledges that Famous Dave's and/or its Affiliates will have the right to receive commissions, volume discounts, purchase discounts, performance payments, bonuses, rebates, marketing and advertising allowances, co-op advertising, administrative fees, enhancements, price discounts, economic benefits and other payments ("Payments") based upon the actual purchases of the Foods, Beverages, and Products by Famous Dave's, its Affiliates, area developers and franchisees from Suppliers. Any Payments made to Famous Dave's by a Supplier as a result of Franchisee's direct purchases from the Supplier may be retained by Famous Dave's or distributed to franchisees in such amounts and using such allocation methods as Famous Dave's deems appropriate, in its sole discretion. If Famous Dave's receives any Payments from a Supplier that are not based on the direct purchases by Franchisee, Famous Dave's or an Affiliate, or if Famous Dave's receives a Payment from a Supplier that it cannot reasonably determine was based on purchases made by (a) Famous Dave's and/or (b) any or all of Famous Dave's area developers or franchisees, then such amounts will be retained by Famous Dave's or deposited into the Fund and used by Famous Dave's as provided for in Article 5.2 of this Agreement. All Payments received from a Supplier for a designated purpose (such as purchase of menu boards, purchase of specific equipment, participation at the national convention, etc.) will be spent in accordance with the Supplier's designated purpose. All Payments made by Franchisee to Famous Dave's or an Affiliate as a result of direct purchases by Franchisee from Famous Dave's or the Affiliate for Foods, Beverages, or Products will be retained in their entirety by Famous Dave's or the Affiliate. Notwithstanding the foregoing, Famous Dave's, in its sole discretion, may withhold or offset any amount for allowances or rebates it may be required to pay to Franchisee under this Agreement from or against any amount owed by Franchisee to Famous Dave's under this Agreement or any other agreement.

ARTICLE 9
STANDARD OPERATING PROCEDURES/TRAINING MANUAL(S); OTHER CONFIDENTIAL INFORMATION

9.1 Compliance with Standard Operating Procedures/Training Manual(s).

(a) Famous Dave's will provide Franchisee access to the Standard Operating Procedures/Training Manual(s) which may be provided by any reasonable method to Franchisee, including online or electronically. The purpose of the Standard Operating Procedures/Training Manual(s) is to protect the Marks and the Restaurant System, and not for the purpose of exercising control over those duties and responsibilities reserved to Franchisee. Franchisee will be responsible for the costs associated with the delivery method chosen by Famous Dave's to provide Franchisee with access to the Standard Operating Procedures/Training Manual(s).

(b) Franchisee will conform to the common image and identity created by the foods, beverages, products, music, food portions, recipes, ingredients, cooking techniques and processes, cleanliness, sanitation, and services associated with Famous Dave's® Restaurants which are portrayed and described by the Standard Operating Procedures/Training Manual(s) as well as with other aspects of the Restaurant System so portrayed and described therein. Franchisee will modify the operations of the Restaurant to implement all mandatory changes, additions, and supplements made by Famous Dave's to the Restaurant System which are reflected by the Standard Operating Procedures/Training Manual(s) as promptly as reasonably possible. Franchisee will not use the Standard Operating Procedures/Training Manual(s) or any information contained therein for any purpose other than the operation of Franchisee's Restaurant. The Standard Operating Procedures/Training Manual(s) are confidential and proprietary as further described in Article 9.3. Franchisee acknowledges receiving access to one copy of the Standard Operating Procedures/Training Manual(s) from Famous Dave's.

9.2 Revisions to Standard Operating Procedures/Training Manual(s).

The Standard Operating Procedures/Training Manual(s) will at all times remain the sole and exclusive property of Famous Dave's. Famous Dave's may, from time to time, revise the Standard Operating Procedures/Training Manual(s) in the exercise of its reasonable business judgment. Franchisee expressly agrees to operate its Restaurant in accordance with all such revisions to mandatory provisions of the Standard Operating Procedures/Training Manual(s). Franchisee is responsible to have access to the most current and up-to-date Standard Operating Procedures/Training Manual(s), and in the event of any dispute regarding the Standard Operating Procedures/Training Manual(s), the terms of the master copy of the Standard Operating Procedures/Training Manual(s) maintained by Famous Dave's will be controlling in all respects. Famous Dave's will have the right to "update" the Standard Operating Procedures/Training Manual(s) and notify Franchisee of the latest versions which may be provided online or electronically to Franchisee. Franchisee will be responsible for the costs associated with the delivery method chosen by Famous Dave's to provide Franchisee with access to updates to the Standard Operating Procedures/Training Manual(s) and the latest versions of the Manuals.

9.3 Confidentiality of Other Information.

Famous Dave's and Franchisee expressly understand and agree that Famous Dave's will be disclosing and providing to Franchisee certain confidential and proprietary information concerning the Restaurant System and the procedures, operations, technology, and data used in connection with the Restaurant ("Confidential and Proprietary Information"). Further, Franchisee understands and agrees that the Confidential and Proprietary Information may include certain of Famous Dave's trade secrets concerning the manner in which it conducts business including, but not necessarily limited to: recipes and formulas; methods of doing business or business processes; strategic business plans; client lists and information; marketing and promotional campaigns; and Famous Dave's materials clearly marked or labeled as trade secrets. Franchisee agrees that the foregoing information, which may or may not be considered "trade secrets" under

prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to Famous Dave's. Franchisee agrees that Famous Dave's derives independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by, another person. Franchisee agrees to take reasonable measures as directed by Famous Dave's to keep such information secret. Further, Franchisee will not, during the Term or thereafter, communicate or divulge to any person, or use for the benefit of any other person or Entity any such Confidential and Proprietary Information, knowledge, trade secrets or know-how concerning the methods of operation of the Restaurant which may be communicated to Franchisee, or of which Franchisee may be apprised by virtue of this Agreement. Franchisee will divulge such Confidential and Proprietary Information only to its employees who must have access to it to operate Franchisee's Restaurant, advising them of its confidential nature and taking all reasonable steps to maintain such confidentiality. Notwithstanding any other provision of this Agreement to the contrary, there may be certain instances where applicable law allows for the disclosure of certain Confidential and Proprietary Information, including trade secrets, under limited circumstances as specified in the Standard Operating Procedures/Training Manual(s) or otherwise in writing by Famous Dave's. Any Confidential and Proprietary Information will also include any and all information, knowledge, and know-how including, without limitation, drawings, materials, equipment, technology, methods, procedures, techniques, specifications, computer programs, systems, and other data which Famous Dave's copyrights or designates as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement.

ARTICLE 10
SITE SELECTION; CONSTRUCTION; SIGNS

10.1 Site Selection; Purchase or Lease of Site.

(a) Franchisee is solely responsible for selecting the site of the Franchised Location for Franchisee's Restaurant. Famous Dave's recommends that Franchisee retain: (i) an experienced commercial real estate broker or salesperson; and (ii) an experienced attorney to provide advice and counsel on Franchisee's business and the terms, conditions, and economics of the legal and other documents required to lease or purchase the site.

(b) Franchisee must provide Famous Dave's with a copy of the proposed Lease in final and executable form for the site selected by Franchisee at least 10 days before the date the Lease is to be signed (including any Lease in any sale/leaseback transaction). Famous Dave's review of the Lease will be only to determine whether the terms of the Lease comply with the terms and conditions of this Agreement, and not to provide any business, economic, legal or real estate advice, or analysis.

(c) Franchisee is solely responsible for all terms of the Lease, including the enforceability, economics, and legality of all provisions in the Lease. Franchisee agrees that it will not sign the Lease until this Agreement has been signed by both Franchisee and Famous Dave's and the Lease contains the terms required under this provision. The Lease will include the Lease Addendum attached hereto as Exhibit C, containing provisions confirming the right, but not the obligation, of Famous Dave's to enter the premises of the Franchised Location to conduct inspections during regular business hours, and the right, but not the obligation, of Famous Dave's to assume, or cause another franchisee to assume, the Lease in the event Franchisee's right to operate a Famous Dave's® Restaurant is terminated, and other provisions specified by Famous Dave's for the purpose of insuring conformity and continuity of the Franchised Location as a part of the network of franchised Famous Dave's® Restaurants. Franchisee agrees and acknowledges that Famous Dave's has the right to request that Franchisee's landlord promptly deliver to Famous Dave's, or such other party as Famous Dave's may designate: (i) written confirmation (1) that the Lease is in full force and effect without modification or amendment, and (2) that Franchisee is not in default under the terms of the Lease, and/or (ii) such other information, documents, confirmations and/or certifications regarding the Lease as may be reasonably requested by Famous Dave's.

(d) Site selection for the site of Franchisee's Restaurant is solely Franchisee's responsibility. It is agreed that Famous Dave's has no duty or obligation to assist Franchisee in the selection of a site for the Franchised Location, or in the purchase or lease of the Franchised Location, and has no obligation, duty to Franchisee regarding the site selected by Franchisee. To the extent Famous Dave's provides information, assistance or advice in such matters, it is agreed that Famous Dave's has no liability of any kind whatsoever with respect to such information, assistance or advice.

10.2 Site Information; Site Visit.

(a) Franchisee will provide the information as may be specified by Famous Dave's in writing for the proposed site, in the exercise of its business judgment. Such information may include submission of preliminary set of building plans in electronic or computerized formats specified by Famous Dave's and final drawings including all furniture, furnishings, fixtures and equipment installed in the Restaurant, before opening. Famous Dave's will have 30 days to visit the site proposed by Franchisee and prepare a Site Model Report that will provide Franchisee with certain site information relevant to assessing whether the proposed site is suitable for development of a Famous Dave's® Restaurant. The Site Model Report represents Famous Dave's opinion based on its past experience, and is offered for consideration and independent evaluation by Franchisee and its advisors. It is not a representation of fact, or guaranty of any type and is provided only on the express understanding, stated in Article 10.1 above, that Famous Dave's has no liability of any kind whatsoever with respect to the information provided. Franchisee agrees and acknowledges that the Site Model Report may provide an estimate of revenues for the site selected by Franchisee but that there is no representation, warranty, or guaranty that Franchisee's Famous Dave's® Restaurant will attain these estimated revenues if Franchisee selects this site as the Franchised Location or that the estimate is based on any validated or substantiated methodology.

(b) Franchisee will pay Famous Dave's the then-current fee for the Site Model Report after Famous Dave's issues a "no-objection" letter for the site. The fee for a Site Model Report is currently $750, but this fee may be increased by Famous Dave's at any time. Franchisee will not purchase or lease a proposed site until Famous Dave's has provided Franchisee with a no-objection letter for that proposed site. Franchisee will provide Famous Dave's with a copy of the Lease, including the Lease Addendum required by Article 10.1(c) of this Agreement, or the purchase closing documents for the Franchised Location within 10 days after signing.

(c) Review of any site information, any visits by Famous Dave's to a proposed site, the review of the Site Model Report, and/or the issuance of a no-objection letter by Famous Dave's does not constitute an approval of the site by Famous Dave's or a warranty or representation by Famous Dave's or any other party that the site for the Franchised Location chosen by Franchisee will be a financial or operational success. The issuance of a no-objection letter by Famous Dave's means only that it has received the site information required from Franchisee and Famous Dave's has no objections to the Franchised Location.

10.3 Site Release.

By executing this Agreement, and in furtherance of the provisions of Articles 10.1 and 10.2 above, Franchisee releases Famous Dave's and its officers, directors, Owners, agents and employees, in their corporate and individual capacities, from any and all claims by Franchisee arising from, in connection with, or as a result of Franchisee's purchase or lease of the site selected by Franchisee for the Franchised Location, whether such claims arise before or after the execution of this Agreement.

10.4 Standard Plans and Specifications.

Famous Dave's will, at its expense, provide Franchisee with a set of the standard plans, standards, and specifications for an existing Famous Dave's® Restaurant. Franchisee will, at its cost, retain a licensed architect and will be responsible for the preparation of working drawings and construction and architectural plans and specifications for Franchisee's Restaurant. Franchisee will be responsible for the accuracy of all drawings, plans, and specifications for its Restaurant.

10.5 Compliance with Specifications.

The Franchised Location and Franchisee's Restaurant will conform to all construction and décor specifications established by Famous Dave's. Franchisee will purchase and install the FF&E specified in the Standard Operating Procedures/Training Manual(s) for Franchisee's Restaurant according to the then-current design guidelines.

10.6 Construction Costs.

Franchisee is solely responsible for all costs and expenses incurred for the construction of Franchisee's Restaurant at the Franchised Location including, but not limited to, all costs for architectural plans and specifications, all modifications to the standard plans and specifications necessitated by the structure, construction or layout of the Franchised Location, building permits, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior décor and decorations, FF&E, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors, including the per diem rate and the Travel Expenses for Famous Dave's décor consultants who may consult with Franchisee on the interior and exterior decorations for the Restaurant and who will install the interior and exterior decorations for the Restaurant.

10.7 Inspection.

Franchisee will be solely responsible for inspections during construction or renovation to confirm that the Franchised Location and the Restaurant is being constructed or renovated in a workmanlike manner and according to the specifications established by Famous Dave's. Franchisee will be solely responsible for complying with all federal, state and local laws, ordinances, statutes, and building codes, and for acquiring all licenses and building and other permits required by law in connection with the construction or renovation of Franchisee's Restaurant at the Franchised Location. Famous Dave's will have no responsibility to Franchisee or any other party if the Restaurant is not constructed or renovated by Franchisee or its architect or contractor: (a) according to the standard plans and specifications established by Famous Dave's; (b) in compliance with all applicable federal, state or local laws or ordinances; or (c) in a workmanlike manner. Franchisee will not open the Restaurant for business without the prior written approval of Famous Dave's.

10.8 Approved Signage.

All exterior and interior signs at the Franchised Location (the "Signs") must comply with the standard sign plans and specifications established by Famous Dave's and provided to Franchisee. Franchisee will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit them to Famous Dave's for written approval. Famous Dave's will have the absolute right to inspect, examine, videotape, and photograph the Signs during the Term. Franchisee is responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments, and levies in connection with the construction, erection, maintenance, or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. Franchisee will comply with all federal, state and local laws, regulations, building codes, and ordinances relating to the construction, erection, maintenance, and use of the Signs. Franchisee may not alter, remove, change, modify, or redesign the Signs unless approved by Famous Dave's in writing. Famous Dave's will have the right to redesign the specifications for the Signs without the approval or consent of Franchisee. Within 90 days after receipt of written notice from Famous Dave's, Franchisee will, at its expense, either modify or replace the Signs so that the Signs displayed at the Franchised Location will comply with the new specifications. Franchisee will not be required to modify or replace the Signs more than once every five years.

10.9 Ownership of Franchised Location.

Franchisee must lease or own the Franchised Location. If any of the Owners, or an Entity owned by Franchisee and/or any of the Owners, owns or otherwise controls the Franchised Location, including the land, building and related real estate, or if Franchisee, any of the Owners, or an Entity owned by Franchisee and/or any of the Owners individually or collectively own 25% or more of an Entity that owns, leases or otherwise controls the Franchised Location, then Franchisee will, as the lessee, enter into a Lease for the Franchised Location for a term coextensive with the Term containing terms and conditions that are commercially reasonable and substantially similar to a commercial lease that would be executed by unrelated parties in an arm's length transaction for similarly situated real estate. A copy of the Lease (or evidence of property ownership, if applicable) will be provided to Famous Dave's within 10 days after execution and will be deemed to be a Major Asset of Franchisee. If Franchisee owns the Franchised Location and the Franchised Location is reflected as an asset on Franchisee's Financial Statements, the Franchised Location will be deemed a Major Asset of Franchisee, and Franchisee will provide Famous Dave's with written evidence of such ownership.

ARTICLE 11
OFFICE EQUIPMENT; COMPUTER HARDWARE AND SOFTWARE

11.1 Office and Telecommunication Equipment; Telephone Lines.

Franchisee will, at its sole expense, obtain and maintain the telephone lines, facsimile ("fax") equipment (as applicable), other telecommunications equipment, and all other technology infrastructure and equipment for Franchisee's Restaurant as specified in the Standard Operating Procedures/Training Manual(s). Franchisee will install the telephone answering machines and other telephone devices at the Restaurant, and will play the required messages and music while a caller is on hold in accordance with the Standard Operating Procedures/Training Manual(s).

11.2 Computer Hardware and Software.

Franchisee will, at its sole expense, lease or purchase all computer hardware, computer peripherals and software, including antivirus and data security software, that may be required by Famous Dave's from time to time, including the Franchisee's point-of-sale system and other equipment and devices as required by Famous Dave's. Franchisee will, upon written notice from Famous Dave's, update the computers and software to the standards and specifications set forth in the then-current Standard Operating Procedures/Training Manual(s). Upon Famous Dave's written request, Franchisee further must provide to Famous Dave's proof of Franchisee's compliance with Payment Card Industry Payment Application Data Security Standards, as such standards may be modified from time to time.

11.3 Internet Provider; Email Address.

Franchisee will, at Franchisee's expense, have access to the Internet/World Wide Web (the "Internet") and will maintain an email address on the Internet. Franchisee's email address will be provided to Famous Dave's and will be used for Franchisee and Famous Dave's to communicate and to transmit documents and other information. Neither Franchisee nor its Affiliates will use the words "Famous Dave's®" or any of the Marks as any part of an email address, any domain name (Uniform Resource Locator) for any home page on the Internet, or (absent Famous Dave's prior approval) in any online medium (including, without limitation, social media networks such as Facebook, Twitter, LinkedIn, YouTube, and the like).

11.4 Internet Website.

Franchisee will not establish a website or home page on the Internet (the "Home Page") to advertise or promote its Restaurant without the prior written consent of Famous Dave's. All features of any proposed Home Page, including the domain name, content, format, and links to other websites or home pages must be approved by Famous Dave's in writing. Franchisee's Home Page may only advertise Franchisee's Restaurant, and all content and information on the Home Page will be subject to the terms and conditions

of this Agreement. At such time as Famous Dave's provides Franchisee with access to the local restaurant template page (the "Subpage") on Famous Dave's public website (www.famousdaves.com) or another website maintained by Famous Dave's, Franchisee will be required to maintain its own content and information on the Subpage consistent with the standards and specifications that Famous Dave's may set forth in the Standard Operating Procedures/Training Manual(s) or otherwise.

11.5 Internet Disruptions.

Franchisee is responsible for protecting itself from Internet disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders. Franchisee waives any and all claims Franchisee may have against Famous Dave's as the direct or indirect result of such disruptions, failures and attacks.

11.6 Social Networking.

Franchisee and its Management Staff, employees and agents will not use any of the Marks or other intellectual property of Famous Dave's in communications that reference the Marks or involve the Restaurant in any social network, social media or online community on the Internet or any other online, digital or electronic medium including, but not limited to, any "blog," YouTube, Facebook, Instagram, Snapchat, Wikipedia, professional networks such as LinkedIn, live-blogging tools such as Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools now or hereafter in existence ("Digital and Social Media"), except as expressly permitted by Famous Dave's Standard Operating Procedures/Training Manual(s). Famous Dave's may require Franchisee to set up accounts, pages or similarly participate in Digital and Social Media, and may require that Famous Dave's be given administrative privileges for such accounts and pages. Famous Dave's may require that Franchisee post appropriate content to such accounts and pages and Franchisee will be permitted to do so independently.

ARTICLE 12
INSURANCE

12.1 General Liability Insurance.

Franchisee will purchase and maintain, at its sole cost, a commercial comprehensive general liability insurance policy with coverage amounts as specified in Famous Dave's Standard Operating Procedures/Training Manual(s). As of the date of this Agreement, required coverage must be at least $2,000,000 per occurrence and $5,000,000 aggregate coverage, insuring Franchisee and its officers, directors, agents, and employees from loss, liability, claim, damage or expense, including bodily injury, personal injury, food poisoning or other sickness, death, property damage, products liability, data security/cyber breach liability and other legal liability, resulting from the condition, operation, use, business, or occupancy of Franchisee's Restaurant and the Franchised Location, including the surrounding premises, the parking area, and the sidewalks.

12.2 Liquor Liability Insurance.

If Franchisee serves alcoholic beverages of any type at its Restaurant, then Franchisee will purchase and maintain, at its sole cost, liquor liability insurance with minimum coverage of $2,000,000 per occurrence, insuring Franchisee and its officers, directors, agents, and employees from loss, liability, claim, damage or expense, including bodily injury, personal injury, death, property damage, and other legal liability resulting from or related to the sale or service of liquor by Franchisee and/or any of Franchisee's employees at or from Franchisee's Restaurant.

12.3. Employment Practices Liability Insurance.

Franchisee will purchase and maintain, at its sole cost, employment practices liability insurance with minimum coverage of $1,000,000 per occurrence, insuring Franchisee and its officers, directors, agents,

and employees from loss, liability, claim, damage, or expense resulting from or related to discrimination or harassment claims asserted by Franchisee's employees.

12.4 Automobile Insurance.

Franchisee will purchase and maintain, at its sole cost, automobile liability insurance with minimum coverage of $500,000 per occurrence insuring Franchisee and its officers, directors, agents, and employees from loss, liability, claim, damage or expense resulting from the use, operation or maintenance of each automobile or vehicle owned or used by Franchisee or any of Franchisee's employees in Franchisee's Famous Dave's® Restaurant (including automobiles owned or leased by any employee of Franchisee).

12.5 Famous Dave's as Additional Insured.

In recognition of the likelihood that potential plaintiffs and their legal counsel often seek to name franchisors or their personnel as parties/defendants in litigation even where the conduct at issue is not under a franchisor's immediate control and where no basis for franchisor liability can be established, and the fact that such practices may impose significant costs on Famous Dave's, Franchisee agrees that all insurance coverage obtained by Franchisee shall name Famous Dave's, Famous Dave's affiliates, and their respective officers, agents and employees as additional insureds covered by the policies in question and will contain endorsements by the insurance companies waiving all rights of subrogation against Famous Dave's. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors, or omissions of us Famous Dave's and other additional insureds. All insurance policies, of whatever type, must provide that Famous Dave's will receive copies of all notices of cancellation, nonrenewal, or coverage reduction or elimination at least 30 days prior to the effective date of such cancellation, nonrenewal, or coverage change.

12.6 Property Insurance.

Franchisee will procure and maintain in full force and effect, at its sole cost, "special perils" property insurance coverage, which will include fire and extended coverage, for the inventory, machinery, and FF&E owned, leased or used by Franchisee at the Franchised Location. Franchisee's property insurance policy (including fire and extended coverage) must have coverage limits equal to at least actual "replacement" cost.

12.7 Business Interruption Insurance.

Franchisee will procure and maintain in full force and effect, at its sole cost, business interruption insurance with coverage of at least $300,000 per occurrence insuring Franchisee for and against all compensable losses and damages resulting from an interruption in the operation of Franchisee's Restaurant. In the event Franchisee receives proceeds from business interruption insurance, Franchisee shall pay Famous Dave's 5% of the proceeds.

12.8 Building Insurance.

If Franchisee, or any of Franchisee's Owners, owns, either directly or indirectly, the building or the business premises at the Franchised Location, then Franchisee will insure the building or the business premises for and against special perils, loss and damages in an amount equal to at least actual "replacement" cost. If the Franchised Location is either partially or completely destroyed by fire or any other catastrophe, then Franchisee will use the insurance proceeds to repair or reconstruct the Franchised Location as provided for in this Agreement and recommence business as soon as reasonably possible.

12.9 Umbrella Liability.

Franchisee will procure and maintain in full force and effect, at its sole cost, umbrella liability insurance in the minimum amount of $3,000,000 that will provide liability insurance coverage for loss, liability, claim, damage, or expense incurred by Franchisee and Famous Dave's in excess of the primary liability insurance coverage carried by Franchisee.

12.10 Insurance Required by Law.

Franchisee will, at its sole cost and expense, procure and maintain all other insurance required by state or federal law, including workers' compensation insurance for its employees.

12.11 Insurance Companies; Evidence of Coverage.

All insurance companies providing coverage to Franchisee must be licensed in the state where coverage is provided. Franchisee will provide Famous Dave's with certificates of insurance evidencing the insurance coverage required of Franchisee pursuant to this Article (or such other evidence of coverage as Famous Dave's may require from time to time) no later than the date Franchisee opens for business, and Franchisee will immediately provide, upon expiration, change or cancellation, a new certificate of insurance to Famous Dave's.

12.12 Defense of Claims.

All liability insurance policies procured and maintained by Franchisee in connection with Franchisee's Restaurant will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits, or claims brought against Franchisee, Famous Dave's, and their officers, directors, agents and employees.

12.13 Franchisee's Insurance Obligations.

Franchisee's obligation to obtain and maintain these insurance policies in the amounts specified shall not be limited in any way by reason of any insurance that Famous Dave's may maintain, nor does Franchisee's procurement of required insurance relieve Franchisee of liability under the indemnity obligations described in Article 22.1 or elsewhere in this Agreement. Franchisee's insurance procurement obligations under this Article are separate and independent of Franchisee's indemnity obligations**.** Famous Dave's does not represent or warrant that nay insurance that Franchisee is requires to purchase will provide adequate coverage for Franchisee. The requirements of insurance specified in this Agreement are for Famous Dave's protection. Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Famous Dave's. Famous Dave's periodically may, with prior written notice to Franchisee, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability.

ARTICLE 13
LICENSING OF MARKS AND RESTAURANT SYSTEM

13.1 Right to License Marks.

Famous Dave's warrants that it has the right to grant the Franchise and to license the Marks and the Restaurant System to Franchisee. Any and all changes or improvements made by Franchisee to the Marks or the Restaurant System (regardless of whether Famous Dave's approves their use with the Restaurant System) will be the sole and absolute property of Famous Dave's, which will have the exclusive right to register and protect all such changes and improvements in its name in accordance with applicable law. Franchisee's right to use and identify with the Marks and the Restaurant System will exist concurrently with the Term and such use by Franchisee will inure exclusively to the benefit of Famous Dave's.

13.2 Conditions to License of Marks.

Famous Dave's hereby grants to Franchisee the nonexclusive personal right to use the Marks and the Restaurant System in accordance with the provisions of this Agreement. Franchisee's nonexclusive personal right to use "Famous Dave's®" as the name of Franchisee's Restaurant and its right to use the Marks and the Restaurant System applies only to Franchisee's Restaurant at the Franchised Location and such rights will exist only so long as Franchisee fully performs and complies with all of the conditions, terms, and covenants of this Agreement. "Nonexclusive," for the purposes of this Article, means that

Famous Dave's has the right to grant franchises to other developers, franchisees, persons or Entities authorizing them to own and operate Famous Dave's® Restaurants in conformity with the Restaurant System using the name "Famous Dave's®" and the other Marks, and that Famous Dave's, its Affiliates and/or subsidiaries have the right to own and operate, and will continue to own and operate, Famous Dave's® Restaurants.

13.3 Franchisee's Authorized Use.

Franchisee will only use the Marks designated by Famous Dave's (or as Famous Dave's otherwise direct in writing) and only in the manner authorized and permitted by Famous Dave's. Franchisee's right to use the Marks is limited to the uses set forth in this Agreement and any unauthorized use will constitute an infringement of the rights of Famous Dave's under this Agreement and under the Lanham Act (15 U.S.C. §1051 et seq.). Franchisee will not have or acquire any rights in any of the Marks or the Restaurant System other than the right of use as provided herein. Franchisee will have the right to use the Marks and the Restaurant System only in the manner prescribed, directed, and approved by Famous Dave's in writing and will not have the right to use the Marks in connection with the sale of any products or services other than those prescribed or approved by Famous Dave's for sale by Franchisee. If in the judgment of Famous Dave's, the acts of Franchisee are contrary to the limitations set forth in this Agreement or infringe upon or demean the goodwill, uniformity, quality, or business standing associated with the Marks or the Restaurant System, then Franchisee will, upon written notice from Famous Dave's, immediately modify its use of the Marks or the Restaurant System in the manner prescribed by Famous Dave's in writing.

13.4 Adverse Claims to Marks.

If there are any claims by any party that its rights to any or all of the Marks are superior to those of Famous Dave's and if the attorneys for Famous Dave's are of the opinion that such claim by a party is legally meritorious, or if there is an adjudication by a court of competent jurisdiction that any party's rights to the Marks are superior to those of Famous Dave's, then upon receiving written notice from Famous Dave's, Franchisee will, at its sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by Famous Dave's. If so specified, Franchisee will immediately cease using the Marks specified by Famous Dave's, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs, and commercial symbols designated by Famous Dave's in writing at the Franchised Location, and in connection with all advertising, marketing, and promotion of Franchisee's Restaurant. Franchisee will not make any changes or amendments whatsoever to the Marks or the Restaurant System without the written approval of Famous Dave's.

13.5 Defense or Enforcement of Rights to Marks.

Franchisee will have no right to and will not defend or enforce any rights associated with the Marks or the Restaurant System in any court or other proceedings for or against imitation, infringement, prior use, or for any other claim or allegation. Franchisee will give Famous Dave's immediate written notice of any and all claims or complaints made against or associated with the Marks and the Restaurant System and will, without compensation for its time and at its expense, cooperate in all respects with Famous Dave's in any lawsuits or other proceedings involving the Marks and the Restaurant System. Famous Dave's will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks and/or the Restaurant System, and the cost and expense of all litigation incurred by Famous Dave's, including attorneys' fees, specifically relating to the Marks or the Restaurant System will be paid by Famous Dave's.

13.6 Tender of Defense.

If Franchisee is named as a defendant or party in any action involving the Marks or the Restaurant System solely because the plaintiff or claimant is alleging that Franchisee does not have the right to use the Marks or the Restaurant System, then Franchisee will have the right to tender the defense of the action to Famous Dave's, and Famous Dave's will, at its expense, defend Franchisee in the action provided that Franchisee

has tendered defense of the action to Famous Dave's within seven days after receiving service of the pleadings or the summons and complaint relating to the action. Famous Dave's will indemnify and hold Franchisee harmless from any damages assessed against Franchisee in any actions resulting solely from Franchisee's use of the Marks or the Restaurant System at the Franchised Location if Franchisee has timely tendered defense of the action to Famous Dave's.

13.7 Franchisee's Right to Participate in Litigation.

Franchisee may, at its expense, retain an attorney to represent it individually in all litigation and court proceedings involving the Marks or the Restaurant System, and may do so with respect to matters involving only Franchisee (i.e., not involving Famous Dave's or its interests); however, Famous Dave's and its attorneys will control and conduct all litigation involving the Marks or the Restaurant System and the rights of Famous Dave's. Except as expressly provided for herein, Famous Dave's will have no liability for any costs that Franchisee may incur in any litigation involving the Marks or the Restaurant System, and Franchisee will pay for all costs, including attorneys' fees, that it may incur in any litigation or proceeding arising as a result of matters referred to under this Article, if Franchisee has not timely tendered the defense to Famous Dave's in accordance with Article 13.6.

ARTICLE 14
TRAINING; OPENING ASSISTANCE

14.1 Initial Training.

Famous Dave's will provide an initial training program for Franchisee's Operating Partner, the General Manager and, if applicable, Franchisee's Multi-Unit Manager, and a minimum of two and a maximum of four members of Franchisee's management personnel (the "Management Staff") depending on the size of the Restaurant as determined by Famous Dave's in a certified training location designated by Famous Dave's to educate, familiarize, and acquaint them with the Restaurant System and the operations of a Famous Dave's® Restaurant. The members of the Management Staff must begin training at least 60 to 75 days prior to the scheduled opening of Franchisee's Restaurant. Any member of the Management Staff who does not successfully complete the required training program will not be permitted to participate in the operations of Franchisee's Restaurant.

14.2 Changes in Personnel After Initial Opening.

All members of Franchisee's Management Staff and employees hired after the initial opening of the Restaurant must attend and successfully complete the training program prescribed by Famous Dave's in writing or in the Standard Operating Procedures/Training Manual(s). Franchisee's newly-hired Management Staff members must successfully complete the training program prior to managing Franchisee's Restaurant. If any Management Staff member or employee fails to successfully complete the required training program, then Franchisee will not permit that Management Staff member or employee to participate in the operation of Franchisee's Restaurant.

14.3 Required Training of New Personnel.

The initial training program for new employees of the Restaurant hired after the initial opening of the Restaurant will be conducted in accordance with the Famous Dave's standard training program at a certified training Restaurant designated by Famous Dave's. Franchisee will be responsible for all Salaries and Benefits, Travel Expenses and other related expenses incurred by the new Management Staff member or employee while attending training.

14.4 Additional Training.

Franchisee, Franchisee's Management Staff and other employees of Franchisee may be required by Famous Dave's to attend, at Franchisee's expense, additional training on the dates scheduled by Famous Dave's at the Restaurant, or another location designated by Famous Dave's, on topics to be determined by Famous Dave's if Franchisee's Restaurant fails to meet certain performance standards established

by Famous Dave's or Famous Dave's otherwise determines, in its sole discretion, that additional training is necessary or required. Franchisee may also request that one or more members of Franchisee's Management Staff undergo additional training on the dates scheduled by Famous Dave's, at Franchisee's cost. Whether the additional training is required by Famous Dave's or requested by Franchisee, Franchisee will pay Famous Dave's the then-current Per Diem Training Fee for each trainer provided by Famous Dave's, will pay Famous Dave's for the training tools and materials provided by Famous Dave's in conjunction with such additional training, and if the additional training is provided at the Restaurant, will reimburse Famous Dave's for the Travel Expenses of the trainers provided by Famous Dave's. Franchisee will pay the amounts owed to Famous Dave's pursuant to this provision within 10 days after receipt of an invoice indicating the amount owed.

14.5 Payment of Salaries and Expenses.

Franchisee will pay all Travel Expenses and the Salaries and Benefits for all employees who attend any Famous Dave's training program on behalf of Franchisee.

14.6 Opening Assistance.

If this Agreement is for Franchisee's first Famous Dave's® Restaurant, then Famous Dave's will, at Franchisee's expense, provide two captains and such other training personnel as Famous Dave's determines (the "Opening Team") to assist Franchisee in: (a) implementing the Restaurant System at Franchisee's Famous Dave's® Restaurant, and (b) training Franchisee's staff and kitchen employees. The Opening Team will be present at Franchisee's Restaurant for a minimum of 14 consecutive days. Franchisee will pay Famous Dave's for all Travel Expenses and the prorated Salaries and Benefits (based on the number of days each Opening Team member has worked at Franchisee's Restaurant) for each member of the Opening Team. Two weeks prior to the date that the Opening Team arrives at the Restaurant, Franchisee will pay to Famous Dave's 50% of the estimated Travel Expenses (as determined by Famous Dave's) and 50% of the prorated Salaries and Benefits for the Opening Team. Upon completion of the Opening Team's assistance, Famous Dave's will send Franchisee an invoice for the actual amount of remaining Travel Expenses and prorated Salaries and Benefits still owed by Franchisee. Franchisee will pay this invoice within 30 days after receipt. If this Agreement is for the second or a subsequent Restaurant to be opened by Franchisee or a Controlled Entity, as defined in an Area Development Agreement, then Franchisee will be responsible for furnishing the Opening Team to assist with the opening of the Restaurant. The number of Opening Team members (if any) provided by Famous Dave's for the opening of the second or a subsequent Restaurant will be determined by Famous Dave's, in its sole discretion, and if applicable, Franchisee will pay Famous Dave's the then-current Per Diem Training Fee for each Opening Team member who provides opening assistance at the Restaurant, and will reimburse Famous Dave's for the Travel Expenses and Salaries and Benefits of the Opening Team members provided by Famous Dave's for the opening of Franchisee's Restaurant. Franchisee will pay the amounts owed to Famous Dave's pursuant to this provision within 10 days after receipt of an invoice indicating the amount owed.

14.7 Release and Indemnification.

Franchisee and its Owners hereby waive any right to sue for damages or other relief, and release all known and unknown claims they may allegedly have against Famous Dave's and/or any of its current and former Affiliates and their respective past and present owners, employees, agents, officers and directors, arising out of the adequacy or accuracy of the information provided at or any activities occurring during any training program, additional training and/or opening assistance (collectively referred to as "Training" in this provision), or any harm or injury any attendee or participant suffers during and as a result of his/her attendance at or participation in the Training. Franchisee and the Owners agree to hold Famous Dave's, its Affiliates and their employees, agents, officers and directors harmless for any claims or damages incurred by Franchisee, the Owners or any of their Affiliates, employees, agents, officers and directors arising out of, in any way connected with or as a result of attendance at or participation in the Training. Franchisee, the Management Staff and all employees or persons who attend and participate in the Training on behalf of

Franchisee will sign the documentation required by Famous Dave's or an Affiliate as a condition to their attendance at, participation in and successful completion of the Training. Franchisee acknowledges that any training or assistance provided by Famous Dave's will be for the purpose of instructing Franchisee and its employees in compliance with the Restaurant System and delivery of products and services to Franchisee's customers in a manner that creates a uniform customer experience and maintains the System's high standards of quality, appearance, and service.

ARTICLE 15
OTHER OBLIGATIONS OF FAMOUS DAVE'S

Consistent with Famous Dave's uniformity requirements and quality standards, Famous Dave's will: (a) provide Franchisee with a written schedule of all Foods, Beverages, and Products sold or used by all Famous Dave's® Restaurants, and the FF&E and supplies required for the operation of Franchisee's Restaurant; (b) provide Franchisee with a list of approved suppliers for the Foods, Beverages, and Products for Franchisee's Restaurant; (c) make available to Franchisee basic accounting and business procedures for use by Franchisee in its Restaurant; (d) make advertising and marketing recommendations to Franchisee; (e) visit and review Franchisee's Restaurant as often as Famous Dave's deems necessary and render written reports to Franchisee deemed appropriate by Famous Dave's; (f) protect, police and, when appropriate, enforce the Marks for the benefit of all Famous Dave's® developers or franchisees in the manner deemed appropriate by Famous Dave's; (g) develop and, if applicable, register additional trademarks, trade names, service marks, tag lines, logos, or commercial symbols for use in connection with the Restaurant System as deemed appropriate by Famous Dave's; (h) upon the reasonable written request of Franchisee, render reasonable advisory services by telephone or in writing pertaining to the operation of Franchisee's Restaurant; (i) provide Franchisee with a sample of the standard Famous Dave's® menu, and all modifications to the menu; and (j) provide Franchisee access to a copy of the Standard Operating Procedures/Training Manual(s) together with all supplements that may be published by Famous Dave's. If Franchisee requests that Famous Dave's provide a consultant to assist and advise Franchisee on management and operations issues at the Franchised Location, then Franchisee will pay the Travel Expenses and per diem fees charged by Famous Dave's for each consultant.

ARTICLE 16
ASSIGNMENT

16.1 Assignment by Famous Dave's.

This Agreement (or any interest therein) may be unilaterally Assigned by Famous Dave's to a person or Entity in its sole and absolute discretion without the approval of Franchisee and, upon assignment, will inure to the benefit of the assigns of Famous Dave's and their successors. Famous Dave's will provide Franchisee with written notice after the Assignment has been completed, and the assignee will be required to fully perform all obligations of Famous Dave's under this Agreement.

16.2 Assignment by Individual Franchisee.

If Franchisee is an individual and has personally signed this Agreement, then in the event of the death or permanent disability of Franchisee, this Agreement may be Assigned or bequeathed by Franchisee to any designated person or beneficiary (the "Beneficiary") without the payment of any Assignment Fee and without complying with Article 20. However, the Assignment of this Agreement to Franchisee's Beneficiary will be subject to the applicable provisions of Article 16.3 and will not be valid or effective until Famous Dave's has received the properly executed legal documents which its attorneys deem necessary to document the Assignment of this Agreement. The Beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement, must personally guarantee this Agreement, and must successfully complete the appropriate training program. There will be no charge to the Beneficiary for attending the training program; however, the Salary and Benefits and the Travel Expenses of the Beneficiary will be paid by the Beneficiary. In addition, this Agreement may be Assigned

to an Entity without the payment of an Assignment Fee and without complying with Article 20 if Franchisee is an individual, provided that the Owner or Owners of the Entity are the same person or persons who signed this Agreement.

16.3 Assignment by Franchisee.

Subject to the provisions of Article 20, Franchisee will not Assign any interest in or any part of this Agreement, the Restaurant or the income derived therefrom to any person or Entity without the prior written approval of Famous Dave's. Famous Dave's will not withhold its written consent to any Assignment of this Agreement, if the Assignment does not violate any of the terms of this Agreement, if Famous Dave's does not exercise its rights under Article 20 of this Agreement, and if Franchisee and/or the assignee franchisee are in full compliance with the following terms and conditions: (a) Franchisee has provided written notice to Famous Dave's of the proposed Assignment of this Agreement at least 45 days prior to the transaction; (b) all of Franchisee's monetary obligations due to Famous Dave's have been paid in full, and Franchisee is not otherwise in default under this Agreement; (c) Franchisee has agreed in writing to observe all applicable provisions of this Agreement, including the covenants not to compete contained in this Agreement; (d) Famous Dave's and Franchisee have executed a joint and mutual release, in a form satisfactory to Famous Dave's, of any and all claims against Famous Dave's and/or Franchisee and their current and past officers, directors, Owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement, Franchisee's purchase of the Franchise or the operation of the Restaurant including, without limitation, all claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; provided, however, that Famous Dave's and Franchisee may exclude from the coverage of the release any prior or concurrent written agreements between them for other Famous Dave's® Restaurants owned by Franchisee; (e) the assignee franchisee has demonstrated to the satisfaction of Famous Dave's that he, she, or it meets the managerial, financial, business, ethical and other standards required by Famous Dave's for new franchisees, possesses a good business reputation and credit rating, and that its management possesses the aptitude and ability to operate the Restaurant in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise); (f) the assignee franchisee, all of the assignee franchisee's Owners, and the assignee franchisee's Personal Guarantors execute the legal agreements required by Famous Dave's or its legal counsel to document the Assignment of this Agreement to the assignee franchisee; (g) the assignee franchisee has purchased or leased the Franchised Location for a term consistent with the remaining Term; (h) the assignee franchisee has purchased or otherwise acquired a valid liquor license (if applicable) and a valid food service license for the Restaurant at the Franchised Location; (i) the assignee franchisee and its Management Staff have successfully completed the training program required under this Agreement; and (j) any purchase and sale agreement between the Franchisee and the assignee franchisee (or other assignor and assignee) shall provide for and require that the Restaurant shall continue to operate without interruption during the assignment. Famous Dave's may expand upon, and provide more details related to, the conditions for Assignment and Famous Dave's consent as described in this Article 16.3, and may do so in the Standard Operating Procedures/Training Manual(s) or otherwise in writing.

16.4 Assignment of Ownership Interest.

No Owner will have the right to Assign an Ownership Interest in Franchisee without the prior written approval of Famous Dave's. Famous Dave's will not withhold its written consent if the Assignment of the Ownership Interest by the Owner complies in all respects with the terms of this Agreement, and if Famous Dave's does not exercise its right of first refusal to acquire the Owner's Ownership Interest in Franchisee pursuant to Article 20 of this Agreement. If the Assignment is to: (a) a relative (husband, wife, children, grandchildren, mother, father, brothers and sisters) of the Owner, or (b) one of the existing Owners of Franchisee, then the provisions of Articles 16.6 and 20 will not apply; however, the Owners and the new Franchisee will be required to comply with the applicable provisions of Article 16.3.

16.5 Acknowledgment of Restrictions.

Franchisee and the Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and necessary to protect the Restaurant System and the Marks, as well as the reputation and image of Famous Dave's, and are for the protection of Famous Dave's, Franchisee and all other franchisees who own and operate Famous Dave's® Restaurants. Any Assignment permitted by this Article will not be effective until Famous Dave's receives a completely executed copy of all Assignment documents and Famous Dave's consents to the Assignment in writing. Any attempted Assignment made without complying with the requirements of this Article will be void.

16.6 Assignment Fee.

If this Agreement is Assigned to another person or Entity, or if any of the Owners Assign any Ownership Interest in Franchisee, then except as provided for in Articles 16.2 and 16.4, Franchisee will pay Famous Dave's, on or before the date of the Assignment, an Assignment Fee of $5,000. The Assignment Fee is to cover the costs incurred by Famous Dave's in connection with the Assignment and the costs to provide the initial training program to the assignee franchisee and its Management Staff. The assignee franchisee will be responsible for all Salaries and Benefits, Travel Expenses and other expenses incurred by all people attending the initial training program on behalf of the assignee franchisee.

16.7 Assignment to Competitor Prohibited.

Franchisee and the Owners will not Assign this Agreement or their Ownership Interests in Franchisee, the Franchise or the Restaurant to any person or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any food service business which Famous Dave's determines, in the exercise of its business judgment, intended to serve the same general range of consumer demand for food service (regardless of menu) as a Famous Dave's® Restaurant. If Famous Dave's refuses to permit an Assignment of this Agreement under this provision, then the only remedy of Franchisee and the Owners will be to have the Arbitrators determine whether the proposed assignee owns or operates a food service business and whether Famous Dave's has exercised its business judgment in accordance with this Agreement.

ARTICLE 17
TERMINATION BY FAMOUS DAVE'S

17.1 Immediate Termination By Famous Dave's.

Notwithstanding any other provisions of this Article 17 or this Agreement, Famous Dave's will have the absolute right, unless precluded by applicable law, to immediately terminate this Agreement if Franchisee:

(a) or any of its current directors, officers, or majority Owners are convicted of, or plead guilty or no contest to a charge of violating any law, and such conviction or plea could have a material adverse effect on Franchisee's right or ability to operate the Restaurant or could have a material adverse effect on the Marks and/or Franchisee's Restaurant;

(b) is deemed insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against Franchisee and Franchisee is unable within a period of 60 days from such filing to obtain the dismissal of the bankruptcy petition, or Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law;

(c) makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors;

(d) voluntarily or otherwise Abandons the Restaurant;

(e) fails or refuses to provide the Financial Records and other materials requested by Famous Dave's to substantiate Franchisee's Financial Statements or to produce and permit Famous Dave's to audit Franchisee's Financial Records;

(f) is involved in any act or conduct which materially impairs the goodwill associated with the Marks or the Restaurant System, and Franchisee fails to correct the breach within 24 hours after receipt of written notice of the breach from Famous Dave's;

(g) Franchisee violates any provision, term or condition of this Agreement three or more times during any 12-month period, without regard to whether (i) the violations were of a similar or different nature, (ii) the violations were corrected by Franchisee, or (iii) the corrections of the violations occurred after Franchisee's receipt of written notice from Famous Dave's of the violations; or

(h) or an Affiliate of Franchisee breaches any other agreement Franchisee has with Famous Dave's or an Affiliate of Famous Dave's where Franchisee or its Affiliate has no right to receive an opportunity to cure the breach or the breach is not capable of being cured.

17.2 <u>Other Termination Rights – No Opportunity to Cure</u>.

In addition to its other rights of termination contained in this Agreement and rights existing under common law, Famous Dave's will have the right to terminate this Agreement, unless precluded by applicable law, without being required to afford Franchisee an opportunity to correct the breach, if:

(a) any required or other financial, personal, or other information provided by Franchisee to Famous Dave's is materially false, misleading, incomplete, or inaccurate;

(b) Franchisee has not purchased or leased a site for the Franchised Location within 90 days after the Effective Date of this Agreement;

(c) Franchisee has not obtained a valid license for the service of food for its Restaurant from the appropriate governmental agencies before Franchisee's Famous Dave's® Restaurant is scheduled to open for business;

(d) Franchisee has not obtained a valid liquor license for its Restaurant from the appropriate governmental authorities before Franchisee's Famous Dave's® Restaurant is scheduled or required to open for business;

(e) Franchisee or any member of the Management Staff has not completed the initial training program required under this Agreement prior to the opening of the Restaurant;

(f) Franchisee has not opened and commenced operations of its Restaurant by the Required Opening Date or, if applicable, an extension of the opening date agreed to by Famous Dave's pursuant to Article 2.8 of this Agreement;

(g) Franchisee is in an ongoing condition of financial impairment which, in Famous Dave's business judgment, impairs Franchisee's ability to fulfill the obligations of this Agreement and there has been no evidence of satisfactory corrective action furnished to Famous Dave's within 30 days after written notice to Franchisee of Famous Dave's determination of financial impairment;

(h) the Lease for the Franchised Location is terminated or canceled for non-payment of rent or other legal reasons or Franchisee is evicted from the Franchised Location;

(i) Franchisee's food service license or liquor license for the Restaurant is canceled for any reason;

(j) Franchisee (i) fails to timely pay the Initial Fee or any Royalty Fees, Marketing Fund Fees, rents, or any other monetary obligations or fees due and payable to Famous Dave's or an affiliated or controlled Entity of Famous Dave's pursuant to this Agreement or any other agreement; (ii) fails to timely pay any of its uncontested obligations or liabilities due and owing to Famous Dave's, any affiliated or controlled Entity of Famous Dave's, the Local Advertising Association, suppliers, vendors, distributors, banks, purveyors, lessors, creditors, or to any federal, state, or municipal government; or (iii) issues any check or any electronic transfer of funds initiated by Famous Dave's on Franchisee's account(s) which is dishonored because of insufficient funds (except where it is dishonored because of an error in bookkeeping or accounting) or closed accounts and either the failure or event of dishonor is not fully corrected within five

business days or any of the failures or dishonors enumerated above (considered collectively) have occurred three times in any 12-month period, regardless of any correction; or

(k) Franchisee or any Affiliate of Franchisee breaches any other agreement Franchisee or its Affiliate has with Famous Dave's or any Affiliate of Famous Dave's under which Franchisee or its Affiliate has an opportunity to cure and Franchisee or its Affiliate fails to cure the breach within the applicable cure period.

17.3 When Termination Under Article 17.1 or 17.2 Takes Effect.

Terminations for breaches enumerated in Articles 17.1 and 17.2 above take effect immediately upon delivery of written notice of termination to Franchisee by any method, except that a termination for a breach described in Article 17.1(f) above takes effect on the first minute of the 25th hour after delivery of the written notice of termination if Franchisee fails to correct the alleged breach within 24 hours after receiving the written notice of breach. In all other cases, termination takes effect as provided in Article 17.6 below.

17.4 Other Terminations - Notice of Breach With Opportunity to Cure.

(a) Except as provided in Articles 17.1 and 17.2 above, Famous Dave's will not have the right to terminate this Agreement until: (i) written notice setting forth the alleged breach in detail has been delivered to Franchisee by Famous Dave's; and (ii) after receiving the written notice, Franchisee fails to fully correct the alleged breach within the period of time specified by applicable law.

(b) If applicable law does not specify a time period to correct an alleged breach after receipt of written notice of breach, then Franchisee will have 30 days after receipt of the written notice to correct the alleged breach, except where the written notice states that Franchisee is delinquent in the payment of any Royalty Fees, Marketing Fund Fees, rents, or other monetary obligations or other fees due and payable to Famous Dave's or any affiliated or controlled Entity of Famous Dave's pursuant to this Agreement or any other agreement, in which case Franchisee will have five business days after receipt of written notice to fully correct the breach by making full payment to Famous Dave's, together with interest on the past due obligations at the rate of 18% per annum.

(c) The notice of breach shall set a date certain for the termination of this Agreement to be effective, which shall be expressed as "__ days from the date this notice is received or ___ days following an arbitration decision upholding the termination, whichever is later, with no requirement of further notice by Famous Dave's, all in accordance with the provisions of Article 17.6 of the Franchise Agreement between Franchisee and Famous Dave's."

(d) For the purposes of this Agreement, an alleged breach of this Agreement by Franchisee will be deemed to be "corrected" if both Famous Dave's and Franchisee agree in writing that the alleged breach has been corrected.

(e) For purposes of this Agreement, full correction of a breach is not achieved by ending non-complying conduct and requires, in addition, appropriate modifications and procedures to assure that the breach(es) will not reoccur in the future, and the foundation for trust and confidence in Franchisee's future performance of all provisions of this Agreement can be and has been restored. Franchisee agrees and acknowledges that some breaches are of a character where such restoration of trust and confidence is not possible, in which case, full correction is not possible and termination will follow.

17.5 Arbitration Involving Termination By Famous Dave's.

(a) The dispute resolution provisions contained in Article 23 of this Agreement apply to terminations under Article 17.1 and 17.2 of this Agreement, as stated therein without regard to any notice of arbitration, unless the Arbitrators determine that termination should be deferred pending their decision.

(b) In all other cases involving the termination of this Agreement, if Franchisee has received a notice of breach pursuant to Articles 17.1(f), 17.2(f) or 17.4 above, and Franchisee gives notice of arbitration under this Agreement within 10 days thereafter, in accordance with Article 23 of this Agreement, Famous Dave's

will not have the right to terminate this Agreement until the facts of the alleged breach have been submitted to arbitration, the Arbitrators determine that Franchisee has breached this Agreement, and Franchisee fails to correct any fully-correctable breach within the required time period.

(c) If the Arbitrators determine that Franchisee has violated or breached this Agreement as alleged by Famous Dave's in the written notice given to Franchisee, then unless applicable law specifies otherwise and except where no right of correction is provided by this Agreement or Franchisee's breach does not permit a full correction, Franchisee will have the same number of days after the date the Arbitrators issue a written determination on the matter to fully correct the specified breach or violation of this Agreement as was originally applicable to the breach and if timely and fully corrected, this Agreement will remain in full force and effect.

(d) For the purpose of this Agreement, any controversy or dispute on the issue of whether Franchisee has timely and fully corrected the specified breach or violation of this Agreement will also be subject to arbitration as provided for herein. The time limitations set forth in this Article within which Franchisee may demand arbitration of a dispute or controversy relating to the right of Famous Dave's to terminate this Agreement for an alleged breach are of the essence and mandatory. If Franchisee fails to comply with the time limitations set forth in this Article, then Famous Dave's may terminate this Agreement as provided for herein.

17.6 Effective Date of Termination.

Except as provided in Article 17.3, this Agreement will automatically terminate as provided in the notice of breach previously given and Article 17.5(d), if applicable. Famous Dave's may give further notice to Franchisee confirming the termination date. However, such notice shall not impair the effectiveness of the date as first stated in the notice of breach, and there shall be no further condition, other than the passage of the specified time, for termination to be fully effective.

17.7 Other Remedies.

Nothing in this Article will preclude Famous Dave's from seeking other relief, remedies or damages under any state or federal law, common law, or under this Agreement against Franchisee including, but not limited to, attorneys' fees and injunctive relief. If this Agreement is terminated by Famous Dave's pursuant to this Article, or if Franchisee breaches this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of this Agreement, then Famous Dave's will be entitled to seek recovery of all damages that Famous Dave's has sustained and will sustain in the future as a result of Franchisee's breach of this Agreement, including all Royalty Fees, Marketing Fund Fees and any other fees and amounts payable to Famous Dave's or an Affiliate for the unexpired term of this Agreement.

ARTICLE 18
TERMINATION BY FRANCHISEE

18.1 Franchisee's Right To Terminate.

Franchisee has the right to terminate this Agreement, as provided herein, if Famous Dave's violates any material provision, term or condition of this Agreement, or fails to timely pay any material uncontested obligations due and owing to Franchisee, except that if Franchisee is in breach of a provision of this Agreement entitling Famous Dave's to termination pursuant to Article 17 of this Agreement, any claims Franchisee may assert against Famous Dave's shall be by way of counterclaim or set-off, pursuant to notice, providing the same information described in Article 18.2(a) below.

18.2 Franchisee Notice of Breach.

Franchisee will not have the right to terminate this Agreement or to commence any action, lawsuit, or proceeding against Famous Dave's for breach of this Agreement, injunctive relief, violation of any state, federal, or local law (including alleged violations of franchise laws), violation of common law (including allegations of fraud and misrepresentation), rescission, damages, or termination, unless and until:

(a) written notice setting forth the alleged breach or violation in detail has been delivered to Famous Dave's by Franchisee; and (b) Famous Dave's fails to fully correct the alleged breach or violation within 30 days after receipt of the written notice. If Famous Dave's fails to fully correct the alleged breach or violation within 30 days after receiving written notice, then Franchisee will have the right to terminate this Agreement as provided for herein. For the purposes of this Agreement, an alleged breach or violation of this Agreement by Famous Dave's will be deemed to be "fully corrected" if both Famous Dave's and Franchisee agree in writing that the alleged breach or violation has been corrected. Franchisee will not unreasonably withhold its consent to a written agreement of full correction by Famous Dave's.

18.3 Arbitration Involving Termination By Franchisee.

(a) The dispute resolution provisions contained in Article 23 of this Agreement apply to terminations by Franchisee under Article 18.1 and 18.2 of this Agreement.

(b) If Famous Dave's has received a notice of breach pursuant to Article 18.2 above, and Famous Dave's gives notice of arbitration under this Agreement within 10 days thereafter in accordance with Article 23 of this Agreement, Franchisee will not have the right to terminate this Agreement until the facts of the alleged breach have been submitted to arbitration, the Arbitrators determine that Famous Dave's has breached this Agreement, and Famous Dave's fails to correct any fully-correctable breach within the required time period.

(c) If the Arbitrators determine that Famous Dave's has violated or breached this Agreement as alleged by Franchisee in the written notice given to Famous Dave's, then unless applicable law specifies otherwise, Famous Dave's will have the same number of days after the date the Arbitrators issue a written determination on the matter to fully correct the specified breach or violation of this Agreement as was originally applicable to the breach and if timely and fully corrected, this Agreement will remain in full force and effect.

(d) For the purpose of this Agreement, any controversy or dispute on the issue of whether Famous Dave's has timely and fully corrected the specified breach or violation of this Agreement will also be subject to arbitration as provided for herein. The time limitations set forth in this Article within which Famous Dave's may demand arbitration of a dispute or controversy relating to the right of Franchisee to terminate this Agreement for an alleged breach are of the essence and mandatory. If Famous Dave's fails to comply with the time limitations set forth in this Article, then Franchisee may terminate this Agreement as provided for herein.

18.4 Time Within Which Franchisee Must Give Notice of Breach.

Franchisee must give Famous Dave's written notice of any alleged breach or violation of this Agreement immediately after Franchisee has knowledge of, believes, determines, is of the opinion, or becomes aware of facts and circumstances reasonably indicating an alleged breach or violation of this Agreement by Famous Dave's. If Franchisee fails to give written notice to Famous Dave's as provided for herein of any alleged breach or violation of this Agreement within one year after the date that Franchisee has knowledge of, believes, determines, is of the opinion that, or becomes aware of facts and circumstances reasonably indicating that Franchisee may have a claim under any state law, federal law, or common law because there has been an alleged breach or violation by Famous Dave's, then the alleged breach or violation by Famous Dave's will be deemed to be condoned, approved, and waived by Franchisee, the alleged breach or violation by Famous Dave's will not be deemed to be a breach or violation of this Agreement by Famous Dave's, and Franchisee will be barred from commencing any action against Famous Dave's for that specific alleged breach or violation.

ARTICLE 19
FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

19.1 Termination of Use of Marks; Other Obligations.

If this Agreement is canceled or terminated for any reason or this Agreement expires, then Franchisee will: (a) within five days after termination, pay all fees, including all outstanding gift card liability, and other amounts payable by Franchisee to Famous Dave's under this Agreement or under any other contract, promissory note, or other obligation; (b) immediately return to Famous Dave's the Standard Operating Procedures/Training Manual(s), menus, advertising materials, and all other printed materials pertaining to the Restaurant by first class prepaid United States mail; and (c) comply with all other applicable provisions of this Agreement. Upon termination or expiration of this Agreement for any reason, Franchisee's right to use "Famous Dave's®," the other Marks and the Restaurant System will terminate immediately in all respects, and Franchisee will not thereafter conduct or promote any business under any name or in any manner that might tend to give the general public the impression that Franchisee is continuing to operate as a franchisee of Famous Dave's. Without limiting the generality of the foregoing, Franchisee will immediately cease all advertising which includes any of the Marks, will delete all content containing the Marks or any references to Famous Dave's or Franchisee's Restaurant from any Home Page maintained by Franchisee, and will cease using any and all items or materials which bear or include any of the Marks.

19.2 Alteration of Franchised Location.

If this Agreement expires or is terminated for any reason or if the Franchised Location ever ceases to be used for Franchisee's Restaurant, then within 30 days after the date of the expiration or termination of this Agreement, Franchisee will, at its expense, alter, modify and change both the exterior and interior appearance of the building and the Franchised Location so that it will be clearly distinguished from the standard appearance of a Famous Dave's® Restaurant. Franchisee hereby grants Famous Dave's and its representatives the right to enter the Franchised Location to make such modifications as required by this provision, if Franchisee fails to do so within 30 days after the expiration or termination of this Agreement.

19.3 Telephone Listings.

Upon termination or expiration of this Agreement, or if Famous Dave's acquires Franchisee's Restaurant pursuant to this Agreement, Famous Dave's will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use all telephone numbers and all classified and other directory listings for the Restaurant and to authorize the telephone company and all listing agencies to transfer to Famous Dave's or its assignee all telephone numbers and directory listings of Franchisee's Restaurant. Franchisee acknowledges and agrees that Famous Dave's has the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and Franchisee hereby authorizes Famous Dave's to direct the telephone company and all listing agencies to transfer Franchisee's telephone numbers and directory listings to Famous Dave's or to an assignee of Famous Dave's, if this Agreement expires or is terminated or if Famous Dave's acquires Franchisee's Restaurant. The telephone company and all listing agencies may accept this Agreement as evidence of the exclusive rights of Famous Dave's to such telephone numbers and directory listings and this Agreement will constitute the authority from Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to Famous Dave's. This Agreement will constitute a release of the telephone company and listing agencies by Franchisee from any and all claims, actions, and damages that Franchisee may at any time have the right to allege against them in connection with this Article. Franchisee will execute such other documents as Famous Dave's may require to complete the transfer of the telephone numbers as contemplated herein.

19.4 Continuation of Obligations.

Any provisions contained herein which expressly or by implication are intended to survive the expiration or termination of this Agreement, including the indemnities and covenants contained in this Agreement,

will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 20
OPTION OF FAMOUS DAVE'S TO PURCHASE

20.1 Scope and Applicability of Option.

Franchisee will not Assign or otherwise dispose of any interest in or any part of the Major Assets (including, but not limited to, any interest in Franchisee, this Agreement or in the Restaurant business operated pursuant to this Agreement or any interest in or right to receive all or any part of the assets, profits or income stream of the Restaurant business), other than to a relative pursuant to Article 16 of this Agreement or in the event of a death, disability or incapacity pursuant to Article 16 of this Agreement, to any purchaser without first offering the same to Famous Dave's in a written offer in accordance with this Article 20. For the purposes of this Article 20, the term Franchisee shall mean and include any Owner.

20.2 Grant of Option and Procedure for Waiver or Intention to Exercise Option.

(a) If Franchisee has received a bona fide offer within the scope of Article 20.1 above, and wishes to accept that offer, Franchisee must first give Famous Dave's written notice of that offer, including the purchase price, payment terms, and all other material terms and conditions of the proposed transaction (the "Franchisee's Offer") along with detailed identification of all proposed purchasers, acquirees or assignees (collectively, the "Proposed Transferee") and an offer to sell that all assets and interests included in the Franchisee's Offer to Famous Dave's under the same terms. The Franchisee's Offer must include detail sufficient to establish that the Franchisee's Offer is in fact a good faith bona fide offer, including demonstrating to Famous Dave's reasonable satisfaction that the Proposed Transferee is financially and operationally qualified to perform all obligations under this Agreement and that the amount of consideration specified is within a reasonable range in light of all relevant facts and information. The Franchisee's Offer must also include an agreement, in a form specified by Famous Dave's, signed by the Proposed Transferee, acknowledging Famous Dave's authority to exercise its rights relating to all matters referenced in this Article 20, without incurring any form of liability or responsibility to pay damages of any type as a result of such exercise. Within five business days after receipt of the Franchisee's Offer, Famous Dave's may make reasonable additional requests of Franchisee and the Proposed Transferee in order to satisfy itself that the offer and its terms are in fact a good faith bona fide offer.

(b) Famous Dave's will have 10 business days after receipt of the Franchisee's Offer and complete responses to any additional request made pursuant to Article 20.2(a) above to give Franchisee a written notice which will either (i) state that Famous Dave's waives its option to purchase (a "Waiver Notice"), or (ii) states that it intends to exercise its rights to purchase or acquire the Major Assets according to the terms contained in the Franchisee's Offer (the "Letter of Intent"); provided, however that the Letter of Intent may substitute equivalent cash for any noncash consideration included in such terms and may disregard any provision of the Franchisee's Offer that establishes a requirement or condition that reflects an effort by Franchisee or the Proposed Transferee to make it practically impossible for Famous Dave's to exercise its rights as intended by this Article 20. Franchisee and Famous Dave's may agree, in writing, to enlarge the times specified in Article 20.2(a) above or in this provision.

(c) In the event Famous Dave's issues a Waiver Notice, Franchisee may proceed to conclude the transaction in accordance with the terms and conditions stated in the Franchisee's Offer, subject to compliance with all other provisions of this Agreement, within the next 90 days. If the transaction is not concluded within this time period, or if during any negotiations with the Proposed Transferee, Franchisee agrees to negotiate, change, delete, or modify any material terms and conditions contained in the Franchisee's Offer, the option established in this Article 20 and all provisions of this Article 20 shall again be in full force and effect. If there have been negotiations between Franchisee and Famous Dave's that did not result in a closed transaction and, in subsequent negotiation with the Proposed Transferee, Franchisee

agrees to changes in the terms and conditions which changes were not part of a definitive agreement or agreements proposed by Franchisee during negotiations with Famous Dave's, then Franchisee will be required to re-offer to sell the Major Assets to Famous Dave's under the new terms and conditions offered to the purchaser in accordance with the provisions of this Article 20.

20.3 Due Diligence Review.

If Famous Dave's has issued a Letter of Intent, then Famous Dave's will have 60 days from the date the Letter of Intent is received by Franchisee (the "Notice Date") to conduct a "due diligence" review. Franchisee will promptly provide Famous Dave's with all Financial Information, Financial Records, and other information requested by Famous Dave's or its accountants to conduct its "due diligence" review. Famous Dave's will have the absolute and unconditional right to terminate the Letter of Intent and any obligation to purchase the Major Assets from Franchisee for any reason and at any time during the 60-day "due diligence" review period by giving Franchisee written notice. The time period provided in this Article 20.3 maybe enlarged by written agreement, and will be automatically extended to account for any day or days in which Franchisee or the Proposed Transferee delay in furnishing information needed for the Famous Dave's due diligence review.

20.4 Exceptions in Specific Circumstances.

(a) Notwithstanding any other provisions of this Article 20, if the proposed transaction is in connection with a change in control or any insolvency or bankruptcy filing by Franchisee or an Owner, the Franchisee's Offer to delivered to Famous Dave's shall include an offer to Famous Dave's to purchase all rights under this Agreement and all assets of the Restaurant business operated pursuant to this Agreement, including all tangible and intangible property, at a fair market price, subject to acceptance and due diligence as provided in Articles 20.2 and 20.3 above. If Famous Dave's determines, following its due diligence review, to accept this offer, Famous Dave's and Franchisee will make good faith efforts to agree on the price to be paid during the next 30 days, the price will be as established by a qualified independent appraiser reasonably selected by Famous Dave's. The time for acceptance or rejection of the Franchisee's Offer in such circumstances shall be 60 days after the appraiser's final written report.

(b) This Article does not apply to the Assignment of any of the Major Assets (with the exception of this Agreement) by Franchisee to a bank, financial institution or other lender in connection with Franchisee's financing of: (i) the real estate or leasehold improvements for the Franchised Location, (ii) the FF&E for Franchisee's Restaurant, (iii) inventory or supplies for the Restaurant, or (iv) working capital required by the Restaurant.

20.5 Documentation and Negotiations.

In all cases in which Famous Dave's has issued a Letter of Intent and is proceeding with the transaction, the transaction documents, will be prepared by Famous Dave's and will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. Closing will take place at the offices of Famous Dave's. Unless Famous Dave's terminates its Letter of Intent as provided in Article 20.4, then Franchisee or Owner and Famous Dave's will make reasonable efforts to agree on the terms and conditions of the definitive agreement or agreements for the purchase of the Major Assets. If Franchisee or Owner and Famous Dave's fail to agree on the terms and conditions for the definitive agreement after negotiations have proceeded for at least 60 days, either party may terminate the proposed transaction by giving the other party(ies) five days prior written notice.

20.6 Negotiated Changes with Purchaser.

If Famous Dave's does not purchase the Major Assets from Franchisee under the terms and conditions contained in the Franchisee's Offer, then if during any negotiations with the purchaser Franchisee agrees to negotiate, change, delete, or modify any of the terms and conditions contained in the Franchisee's Offer or the terms and conditions contained in the most recent version of the definitive agreement or agreements

proposed by Franchisee during negotiations that were not acceptable to Famous Dave's, then Franchisee will be required to re-offer to sell the Major Assets to Famous Dave's under the new terms and conditions offered to the purchaser in accordance with the provisions of this Article 20.

20.7 Compliance with Agreement.

(a) In all cases, a Proposed Transferee must meet all of Famous Dave's then-current requirements for any potential new franchisee as determined by Famous Dave's in exercise of its business judgment, and must have provided Famous Dave's with all financial, operational, background, and other information regarding the assignee as Famous Dave's reasonably request consistent with Famous Dave's procedures for review and evaluation of a proposed franchisee. No Proposed Transfer will be implemented unless all amounts Franchisee owed to Famous Dave's or any Affiliate and to all Franchisee's suppliers, employees, and other creditors have been paid in full. If Franchisee is not in compliance with this Agreement or any other agreement with Famous Dave's or any Affiliate, appropriate arrangements must be made to insure that funds needed to achieve prompt material compliance with all contractual obligations will be available to the Proposed Transferee. In the exercise of Famous Dave's business judgment, Famous Dave's may establish any other conditions relating to the Proposed Transfer before approval is granted.

(b) A Proposed Transferee must execute Famous Dave's then-current form of franchise agreement including then-applicable fees and franchisee obligations as well as any additional documents customarily executed by a Proposed Transferee, modified to reflect that the term is only the remainder of the term stated in this Agreement, plus such other modifications that are need in order to reflect the transfer, but such then-current form of franchise agreement may otherwise differ from this Agreement, including higher fees and training obligations then comparable to other current Famous Dave's® franchise agreements.

20.8 Acknowledgment of Restrictions.

Franchisee and the Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and are necessary to protect the Restaurant System and the Marks, as well as the reputation and image of Famous Dave's, and are for the protection of Famous Dave's, Franchisee and all other franchisees who own and operate Famous Dave's® Restaurants. Any Assignment permitted by this Agreement will not be effective until Famous Dave's receives a completely executed copy of all Assignment documents and Famous Dave's consents to the Assignment in writing. Franchisee's obligations under this Agreement including, but not limited to, its obligations to pay all fees and to operate the business as a Famous Dave's® Restaurant, will in no way be affected or changed because of non-acceptance by Famous Dave's of the Franchisee's Offer and as a consequence, the terms and conditions of this Agreement will remain in full force and effect. The decision by Famous Dave's not to exercise the option to purchase granted to it pursuant to this Article will not, in any way, be deemed to grant Franchisee the right to terminate this Agreement and will not affect the Term. Moreover, if Famous Dave's does not exercise the option to purchase granted to it pursuant to this Article and if Franchisee sells or otherwise disposes of any of its Major Assets to a third party, then both Franchisee and the purchaser will be required to comply in all respects with the terms and conditions of Article 16 of this Agreement. Any Assignment of the Major Assets of Franchisee's Restaurant that does not include an Assignment of this Agreement to the assignee will constitute a wrongful termination of this Agreement by Franchisee.

20.9 General Release.

In connection with any Proposed Transfer, Franchisee and each Owner and Personal Guarantor (if any) pursuant to this Agreement must sign a general release of Famous Dave's and its past and present Affiliates of all claims arising out of or relating to this Agreement, to the Restaurant business being operated pursuant to this Agreement, and to all aspects of each of their business relationship with Famous Dave's and its past and present Affiliates, in the reasonable form Famous Dave's then designates, releasing Famous Dave's, its past and present Affiliates and any related parties from all claims up to the date the Proposed Transfer

is effected or if the Proposed Transfer is terminated, Franchisee must sign a release of all claims relating in any way to the failure of the Proposed Transfer to proceed.

20.10 Bankruptcy Issues.

If Franchisee or any person or Entity holding any Ownership Interests (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Assignment of Franchisee's obligations and/or rights hereunder, any Major Assets, or any indirect or direct interest in Franchisee will be subject to all of the provisions of this Article.

ARTICLE 21
FRANCHISEE'S COVENANTS NOT TO COMPETE

21.1 Consideration.

As noted in Article 7.2 above, Franchisee, the Owners and the Personal Guarantors acknowledge that Franchisee, its Owners, partners or officers, and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from Famous Dave's pertaining to the Restaurant System and the operation of the Famous Dave's® Restaurant. In consideration for this information, Franchisee, the Owners, and the Personal Guarantors agree to the provision restricting competition during and after the termination or expiration of this Agreement as set forth Articles 21.2 and 21.3 of this Agreement.

21.2 In-Term Covenant Not to Compete.

Franchisee, the Owners and the Personal Guarantors will not, during the Term, on their own account or as an employee, agent, consultant, Affiliate, licensee, partner, officer, director, or Owner of any other person, firm, Entity, partnership, or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or Entity engaged in a food service business that Famous Dave's determines, in the exercise of its business judgment, serves the same general range of consumer demand (regardless of menu) as comparable to that served by a Famous Dave's® Restaurant, except with the prior written consent of Famous Dave's as provided for in Article 7.2.

21.3 Post-Term Covenant Not to Compete.

(a) Franchisee, the Owners and the Personal Guarantors will not, on their own account or as an employee, principal, agent, independent contractor, consultant, Affiliate, licensee, partner, officer, director or Owner of any other person, firm, Entity, partnership, or corporation (i) for a period of one year after the termination or expiration of this Agreement, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or Entity engaged in a food service business that Famous Dave's determines, in the exercise of its business judgment, serves the same general range of consumer demand (regardless of menu) as comparable to that served by a Famous Dave's® Restaurant which is located within five miles of the Franchised Location, within five miles of any other Famous Dave's® Restaurant, or within any territory granted by Famous Dave's or any Affiliate of Famous Dave's pursuant to an Area Development Agreement or other territorial agreement, and (ii) for a period of two years after the termination or expiration of this Agreement, own, operate, lease, franchise, conduct, engage in, be connected with, a food service business that is reasonably expected to derive, or does derive 15% or more of its gross income from the sale of food items featuring either smoked or barbecued food, if such business is located within five miles of the Franchised Location.

(b) Franchisee, the Owners, and the Personal Guarantors expressly agree that: (i) the time, geographical and product limitations set forth in this provision are reasonable and necessary to protect Famous Dave's and its franchisees if this Agreement expires or is terminated by either party for any reason; (ii) this covenant not to compete is necessary to protect Famous Dave's intellectual property and proprietary rights and give Famous Dave's the opportunity to resell and/or develop a new Famous Dave's® Restaurant at or in the area

near the Franchised Location; and (iii) the time period described in this Article will not begin to run until the covered person or entity is in compliance with this Agreement, and will be tolled during any intervening period of non-compliance.

21.4 Ownership of Public Companies.

Notwithstanding the provisions of Articles 21.2 and 21.3, passive ownership of a financial interest in the securities of a publicly-held business that constitutes 3% or less of that publicly-held entity shall not constitute a violation of Articles 21.2 and 21.3.

21.5 Injunctive Relief.

Franchisee, the Owners, and the Personal Guarantors agree that the provisions of this Article are necessary to protect the legitimate business interest of Famous Dave's and its developers and franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional, and other confidential information to competitors of Famous Dave's and its developers and franchisees, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the Restaurant System, preventing duplication of the Restaurant System by unauthorized third parties, and preventing damage to and/or loss of goodwill associated with the Marks. Franchisee, the Owners, and the Personal Guarantors also agree that damages alone cannot adequately compensate Famous Dave's if there is a violation of this Article by Franchisee, the Owners, or the Personal Guarantors, and that injunctive relief against Franchisee is essential for the protection of Famous Dave's and its developers and franchisees. Franchisee, the Owners, and the Personal Guarantors agree therefore, that if Famous Dave's alleges that Franchisee, the Owners, or the Personal Guarantors have breached or violated this Article, then Famous Dave's will have the right to petition a court of competent jurisdiction for injunctive relief against Franchisee, the Owners, and the Personal Guarantors, in addition to all other remedies that may be available to Famous Dave's. Famous Dave's will not be required to post a bond or other security for any injunctive proceeding. If Famous Dave's is granted ex parte injunctive relief against Franchisee, Franchisee's Owners, or the Personal Guarantors, then Franchisee, the Owners, or the Personal Guarantors will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

21.6 Effect of Local Law.

In the event the provisions of Articles 21.2 or 21.3 are deemed to conflict with applicable law, such provisions shall be revised by Famous Dave's and Franchisee so as to provide the maximum protection allowed to Famous Dave's under applicable law.

ARTICLE 22
INDEMNIFICATION

22.1 Indemnification.

Famous Dave's will not be obligated to any person or Entity for any damages arising out of, from, in connection with, or as a result of Franchisee's activities under this Agreement or the operation of Franchisee's Restaurant. Therefore, except as provided for in Article 13.6, Franchisee will indemnify and hold Famous Dave's harmless against, and will reimburse Famous Dave's for, all damages for which Famous Dave's is held liable and for all costs incurred by Famous Dave's in the defense of any claim or action brought against Famous Dave's arising in whole or in significant part from, in connection with, out of, or as a result of actions, inactions, negligence and/or wrongdoing by Franchisee or Franchisee's employees, agents or representatives, the operation of Franchisee's Restaurant, the activities conducted under this Agreement or in connection with Franchisee's Restaurant and business including, without limitation, attorneys' fees, investigation expenses, court costs, deposition expenses, and Travel Expenses. Franchisee will indemnify Famous Dave's, without limitation, for all claims and damages arising in whole or in significant part from, out of, in connection with, or as a result of the following claims, regardless of whether any such claim is brought by franchisee or any other party: (a) any personal injury, property

damage, commercial loss or environmental contamination resulting from any act or omission of Franchisee or its employees, agents or representatives; (b) any failure on the part of Franchisee to comply with any requirement of any laws or any governmental authority; (c) any failure of Franchisee to pay any of its obligations to any person or Entity; (d) any failure of Franchisee to comply with any requirement or condition of this Agreement or any other agreement with Famous Dave's; (e) any misfeasance or malfeasance by Franchisee or Franchisee's employees, agents or representatives; and (f) any tort committed by Franchisee or its employees, agents or representatives. Franchisee will not be obligated to indemnify Famous Dave's for any claims or damages to the extent they are found to be separately attributable to, arising out of, from, in connection with, or as a result of any negligence or wrongdoing by Famous Dave's. Famous Dave's will have the right to defend any claim made against it arising from, as a result of, in connection with or out of the operation of Franchisee's Restaurant.

22.2 Payment of Costs and Expenses; Continuing Obligations.

Franchisee will pay all attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses) incurred by Famous Dave's if Famous Dave's prevails in any action: (a) it commences or defends to enforce any term, condition, or provision of this Agreement, or (b) to enjoin any violation of this Agreement by either Famous Dave's or Franchisee. These indemnification provisions and the other obligations contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 23
COMMUNICATION; DISPUTE RESOLUTION

23.1 General Principles.

Famous Dave's and Franchisee have entered into a long-term contractual relationship that give rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in light of the overall best interests of reputation and image of the Famous Dave's® franchise system, as contemplated by this Agreement. To that end, Famous Dave's and Franchisee acknowledge that they should attempt to resolve disagreements and/or disputes before they negatively impact the relationship or the network of company-owned and franchised Famous Dave's® Restaurants. Two-way communication between Famous Dave's and Franchisee are an important aspect of that principle. The provisions of this Article 23 are intended to facilitate such communication and the prompt resolution of any disagreements between the Famous Dave's and Franchisee. To the extent any element or aspect of this Article 23 is found, under applicable law, to be unenforceable in any way, it shall not be deemed void but, if possible, shall be enforced to the fullest lawful extent and all other provisions of this Article 23 shall remain in full force and effect.

23.2 Availability of Alternative Dispute Resolution.

Except for the disputes described in Article 23.3 of this Agreement and except as otherwise specifically modified by this Article 23, any dispute between Famous Dave's and any of its Affiliates, and Franchisee and any of its Affiliates, arising out of, relating to or referencing this Agreement or its breach in any way, including without limitation, any claim sounding in tort arising out of the relationship created by this Agreement, and any claim that this Agreement or any other of its parts is invalid, illegal or otherwise voidable or void, is subject to the dispute resolution provisions set forth in this Article 23. "Affiliates," as used only in this Article 23, will include the definition of the term Affiliate set forth in Article 28.2 of this Agreement as well as all persons or Entities who/that, directly or indirectly, own or control, are owned or controlled by, or are under common ownership or control with Famous Dave's or Franchisee, and will also include all officers, directors, employees, managers, representatives and agents of the foregoing acting in the course of conducting business activities related to Famous Dave's or Franchisee and the Personal Guarantors of the obligations of Franchisee under this Agreement.

23.3 Disputes Not Subject to Alternative Dispute Resolution.

The following categories of dispute between Famous Dave's and Franchisee will not be subject to the alternative dispute resolution procedures set forth in this Article 23:

(a) any dispute involving Franchisee's use of the Marks in violation of this Agreement;

(b) any dispute in which any injunctive relief is sought, but only to the extent of proceedings for such relief;

(c) any dispute relating to an Assignment in violation of this Agreement;

(d) any dispute involving Franchisee's violation of the provisions of this Agreement relating to confidentiality and the covenants not to compete; or

(e) any dispute in any way relating to the scope, application or enforceability of this Article 23.

23. 4 Disputes Subject to Arbitration.

Except as expressly provided to the contrary in Article 23.3 of this Agreement, all disputes and controversies between Franchisee or any of its Affiliates and Famous Dave's or any of its Affiliates, including allegations of fraud, misrepresentation, and violation of any state or federal laws, rules, or regulations, arising in whole or in significant part under, as a result of, or in connection with this Agreement, the Franchised Location or Franchisee's Restaurant business that have not been resolved by pre-arbitration mediation or by pre-mediation agreement are subject to and will be resolved exclusively by arbitration conducted in accordance with the Code of Procedure of the National Arbitration Forum, Post Office Box 50191, Minneapolis, Minnesota 55405 (www.adrforum.com).

23.5 Written Notice of Unresolved Disputes.

(a) Written notice of a dispute involving termination shall be given as provided in Articles 17 and 18 of this Agreement.

(b) Except as provided in Articles 23.3 and 23.5(a) above, all other disputes shall be brought to the attention of Famous Dave's or Franchisee by delivering a written notice headed "Notification of Dispute." Delivery of such notice shall be made within 30 days after the date on which facts respecting the dispute first come to Famous Dave's or Franchisee's attention. A notice of breach of this Agreement may precede the Notification of Dispute and, in such cases, if the breach is subject to correction, the Notification of Dispute may be sent at such time as it appears that the breach has not been fully corrected or is unable to be cured, or no cure is available. The Notification of Dispute shall specify, to the fullest extent possible, the party's version of facts surrounding the dispute, the amount of damages and/or the nature of any other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute shall respond within 10 business days, stating its version of the facts and, if applicable, its position as to the relief sought by the party initiating the dispute procedure.

(c) If upon receipt of a Notification of Dispute and responses under Article 23.5(b), the dispute (or any part thereof) is not resolved, the party initiating the Notification of Dispute shall so indicate in writing within five business days or the dispute shall be deemed to be resolved as set forth in the response to the Notification of Dispute. If the dispute is not resolved, the parties shall endeavor in good faith to resolve the dispute outlined in the Notification of Dispute and responses.

(d) All notices, requests and responses to be delivered to Famous Dave's or to Franchisee under this Article 23.5 shall be delivered in accordance with the notice provisions of this Agreement.

23.6 Option for Pre-Arbitration Mediation.

(a) Either Franchisee or Famous Dave's may request pre-arbitration mediation. The procedures for selecting a pre-arbitration mediation, the manner in which it will be conducted shall all be in accordance with in accordance with the Code of Procedure of the National Arbitration Forum, Post Office Box 50191, Minneapolis, Minnesota 55405 (www.adrforum.com). Pre-arbitration mediation will take place

exclusively in Minneapolis, Minnesota. Franchisee and Famous Dave's each agree to participate in such mediation.

(b) The object of any mediation subject to this Article 23.6 is to assist the parties in reaching a mutually acceptable resolution of the dispute. Such mediation shall, in all circumstances, be consistent with the rights and obligations created by this Agreement and shall not be premised on the derogation or diminution of those rights or disregard of those rights. The mediation process shall begin promptly and shall be concluded within 10 business days after the day the request for mediation is made, unless the parties mutually otherwise agree. In the event the mediator concludes that either Franchisee or Famous Dave's is using the pre-arbitration mediation process solely for purposes of achieving delay, the mediator may terminate the pre-arbitration mediation. Any and all discussions, negotiations, findings or other statements by the mediator and/or the parties made in connection with the mediation shall be privileged and confidential and shall not be admissible into evidence in any litigation; provided, however, that the parties or any Arbitrator may ask the mediator to prepare a final Listing of Relevant Facts including those facts that appear to be related to the dispute and undisputed; those that appear to be relevant to the dispute but are the subject of factual disagreement; and those that (whether disputed or not) appear to be irrelevant to the dispute. The mediator's Listing of Relevant Facts shall be on an advisory basis and may not be admitted as evidence in any proceeding between the parties or used outside of the proceeding; provided, however, that either party may make reference to the Listing of Relevant Facts on an in camera basis in the course of pre-trial proceedings in a subsequent court proceeding between the parties involved in the dispute.

23.7 Demand for Arbitration.

If the dispute alleged by either party has not been corrected, settled, or compromised within the time period provided for in this Article 23 and, if pre-arbitration mediation has been pursued, within five business days after the mediation has concluded, then either party may demand arbitration in accordance with the Code of Procedure of the National Arbitration Forum. The party will promptly make the demand for arbitration, but in any event, before the applicable statute of limitations would bar the institution of legal or equitable proceedings based on the dispute or claim. Unless agreed otherwise by the parties, three Arbitrators will be selected to hear the matter, one of which must be a retired judge. No person participating as a pre-arbitration mediator shall act as an Arbitrator.

23.8 Venue and Jurisdiction.

All arbitration hearings will take place exclusively in Minneapolis, Minnesota, and will be held no later than 90 days after the Arbitrators have been selected. Famous Dave's and Franchisee and their respective Affiliates do hereby agree and submit to personal jurisdiction in the State of Minnesota in connection with any arbitration hearings hereunder and any suits brought to enforce the decision of the Arbitrators, and do hereby waive any rights to contest venue and jurisdiction in the State of Minnesota and any claims that venue and jurisdiction are invalid.

23.9 Powers of Arbitrators.

(a) The authority of the Arbitrators will be limited to making a finding, judgment, decision, and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Federal Rules of Evidence (the "Rules") will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents, and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who testified against them or in favor of the other party. The Arbitrators will have no authority to add to, delete, or modify in any manner the terms and provisions of this Agreement. The "business judgment" provision in Article 24.2 of this Agreement is fully applicable to this arbitration. All findings, judgments, decisions, and awards of the Arbitrators will be limited to the dispute set forth in the written demand for arbitration, and the Arbitrators will have no authority to decide any other issues. The Arbitrators will not have the right or authority to award punitive or consequential damages to either

Famous Dave's or Franchisee or the Affiliates of either of them, and Famous Dave's and Franchisee and their respective Affiliates expressly waive their rights to plead or seek punitive or consequential damages. All findings, judgments, decisions and awards by the Arbitrators will be written form, setting forth findings of fact and reasoned conclusions of law, and will be made within 60 days after the arbitration hearing has been completed.

(b) In undertaking arbitration proceedings, the Arbitrators shall indicate in writing or in any other record that they have read and agreed to this Article 23.9.

(c) The findings, judgments, decisions and awards of the Arbitrators made in accordance with this Article 23 will be final and binding on Famous Dave's and Franchisee and all other parties to the arbitration. The written decision of the Arbitrators will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party.

(d) If, during the course of arbitration, either party fails to appear at a meeting or hearing duly scheduled in accordance with the Code of Procedure of the National Arbitration Forum, the Arbitrators will have the absolute right to enter a default judgment and resulting order against the party failing to appear.

(e) In any proceeding involving termination, the proceeding may be dismissed by the Arbitrators on a determination that Franchisee is not diligently pursuing arbitration and is using the arbitration procedure to achieve unwarranted delay in termination; in such case, termination shall proceed as originally noticed.

23.10 No Collateral Estoppel or Class Actions.

All arbitration findings, conclusions, orders, and awards made by the Arbitrators will be final and binding on Famous Dave's and Franchisee; however, such arbitration findings, conclusions, orders, and awards may not be used to collaterally estop either Franchisee or Famous Dave's from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing, or other proceeding involving third parties, including other developers or franchisees. Famous Dave's and Franchisee agree that no person or Entity except Famous Dave's and Franchisee, and their respective officers, directors, governors, Owners, and/or Personal Guarantors will have the right to join in, become a party, litigate, or participate in any arbitration proceeding arising under this Agreement, and therefore, Famous Dave's and Franchisee specifically agree that the National Arbitration Forum and the Arbitrators appointed under the National Arbitration Forum procedural rules will not be authorized to permit class or consolidated actions or to permit any other person or Entity to be involved, participate, or be named as a litigating party in any arbitration proceeding or matter brought under this Agreement by Famous Dave's or Franchisee or their respective Affiliates.

23.11 Confidentiality.

All evidence, testimony, records, documents, findings, decisions, judgments, and awards pertaining to any arbitration hearing between Famous Dave's and Franchisee will be secret and confidential in all respects. Except as provided for in Article 23.5 or as may be required by applicable law or regulation, Famous Dave's and Franchisee will not disclose the decision or award of the Arbitrators and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the arbitration hearing to any person or Entity except as required by law. Nothing herein will prevent either party from disclosing or using any information presented in any arbitration proceeding in any subsequent court hearing brought by either Franchisee or Famous Dave's pursuant to this Agreement.

23.12 Performance During Arbitration of Disputes; Survival of Obligations.

Famous Dave's and Franchisee will each fully perform their obligations under this Agreement during the entire arbitration process. Famous Dave's and Franchisee acknowledge and agree that this Article 23 will survive the termination or expiration of this Agreement.

23.13 **Claims**.

Except for those Claims brought under the indemnification or insurance coverage provisions, upon expiration or termination of this Agreement, neither party will commence any Claim related to or arising out of this Agreement, unless commenced within one year following the effective date of expiration or termination. "Claims" means any allegation, challenge, demand, cause of action, lawsuit, arbitration, dispute, controversy, investigation or administrative proceeding.

ARTICLE 24
ENFORCEMENT

24.1 Injunctive Relief.

Famous Dave's will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to: (a) Franchisee's use of the Marks or the Restaurant System; (b) the obligations of Franchisee upon termination or expiration of this Agreement; and (c) Franchisee's violation of the provisions of this Agreement relating to confidentiality and the covenants not to compete.

24.2 Business Judgment.

In connection with any dispute, mediation or court proceedings, Famous Dave's and Franchisee, on behalf of themselves and all Affiliates, mediators, Arbitrators, judges or others involved in the dispute resolution process agree and are affirmatively advised that certain provisions of this Agreement reflect the right of Famous Dave's to take (or refrain from) certain actions in the exercise of its business judgment, based on its assessment of the long-term interest of Famous Dave's, the Restaurant System, and the network of Famous Dave's® Restaurants. Where such discretion is shown to have been exercised, it is agreed that neither a mediator, Arbitrator, nor a judge shall substitute his or her judgment for the judgment so exercised by Famous Dave's. The foregoing reference to Famous Dave's exercise of its business judgment is intended to establish a standard under which such judgment is subject to review in order to determine whether it reflects a business judgment exercised with a reasonable basis and not as a matter of pretext or caprice, and to provide that, if that standard has in fact been met, such judgment is to be respected and not overturned.

24.3 Severability.

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Famous Dave's is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction.

24.4 Waiver.

Famous Dave's and Franchisee may, by written instrument signed by Famous Dave's and Franchisee, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Famous Dave's of any payment or partial payment by Franchisee and the failure, refusal, or neglect of Famous Dave's to exercise any right under this Agreement or to insist upon full compliance by Franchisee of its obligations hereunder will not constitute a waiver by Famous Dave's of any provision of this Agreement. Famous Dave's will have the absolute right to waive obligations or restrictions for other franchisees under their franchise agreements without waiving those obligations or restrictions for Franchisee and, except to the extent

provided by law, Famous Dave's will have the right to negotiate terms and conditions, grant concessions, and waive obligations for other franchisees without granting those same rights to Franchisee and without incurring any liability to Franchisee whatsoever.

24.5 Payments to Famous Dave's.

Franchisee will not, on grounds of the alleged nonperformance by Famous Dave's of any of its obligations under this Agreement, any other contract between Famous Dave's and Franchisee, or for any other reason, withhold payment of any fees or payments due Famous Dave's pursuant to this Agreement or any other contract with Famous Dave's. Franchisee will not have the right to "offset" or withhold any liquidated or unliquidated amounts, damages, or other funds allegedly due to Franchisee by Famous Dave's against any fees or payments due to Famous Dave's by Franchisee. Famous Dave's will have the right to deduct from amounts payable to Franchisee by Famous Dave's or an Affiliate any fees or other payments owed to Famous Dave's, an Affiliate or a third party. Famous Dave's will also have the right to apply the fees and other payments made to Famous Dave's by Franchisee in such order as Famous Dave's may designate from time to time. As to Franchisee and its Affiliates, Famous Dave's will have the right to: (a) apply any payments received to any past due, current, future or other indebtedness of any kind, no matter how payment is designated by Franchisee, except that Marketing Fund Fees may only be credited to the Fund; (b) set off, from any amounts that may be owed by Famous Dave's, any amount owed to Famous Dave's, the Fund or any other fund or account; and (c) retain any amounts received for Franchisee's account (and/or that of any Affiliate of Franchisee), whether rebates from suppliers or otherwise, as a payment against any fee or payment owed to Famous Dave's. Famous Dave's will have the right to exercise any of the foregoing rights in connection with amounts owed to or from Famous Dave's and/or any Affiliate.

24.6 Effect of Wrongful Termination.

If either Famous Dave's or Franchisee takes any action to terminate this Agreement or Franchisee takes any action to convert its Restaurant to another business, and such actions were taken without first complying with the terms and conditions of this Agreement, including Article 17 or Article 18 of this Agreement, as applicable, then: (a) such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement; (b) the terms and conditions of this Agreement will remain in full force and effect; and (c) the parties will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

24.7 Miscellaneous.

The rights of Famous Dave's hereunder are cumulative and no exercise or enforcement by Famous Dave's of any right or remedy hereunder will preclude the exercise or enforcement by Famous Dave's of any other right or remedy hereunder or which Famous Dave's is entitled by law to enforce. This Agreement is binding upon the parties hereto and their executors, administrators, heirs, assigns, and successors in interest. If Franchisee consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several.

24.8 Construction To Perfect Nature and Purpose of Agreement.

In any instance where a term or provision of this Agreement requires construction by a court or an Arbitrator, construction shall reflect the objectives of the parties as stated in Article 1 of this Agreement. No ambiguity or other reason for construction shall be based on the identity of the party drafting this Agreement or any part thereof.

24.9 Headings; Terms.

The headings of the Articles are for convenience only and do not in any way define, limit, or construe the contents of such Articles. The term "Franchisee" as used herein is applicable to one or more individuals, a corporation, or a partnership, as the case may be, and the singular usage includes the plural, the masculine

usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "Franchisee," "assignee" and "transferee" which are applicable to an individual or individuals means the Owner or Owners of the equity or operating control of Franchisee or any such assignee or transferee if Franchisee or such assignee or transferee is a corporation or partnership.

24.10 Venue and Jurisdiction.

All litigation, court proceedings, arbitration proceedings, lawsuits, and court hearings initiated by Franchisee or Famous Dave's, including any action to contest the arbitration provisions of this Agreement, must and will be venued exclusively in Hennepin County, Minnesota. Franchisee, its officers, directors, the Owners and the Personal Guarantors do hereby agree and submit to personal jurisdiction in Hennepin County, Minnesota for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement, the Franchised Location, or Franchisee's Restaurant, and do hereby agree and stipulate that any such suits, proceedings, and hearings will be exclusively venued and held in Hennepin County, Minnesota. Franchisee, its officers, directors, the Owners and the Personal Guarantors waive any rights to contest such venue and jurisdiction and any claims that such venue and jurisdiction are invalid.

24.11 Federal Arbitration Act.

Any issue regarding arbitration will be governed by the Federal Arbitration Act and the federal common law of arbitration.

24.12 Waivers in Event of Court Proceedings.

If any dispute between Famous Dave's and Franchisee is subject to a proceeding in a court of law, it shall be tried to the court sitting without a jury, notwithstanding any state or federal constitutional or statutory rights or provisions and no punitive or exemplary damages shall be awarded against either Famous Dave's or Franchisee, or any Affiliates of either of them, in any proceeding, and all claims to such damages are hereby waived.

ARTICLE 25
NOTICES

25.1 Notices.

All notices permitted or required to be delivered by the provisions of this Agreement will be deemed so delivered: (a) at the time delivered by hand; (b) immediately upon transmission by electronic mail or other comparable electronic system, provided there is evidence of delivery; (c) one business day after being placed in the hands of a commercial courier service for next business day delivery, provided there is evidence of delivery; or (d) five business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

25.2 Address for Notices.

All notices permitted or required to be delivered pursuant to this Article must be delivered to the party to be notified as follows: (a) if intended for Famous Dave's, addressed to CEO, Famous Dave's of America, Inc., 12701 Whitewater Drive, Suite 290, Minnetonka, Minnesota 55343-4164, or such other address (including electronic mail address) as Famous Dave's may designate in writing; or (b) if intended for Franchisee, addressed to Franchisee at the Franchised Location or such other address (including electronic mail address) as Franchisee may designate in writing.

ARTICLE 26
ACKNOWLEDGMENTS; DISCLAIMERS

26.1 Disclaimer.

Famous Dave's does not warrant or guarantee that Franchisee will derive income or profit from its Restaurant, or that Famous Dave's will refund all or part of the Initial Fee paid by Franchisee or repurchase any of the Foods, Beverages, and Products, technology, or FF&E supplied or sold by Famous Dave's or by an approved or designated supplier if Franchisee is in any way unsatisfied with its Restaurant. Famous Dave's expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Revenues, economics, business, or financial success, or value of Franchisee's Restaurant except as specifically contained in Famous Dave's Franchise Disclosure Document received by Franchisee.

26.2 Acknowledgments by Franchisee.

Franchisee acknowledges that it has conducted an independent investigation of the Franchise and recognizes that the business venture contemplated by this Agreement and the operation of the Restaurant involve business and economic risks. Franchisee acknowledges that the financial, business, and economic success of Franchisee's Restaurant will be primarily dependent upon the personal efforts of Franchisee, its management and employees, on economic conditions in the area where the Franchised Location is located, and economic conditions in general. Franchisee acknowledges that it has not received any estimates, projections, representations, warranties, or guaranties, expressed or implied, regarding potential sales, Revenues, income, profits, earnings, expenses, financial or business success, value of the Restaurant, or other economic matters pertaining to Franchisee's Restaurant from Famous Dave's or any of its representatives or agents that were not expressly set forth in Famous Dave's Franchise Disclosure Document, or if not expressly set forth therein, that were inconsistent with the information therein ("Representations"). Franchisee further acknowledges that if it had received any such Representations, it would have not executed this Agreement, promptly notified the President of Famous Dave's in writing of the person or persons making such Representations, and provided to Famous Dave's a specific written statement detailing the Representations made.

26.3 Other Franchisees.

Franchisee acknowledges that other Famous Dave's® franchisees have or will be granted franchises at different times, different locations, under different economic conditions, and in different situations, and further acknowledges that the economics and terms and conditions of such other franchises may vary substantially in form and in substance from those contained in this Agreement.

26.4 Time is of the Essence.

Franchisee acknowledges and agrees that TIME IS OF THE ESSENCE with respect to the performance of its obligations under this Agreement.

ARTICLE 27
GOVERNING LAW; STATE MODIFICATIONS

27.1 Governing Law; Severability.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.) and the Federal Arbitration Act, this Agreement and the relationship between Famous Dave's and Franchisee will be governed by the laws of the state in which the Franchised Location is located, irrespective of any conflict of laws. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections

provided by any such franchise law or regulation. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by Franchisee and Famous Dave's.

27.2 Applicable State Laws.

As of the date of this Agreement, the following states have statutes which may supersede the provisions of this Agreement in Franchisee's relationship with Famous Dave's in the areas of termination and renewal of the Franchise: Arkansas [Stat. Section 70-807], California [Bus. & Prof. Code Sections 20000-20043], Connecticut [Gen. Stat. Section 42-133e et seq.], Delaware [Code Section 2552], Hawaii [Rev. Stat. Section 482E-1], Illinois [815 ILCS 705/19-20], Indiana [Stat. Section 23-2-2.7], Michigan [Stat. Section 19.854(27)], Minnesota [Stat. Section 80C.14], Mississippi [Code Section 75-24-51], Missouri [Stat. Section 407.400], Nebraska [Rev. Stat. Section 87-401], New Jersey [Stat. Section 56:10-1], Virginia [Code 13.1-557-574-13.1-564], Washington [Code Section 19.100.180], and Wisconsin [Stat. Section 135.03]. These and other states may have court decisions that may supersede the provisions of this Agreement in Franchisee's relationship with Famous Dave's in the areas of termination and renewal of the Franchise.

27.3 State Law Modifications.

If in accordance with Article 27.1, this Agreement is governed by the laws of California, Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin, or if the laws of any such state are otherwise applicable, then the designated provisions of this Agreement are amended and revised to comply with that state's law as shown in the applicable State Law Addendum attached to this Agreement and signed by both Famous Dave's and Franchisee.

ARTICLE 28
DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

28.1 Abandon.

"Abandon" means the conduct of Franchisee indicating the willingness, desire, or intent of Franchisee to discontinue operating its Famous Dave's® Restaurant in accordance with the quality standards, uniformity requirements, and the Restaurant System as described in this Agreement and the Standard Operating Procedures/Training Manual(s) including, but not limited to, the failure of Franchisee to operate the Restaurant for five or more consecutive days without the prior written approval of Famous Dave's or any shorter period of time after which Famous Dave's determines that Franchisee does not intend to continue operating the Restaurant, or the failure to remain open for business during specified business hours.

28.2 Affiliate.

"Affiliate" will mean any individual or Entity who/that, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with Famous Dave's or Franchisee, as applicable.

28.3 Arbitrator.

"Arbitrator" means an arbitrator acting in accordance with the provisions of Article 23 of this Agreement.

28.4 Area Development Agreement.

"Area Development Agreement" means the agreement entered into between Famous Dave's and Franchisee granting Franchisee, or an Entity owned by Franchisee, and/or the Owners of Franchisee (referred to as the Area Developer in the Area Development Agreement), the right to develop the Restaurant at the Franchised Location pursuant to the terms of this Agreement.

28.5 Assign or Assignment.

"Assign" or "Assignment" means sale, assignment, pledge, bequeath, trade, transfer, lease, or sublease.

28.6 Competitive Business.

"Competitive Business" has such meaning as is set forth in Article 7.2(b) of this Agreement.

28.7 Confidential and Proprietary Information.

"Confidential and Proprietary Information" has such meaning as is set forth in Article 9.3 of this Agreement.

28.8 Designated Market Area.

"Designated Market Area" or "DMA" means each television market exclusive of another based upon a preponderance of television viewing hours as defined by the A.C. Nielsen ratings service or such other ratings service as may be designated by Famous Dave's.

28.9 Develop.

"Develop," for the purposes of Article 2.3 of this Agreement, means to franchise, license, own, manage, or operate.

28.10 Dollars.

"Dollars" means United States of America dollars.

28.11 Entity.

"Entity" means a corporation, limited liability company, partnership, limited partnership, or any other type of legal entity formed in compliance with applicable law.

28.12 FF&E.

"FF&E" means furniture, fixtures, and equipment.

28.13 Financial Records.

"Financial Records" means all accounting records and ledgers maintained in a written form, on a computer disk or hard drive, and in any other electronic or other form including, but not limited to, sales ledgers, work papers, general ledgers, summaries, schedules, bank statements, cancelled checks, bank deposit slips, federal and state income tax returns, state sales tax returns, Financial Statements, daily cash register tapes, and related detailed supporting documentation.

28.14 Financial Statements.

"Financial Statements" means a balance sheet, profit and loss statement, statement of cash flows, and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis.

28.15 Foods, Beverages, and Products.

"Foods, Beverages, and Products" means the authorized foods, food items, meats, vegetables, alcoholic and non-alcoholic beverages, menu items, proprietary sauces, seasonings, spices, recipe ingredients, disposable and table top items, clothing, products, merchandise and services that are specified in the Standard Operating Procedures/Training Manual(s) or otherwise approved by Famous Dave's in writing that are: (a) used in the operation of the Restaurant, (b) used in the preparation of any foods or food items, and/or (c) offered for sale to customers of the Restaurant.

28.16 Franchise.

"Franchise" means the right granted by Famous Dave's to Franchisee under this Agreement authorizing Franchisee to operate a Famous Dave's® Restaurant at the Franchised Location in conformity with the Restaurant System using the name "Famous Dave's®" and the other Marks.

28.17 Franchised Location.

"Franchised Location" means the address, city, and state of Franchisee's Famous Dave's® Restaurant set forth in Exhibit A to this Agreement.

28.18 General Manager.

"General Manager" means the individual responsible for the overall management and operation of the Famous Dave's® Restaurant including, but not limited to, administration, basic operations, marketing, customer and community relations, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation, and maintenance of the Franchised Location.

28.19 Lease.

"Lease" means the written lease agreement and related documents signed by Franchisee for the Franchised Location.

28.20 Major Assets.

"Major Assets" means: (a) Franchisee's Restaurant; (b) the Franchised Location; (c) the Lease for the Franchised Location; (d) the material portion of FF&E, inventory, point of sale system, customer lists, and all other assets used in Franchisee's Restaurant; (e) this Agreement; (f) any Ownership Interest in Franchisee; (g) all FF&E leases, (h) the land, building and related real estate used for Franchisee's Restaurant, if the land, building and real estate are owned by Franchisee; or (i) the right to receive a portion of the income or profits generated from any of the above, other than bona fide percentage rent obligations contained in the Lease.

28.21 Marks.

"Marks" includes the name "Famous Dave's®," the phrases "May You Always Be Surrounded by Good Friends®," "All American BBQ Feast®," "Golden Spit Roasted®," "Real Honest Barbeque®" and such other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans, and tag lines as Famous Dave's has or may develop for use in connection with Famous Dave's® Restaurants.

28.22 Month.

"Month" means the period of time or dates for each calendar year specified by Famous Dave's in the Standard Operating Procedures/Training Manual(s) or otherwise in writing.

28.23 Multi-Unit Manager.

"Multi-Unit Manager" means the individual meeting the requirements of Article 2.6 of this Agreement who devotes his or her full time and best efforts to the operation of the Restaurant and the other Famous Dave's® Restaurants developed pursuant to the Area Development Agreement with Famous Dave's.

28.24 Revenue Report.

"Revenue Report" means the written or electronic record, in the form designated in the Standard Operating Procedures/Training Manual(s), used to report the daily and weekly Revenues and other specified financial information for Franchisee's Famous Dave's® Restaurant.

28.25 Standard Operating Procedures/Training Manual(s).

"Standard Operating Procedures/Training Manual(s)" or "Manuals" means the confidential and copyrighted standard operations and training manuals and other training and operational materials developed by Famous

Dave's and loaned to Franchisee pursuant to this Agreement via any reasonable method, including online or electronically.

28.26 Operating Partner.

"Operating Partner" means the individual designated by Franchisee as required by Article 2.5 of this Agreement.

28.27 Owner.

"Owner" means any person or Entity who owns: (a) any shares of capital stock in Franchisee if Franchisee is a corporation, (b) any membership interests in Franchisee if Franchisee is a limited liability company, (c) partnership interests in Franchisee if Franchisee is a partnership, (d) any limited or general partnership interests if Franchisee is a limited partnership, and (e) any other kind or type of Ownership Interest in Franchisee.

28.28 Ownership Interests.

"Ownership Interests" means: (a) capital stock if Franchisee is a corporation, (b) membership interest if Franchisee is a limited liability company, (c) partnership interest if Franchisee is a partnership, (d) limited or general partnership interests if Franchisee is a limited partnership, and (e) all other types and means of ownership or other legal interest in Franchisee.

28.29 Per Diem Training Fee

"Per Diem Training Fee" will mean the current daily fee charged by Famous Dave's for each employee or independent contractor of Famous Dave's who provides any training, coaching, consulting and/or instructing services or any opening or operational assistance or other services to Franchisee pursuant to the terms of this Agreement. The amount of the Per Diem Training Fee will be the amount specified in the most current publication and update of the Standard Operating Procedures/Training Manual(s) or as otherwise specified in writing or on-line by Famous Dave's, and the amount of the Per Diem Training Fee may be increased from time to time, at the sole option of Famous Dave's, to account for inflation, increased costs and other economic conditions.

28.30 Personal Guarantors.

"Personal Guarantor(s)" means the individual(s) who sign the Personal Guaranty attached to this Agreement.

28.31 Required Opening Date.

"Required Opening Date" means the date set forth in Exhibit A under the "Required Opening Date" heading.

28.32 Restaurant System.

"Restaurant System" has the meaning set forth in Article 1.1 of this Agreement.

28.33 Revenues.

"Revenues" means the total dollar gross income of any kind or description received by Franchisee, directly or indirectly, from the operation of Franchisee's Restaurant and from any other form of activity related to Franchisee's Restaurant or the Marks. It includes, but is not limited to, all cash and credit sales made by Franchisee of every kind and nature made at, from, by, or in connection with Franchisee's Restaurant including, but not limited to, all dollars and income received from and/or sale of: (a) foods, food products and food items, whether prepared in the Restaurant or pre-packaged; (b) alcoholic and non-alcoholic beverages and drinks; (c) any and all goods, products or items sold under any of the Marks; (d) admission or cover charges; (e) vending machines, telephones and electronic and other amusement games; (f) slot machines, and gaming machines; (g) lotteries, lottery tickets and pull tabs; (h) hats, sweatshirts, T-shirts,

jackets, clothing, music CDs and other recordings and other merchandise sold from the Franchised Location or as part of the operation of the Franchise; (i) cigars, cigarettes, tobacco products, candies and gum; (j) banquets; (k) catering; (l) carry-out items; (m) any and all other foods, food items, beverages, merchandise, and products; (n) all off-premises sales of foods, food products, and all other products and services offered in connection with Franchisee's Restaurant; (o) the redemption of gift cards by Franchisee's Restaurant; and (p) any business interruption insurance payments made to Franchisee by an insurance company. "Revenues" will not include the amount of any sales, use, or gross receipts tax imposed by any federal, state, municipal, or governmental authority directly upon sales, if the amount of the tax is added to the selling price and is charged to the customer, a specific record is made at the time of each sale of the amount of such tax, and the amount of such tax is paid to the appropriate taxing authority by Franchisee; the amount of all discounts and coupons which are taken or redeemed at Franchisee's Restaurant provided, that a specific record is made of the amount of the reduction in the menu price as a result of such discount taken or coupon redeemed; the sale of gift cards by Franchisee's Restaurant; the one-time sale of any FF&E or any inventory items to a purchaser; and the amount of all employee meal discounts (e.g., manager meals) taken by employees at Franchisee's Restaurant, provided that a specific record is made of the amount of the reduction in menu price as a result of such discount.

28.34 Salaries and Benefits.

"Salaries and Benefits" means the salaries, fringe benefits, including life insurance, medical insurance, and retirement plans, payroll taxes, unemployment compensation, workers' compensation insurance, and all other expenses related to employment.

28.35 Travel Expenses.

"Travel Expenses" means all costs incurred for airfare, travel, transportation, food, lodging, telephone, automobile rental, and all related travel expenses.

28.36 Week.

"Week" or "weekly" means a period of seven consecutive days from Monday through Sunday.

ARTICLE 29
INTEGRATED AND COMPLETE AGREEMENT

29.1 No Oral Representations or Agreements.

Famous Dave's and Franchisee each acknowledge and agree that each intends to have all terms of this business relationship defined in this Agreement, except to the extent that this business relationship is also defined in any Area Development Agreement and other agreements related to the operation of Famous Dave's® Restaurants entered into by the Parties (collectively, "Related Agreements"). Neither Famous Dave's nor Franchisee intend to enter into a business relationship under terms and obligations created by alleged oral statements or under which oral statements serve as the basis for rights or obligations different from or supplementary to the rights and obligations set forth in this Agreement or in any Area Development Agreement signed by the Parties, as either may be amended in writing from time to time hereafter, or in documents whose terms have been expressly incorporated by reference under Articles of this Agreement. Accordingly, Famous Dave's and Franchisee acknowledge and agree that this Agreement and any Related Agreements supersede and cancel any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Famous Dave's or anyone acting on its behalf and Franchisee or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent of such terms) with respect to the Franchise, the Restaurant and the Restaurant System or the relationship between the Parties. Famous Dave's and Franchisee each agrees that it has placed, and will place, no reliance on any such discussions or writings.

29.2 Entire Agreement.

This Agreement, including any and all exhibits and attachments hereto, constitutes the entire agreement between the Parties, containing all of the terms, conditions, rights and obligations of the Parties with respect to the Franchise, the Restaurant and the Restaurant System or to any other aspect of the relationship between the Parties, except to the extent that such relationship and the Restaurant System are addressed in the Related Agreements. In the event of a conflict between the terms and conditions of this Agreement and those of a Related Agreement, this Agreement shall prevail. No change, modification, amendment or waiver of any of the provisions of this Agreement will be effective and binding upon Famous Dave's or Franchisee unless in writing, specifically identified as an amendment to this Agreement, and signed by the Parties.

29.3 Documents Incorporated By Reference.

The mandatory terms (as opposed to terms that reflect optional standards and best practices) of the Standard Operating Procedures/Training Manual(s) establishing obligations of Franchisee, as the Manuals may be amended from time to time, shall be considered to be incorporated in this Agreement as if set forth herein in full text.

29.4 Other Writings Not Part of Agreement.

Famous Dave's and Franchisee recognize that from time to time during the Term, there will be written correspondence between them. Except as provided herein, Famous Dave's and Franchisee agree that other writings, including internal policy statements reflecting the current practices of Famous Dave's not otherwise stated in the Standard Operating Procedures/Training Manual(s) do not constitute a part of this Agreement and do not create contract rights or obligations.

29.5 No Future Promises.

No future agreements for exclusive territories, business relationships or any other business activities have been promised to Franchisee, and no such exclusive territories, business relationships or any other business activities shall come into existence, except by means of a separate writing signed by the Parties and specifically identified as such.

[Signature pages follow]

IN WITNESS WHEREOF, Famous Dave's, Franchisee, and the Owners have respectively signed this Agreement effective as of the day and year first above written.

In the Presence of:

FAMOUS DAVE'S OF AMERICA, INC.

_____
Signature

By _____

_____
Print Name

_____
Print Name

Its _____

In the Presence of:

FRANCHISEE

_____
Signature

_____
Legal Business Name

_____
Print Name

By _____

_____
Print Name

Its _____

Each of the undersigned Owners hereby agree to be bound by the terms and conditions of this Agreement that are specifically or by their nature applicable to each one of the Owners, which in no event will limit any of the obligations undertaken by each of the Owners under this Agreement, in any other capacity, or under any other agreement or personal or other guaranty.

In the Presence of:	Names of Owners:	Percentage of Ownership:
_____ Signature	_____ Signature	_____%
_____ Print Name	_____ Print Name	
_____ Signature	_____ Signature	_____%
_____ Print Name	_____ Print Name	
_____ Signature	_____ Signature	_____%
_____ Print Name	_____ Print Name	
_____ Signature	_____ Signature	_____%
_____ Print Name	_____ Print Name	
	Total	100%

Operating Partner:

_____
Name

_____
Address

_____
City, State, Zip Code

_____
Telephone

_____
Cell Phone

_____
Email Address

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "Personal Guaranty") is made and entered into this _____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and each one of the undersigned personal guarantors (the "Personal Guarantors").

WHEREAS, Famous Dave's and _____ ("Franchisee") have entered into a Franchise Agreement, dated the same date as set forth above, for the operation of a franchised Famous Dave's® Restaurant at the Franchised Location set forth in the Franchise Agreement (the "Franchise Agreement").

WHEREAS, it is the desire of each one of the undersigned Personal Guarantors to personally guaranty the obligations of Franchisee under the Franchise Agreement and to be individually, jointly and severally bound by the terms and conditions of the Franchise Agreement.

NOW, THEREFORE, in consideration of the execution of the Franchise Agreement by Famous Dave's, and for other good and valuable consideration, each one of the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Franchise Agreement, including the covenants not to compete, to be paid, kept and performed by Franchisee.

Obligations under Agreement. Each one of the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including the covenants not to compete and indemnification obligations, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Franchise Agreement. Each one of the Personal Guarantors acknowledge having received a copy of the Franchise Agreement which is incorporated herein by reference.

Default of Franchisee. If Franchisee defaults on any monetary obligation of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to Famous Dave's the Initial Fee, Royalty Fees, Marketing Fund Fees and all other fees and monies due and payable to Famous Dave's under the terms and conditions of the Franchise Agreement or for any purchases of goods or services made by Franchisee from Famous Dave's or any Affiliate of Famous Dave's.

Non-Compliance by Franchisee. If Franchisee fails to comply with any other terms and conditions of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of Franchisee.

Obligations of Franchisee. If Franchisee is at any time in default on any obligation to pay monies to Famous Dave's or any Affiliate of Famous Dave's, whether for the Initial Fee, Royalty Fees, Marketing Fund Fees, goods or services purchased by Franchisee from Famous Dave's or any Affiliate of Famous Dave's, or for any other indebtedness of Franchisee to Famous Dave's or any Affiliate of Famous Dave's, then each of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable by Franchisee to Famous Dave's or any Affiliate of Famous Dave's upon default by Franchisee.

Liability. Upon demand by Famous Dave's, each one of the Personal Guarantors, jointly and severally, will immediately make each payment required of Franchisee under the Franchise Agreement. The maximum liability under this Personal Guaranty for the Initial Fee, Royalty Fees, and Marketing Fund Fees is $150,000 per individual Personal Guarantor, except that for any married couple where both spouses are Personal Guarantors, the maximum combined liability for both such spouses shall be $150,000.

Binding Agreement. Each one of the Personal Guarantors warrant and represent that they have the capacity to execute this Personal Guaranty and that they will each be bound by all of the terms and conditions of this

Personal Guaranty. The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of Famous Dave's.

Jurisdiction and Venue. Except as precluded by applicable law, all arbitration, litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with the terms of the Franchise Agreement and each one of the Personal Guarantors agree to the dispute resolution provisions, including jurisdiction and venue, contained in the Franchise Agreement.

PERSONAL GUARANTORS

Signature	Signature
Print Name	Print Name
Address	Address
City, State and Zip Code	City, State and Zip Code
Telephone	Telephone
Signature	Signature
Print Name	Print Name
Address	Address
City, State and Zip Code	City, State and Zip Code
Telephone	Telephone

EXHIBIT A
TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT

ADDRESS OF FRANCHISED LOCATION:

_____

Street

_____

City, State, Zip Code

DESIGNATED AREA:

The Designated Area is defined as follows (as illustrated on the attached map): _____

_____

_____

REQUIRED OPENING DATE:

The Restaurant shall be open for business on or before: _____, 20__

Dated: _____, 20__

FAMOUS DAVE'S OF AMERICA, INC.

_____
Legal Name of Franchisee

By _____
Signature

By _____
Signature

_____
Print Name

_____
Print Name

Its _____
Title

Its _____
Title

Map of Designated Area

EXHIBIT B
TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT

Electronic Transfer of Funds Authorization

Franchisee: _____

Location: _____

Date: _____

NEW	CHANGE

Attention: Franchise Development

The undersigned hereby authorizes Famous Dave's of America, Inc. ("Famous Dave's"), to initiate monthly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Marketing Fund Fees, or other amounts that become payable by the undersigned to Famous Dave's. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Famous Dave's.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

*** Attach VOIDED Check ***

_____
Bank Name

_____
Branch

_____
Street Address

_____
City State Zip Code

_____
Bank Telephone Number

_____
Bank's Routing Number

_____
Customer's Account Number

Sincerely yours,

_____
Account Name

_____
Street Address

_____
City State Zip Code

_____
Telephone Number

By
_____

Its
_____

Date
_____

EXHIBIT C
TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT

Form of
ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE (this "Addendum") is dated _____, 20 ___, and is entered into is by and between:

Franchisee/Lessee: _____ ("**Lessee**")

Street Address:_____

City, State:_____

and

Lessor: _____

Street Address:_____

City, State:_____

Location:_____

Lease Agreement Date:_____

Effective Date of Franchise Agreement:_____

WHEREAS, Lessee and Lessor have entered into a Lease Agreement on the date and for the location identified above (the "Lease"), in conjunction with the opening or continuation of a Famous Dave's® restaurant (the "Famous Dave's® Restaurant" or the "Restaurant") under a Franchise Agreement between Lessee and Famous Dave's of America, Inc. (the "Franchise Agreement"); and

WHEREAS, Lessee has requested and Lessor has agreed to incorporate certain provisions into the Lease as required by the terms of the Franchise Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. **USES**: Lessee shall occupy and use the premises during the term of the Lease only as a Famous Dave's® Restaurant.

2. **TRADE FIXTURES**: Lessee is and shall be permitted to install and use in the leased premises any and all fixtures and equipment customary or necessary to the operation of a Famous Dave's® Restaurant, including, but not limited to, movable sinks and partitions, carpets, counters, shelves, and accessories and products used in connection therewith. All of such fixtures and equipment shall remain the property of Lessee and may be removed by Lessee in accordance with the law relating to the removal of trade fixtures, no matter how the same may be installed in, attached to or affixed to the premises.

3. **SIGNS**: Lessee is hereby given the right, at Lessee's expense, to install and maintain during the term of the Lease, and any extension of the term hereof, a sign or signs advertising Lessee's business in, on or about the leased premises, subject to Lessor's prior approval (not to be unreasonably withheld) and Lessee's compliance with all applicable governmental regulations and receipt of all requisite permits, at Lessee's sole cost and expense. Lessor agrees that the signs may at Lessee's discretion be the maximum size permitted by local code. The signs shall at all times remain the property of Lessee and may be removed by Lessee in accordance with the law relating to the removal of trade fixtures, no matter how the same may be installed on, attached to or affixed to the premises, provided Lessee shall promptly repair any and all damage caused by such removal. If Lessor fails to approve Lessee's signage, Lessee may cancel the Lease and receive any monies theretofore paid to Lessor.

4. **GRACE PERIODS**: Lessee shall not be deemed in default or breach hereof or hereunder unless Lessee shall fail to pay the rent within ten (10) days after the receipt of written notice, and as to any other term, provision, condition or covenant hereof, unless Lessee shall fail to cure or reasonably commence to cure said default or breach within thirty (30) days after written notice from Lessor to Lessee specifying said default or breach.

5. **SUBORDINATION**: Lessor shall use reasonably commercial efforts to deliver to Lessee before commencement, from each mortgagee (including trustee of a trust deed) and ground lessor of real estate including, in whole or in part, the leased premises, a subordination and non-disturbance agreement in mortgagee's standard form providing that this Lease and Lessee's right to possession of the leased premises shall not be disturbed by such mortgagee or ground lessor or any other person or party claiming under or through such mortgagee or ground lessor, provided that Lessee continues to observe and perform Lessee's obligations under the Lease and pay rent to whomsoever may be lawfully entitled to the same from time to time.

6. **DEFAULT/ASSIGNMENT**: Lessor agrees that in the event of default by Lessee under the terms and conditions of the Lease, Lessor will permit the Lease to be assumed by Famous Dave's of America, Inc. or its designee, on the same terms and conditions contained herein. Lessor agrees to give notice to Famous Dave's of America, Inc. of any default by Lessee under the terms and conditions of the Lease and to give Famous Dave's of America, Inc. thirty (30) days written notice to cure such default and to permit Famous Dave's of America, Inc., at its sole discretion, to assume the Lease for the remainder of the term herein, and to exercise any renewal options. Lessor further agrees that in the event that Lessee's Franchise Agreement should terminate for any reason, upon receipt by Lessor of notice to that effect from Famous Dave's of America, Inc., Lessor will permit Famous Dave's of America, Inc. to enter the premises and to become the lessee or to the designate another successor lessee under the same terms and conditions contained in the Lease. Famous Dave's of America, Inc. will have the option, but not the obligation, to exercise the assumption rights granted to it under this provision of this Addendum. Lessee specifically agrees that Lessor will transfer the Lease to Famous Dave's of America, Inc. or its designee upon Famous Dave's of America, Inc.'s notice to Lessor of intent to assume the Lease.

7. **ESTOPPEL**: Lessor will promptly upon request of Famous Dave's of America, Inc. deliver to Lessee, Famous Dave's of America, Inc., or such other party as Famous Dave's of America, Inc. may designate: (i) written confirmation (a) that the Lease is in full force and effect without modification or amendment, and (b) that Lessee is not in default under the terms of the Lease, and/or (ii) such other information, documents, confirmations and/or certifications regarding the Lease as may be reasonably requested by Famous Dave's of America, Inc. (or, to the extent that Lessor is unable to comply, identifying with particularly the reasons why compliance with Famous Dave's of America, Inc.'s request is not possible). Lessor shall comply with this paragraph of this Addendum at no charge to Lessee or Famous Dave's of America, Inc.

8. **LIEN WAIVER**: Lessor shall have no lien upon the assets of Lessee. Lessor waives any statutory "landlord's lien" on the assets of Lessee. Upon request, Lessor will execute and deliver to Lessee or to Famous Dave's of America, Inc. a waiver of lien waiver or other acknowledgment that Lessor has no lien on the assets of Lessee.

9. **REPORT OF SALES**: Lessor is authorized to provide and disclose to Famous Dave's of America, Inc., upon its request, sales and other information furnished to Lessor by Lessee.

10. **INSPECTION**: Lessor shall permit representatives of Famous Dave's of America, Inc. to enter upon the premises during regular business hours for the purposes of conducting inspections of Lessee's Famous Dave's® Restaurant.

11. **NOTICES**: Copies of all notices to be sent to or served upon Lessee shall be also served or mailed to Famous Dave's of America, Inc., 12701 Whitewater Drive, Suite 290, Minnetonka, MN 55343-4164.

12. **CONFLICT**: If there is any conflict between a provision of the Lease and a provision of this Addendum, then the applicable provision of this Addendum will supersede the conflicting provision in the Lease.

13. **ACKNOWLEDGMENTS**: Lessor hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Lessee plans to operate the Restaurant, and Lessee would not lease the Restaurant premises without this Addendum. Lessor further acknowledges that Lessee is not an agent or employee of Famous Dave's of America, Inc. and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Famous Dave's of America, Inc. or any Affiliate of Famous Dave's of America, Inc., and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Famous Dave's of America, Inc. or any Affiliate of Famous Dave's of America, Inc., unless and until the Lease is assumed and accepted in writing by, Famous Dave's of America, Inc. or a designee of Famous Dave's of America, Inc.

14. **THIRD PARTY BENEFICIARY**: Famous Dave's of America, Inc. is an express third party beneficiary of this Addendum and the Lease and may, directly or indirectly, enforce any right of Famous Dave's of America, Inc. or Lessee hereunder.

15. **MODIFICATIONS**: The provisions of the Lease and/or this Addendum will not be modified, amended, extended, assigned or terminated without the prior written consent of Famous Dave's of America, Inc.

The parties are signing this Addendum as of the date first above written.

LESSOR:	**LESSEE:**
_____	_____
By:_____	By:_____
Its:_____	Its:_____

EXHIBIT D
TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT

Form of
CLOUD KITCHEN ADDENDUM

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc. ("Famous Dave's") and _____ ("Franchisee"), and the undersigned Owners.

WHEREAS, Famous Dave's and Franchisee entered into that certain Franchise Agreement of even date herewith (the "Franchise Agreement"), pursuant to which Franchisee was granted the right and undertook the obligation to open and operate a Famous Dave's® franchised cloud kitchen restaurant within the Designated Area specified in the Franchise Agreement.

WHEREAS, Famous Dave's and the Franchisee agree to amend and revise certain provisions of the Franchise Agreement to account for the differences between the cloud kitchen concept and the other types of Restaurants listed in Section 1.4 of the Franchise Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions; Background**. Capitalized terms used and not defined in this Addendum have the respective meanings assigned to them in the Franchise Agreement. The introductory recitals of this Addendum are incorporated by reference as if fully set forth herein.

2. **Initial Fee**. Section 4.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

> Franchisee will pay Famous Dave's a non-refundable Initial Fee of $10,000 at the time this Agreement is signed by Franchisee and Famous Dave's.

3. **Alcoholic Beverages; Liquor Liability Insurance**. Article 7.11 of the Franchise Agreement is deleted in its entirety and replaced with the following:

> If permitted in accordance with all applicable federal, state, city, local and municipal laws and regulations, Franchisee may offer and sell beer, wine and other alcoholic beverages, including hard liquor and mixed drinks, from its Restaurant via delivery and/or to-go services. Franchisee will comply with: (a) all federal, state, city, local and municipal licensing, insurance and other laws, regulations, and requirements applicable to the sale of alcoholic beverages by Franchisee; and (b) the liquor liability insurance requirements set forth in this Agreement.

4. **Limitation on Foods, Beverages, and Products**. The last sentence in Article 8.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

> Franchisee will only sell the Foods, Beverages, and Products on a delivery and to-go basis and will not offer or sell the Foods, Beverages, and Products: (a) on a

retail eat-in or take-out basis; (b) on a wholesale or retail basis at any other location; (c) by means of the Internet, catalogue or mail order sales, or telemarketing; and (d) by any other method distribution.

5. **Delivery**. Article 8.2 of the Franchise Agreement is deleted in its entirety and replaced with the following:

> Franchisee will enter into arrangements with third party delivery service partners (each, a "DPS") who will conduct the delivery services to locations within the geographic area permitted by each DSP's, whether for a fee or not, and/or provide self-delivery services with Famous Dave's prior written consent and in accordance with Operating Procedures/Training Manual(s) or as Famous Dave's otherwise specifies in writing within the Designated Area, of all Foods, Beverages, and Products offered for sale by Franchisee's Restaurant; provided, that Franchisee may also provide catering services not involving individual consumer orders, in compliance with the provisions of Famous Dave's Standard Operating Procedures/Training Manual(s). In the event that Famous Dave's enters into a master service agreement with a third-party delivery service (each, a "Delivery Provider"), and you wish to utilize that Delivery Provider's services, then we or the Delivery Provider may require you to sign a participation agreement with that Delivery Provider, and you must comply with the terms of such participation agreement.

6. **Customer Reservations**. The last sentence in Article 7.5 regarding reservations and seating at the Restaurant is hereby deleted in its entirety.

7. **Opening Assistance**. The first two sentences of Article 14.6 of the Franchise Agreement are deleted in their entirety and replaced with the following:

> If this Agreement is for Franchisee's first Famous Dave's® Restaurant, then Famous Dave's will, at Franchisee's expense, provide franchise business consultant and such other training personnel as Famous Dave's determines (the "Opening Team") to assist Franchisee in: (a) implementing the Restaurant System at Franchisee's Famous Dave's® Restaurant, and (b) training Franchisee's staff and kitchen employees. The Opening Team will be present at Franchisee's Restaurant between 7 and 14 consecutive days depending on the service model of the Restaurant.

8. **Termination**. Article 17.2(d) of the Franchise Agreement regarding failure to obtain a liquor license is deleted in its entirety and replaced with the following:

> Franchisee has not obtained a valid liquor license for its Restaurant from the appropriate governmental authorities before Franchisee offers or sells any alcoholic beverages from Franchisee's Famous Dave's® Restaurant;

9. **Post-Term Obligations**. Article 21.3 of the Franchise Agreement regarding post-term covenant not to compete is amended so that the phrase "5 miles" is replaced with "10 miles".

10. **Dispute Resolution**. This Addendum shall be governed by the dispute resolution provisions set forth in the Franchise Agreement.

11. **Counterparts**. This Addendum may be executed in counterparts, and the body of this document, together with all attached signature pages, will constitute one and the same agreement.

12. **Franchise Agreement Not Otherwise Altered**. Except as expressly set forth in this Addendum, the terms and conditions of the Franchise Agreement will remain in full force and effect and will not be changed or altered by the execution of this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

FAMOUS DAVE'S: Famous Dave's of America, Inc.	**FRANCHISEE:** _____
By _____	By _____
Its_____	Its _____

EXHIBIT E
TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT

Form of
ADD-ON GHOST KITCHEN ADDENDUM

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc. ("Famous Dave's") and _____ ("Franchisee"), and the undersigned Owners.

WHEREAS, Famous Dave's and Franchisee entered into that certain Franchise Agreement of even date herewith (the "Franchise Agreement"), pursuant to which Franchisee was granted the right and undertook the obligation to open and operate a Famous Dave's® franchised add-on ghost kitchen Restaurant located at a [BRAND] restaurant located at _____ (the "Existing Business"), which Franchisee owns and operates under the legal entity [LEGAL ENTITY] ("Existing Affiliate") within the Designated Area specified in the Franchise Agreement.

WHEREAS, Famous Dave's and the Franchisee agree to amend and revise certain provisions of the Franchise Agreement to account for the differences between the add-on ghost kitchen concept and the other types of Restaurants listed in Section 1.4 of the Franchise Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions; Background**. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Franchise Agreement. The introductory recitals of this Addendum are incorporated by reference as if fully set forth herein.

2. **Acknowledgments**. Nothing in the Franchise Agreement or this Addendum permits Franchisee to grant or assign any of Franchisee's rights or obligations under the Franchise Agreement to [BRAND] or Existing Affiliate, or either of their affiliates, successors, or assigns. Franchisee shall be prohibited from using in connection with the Existing Business Famous Dave's® Marks, Restaurant System, or any Famous Dave's® products, packaging or privately-labeled items. Except for offering and selling the approved food, products, and services at the Existing Business, Franchisee is prohibited from using in [BRAND] trademarks, service marks, or logos, or any [BRAND] products, packaging or privately-labeled items connection with the Restaurant.

3. **Initial Fee**. Article 4.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

> Franchisee will pay Famous Dave's a non-refundable Initial Fee of $10,000 at the time this Agreement is signed by Franchisee and Famous Dave's.

4. **Revenue Reports and Financial Statements**. Article 4.2 of the Franchise Agreement is supplemented to add the following new Section 4.2(e):

(e) Upon written request by Famous Dave's, Franchisee shall provide Famous Dave's with Revenue Reports for Franchisee's Existing Business.

5. **Financial Statements**. Article 6.1 of the Franchise Agreement is supplemented to provide that upon written request by Franchisor, Franchisee will, at its expense, prepare monthly, quarterly and year-to-date Financial Statements with respect to its Existing Business.

6. **Identification of Restaurant**. The first sentence in Article 7.3 of the Franchise Agreement, specifically the one that states, "Franchisee will operate the Restaurant so that it is clearly identified and advertised as a Famous Dave's® Restaurant" is hereby deleted and replaced with the following:

> Due to the fact the Restaurant is being operated out of Franchisee's Existing Business, Franchisee must use and display the Marks at the Restaurant in accordance with the Operating Procedures/Training Manual(s) in order for customers to easily and quickly identify that Foods, Beverages, and Products are sold at the Restaurant and/or where to pick up to-go Foods, Beverages, and Products orders at the Restaurant, however, Franchisee shall still advertise the Restaurant so that it is clearly advertised as a Famous Dave's® Restaurant.

7. **Alcoholic Beverages; Liquor Liability Insurance**. Article 7.11 of the Franchise Agreement is deleted in its entirety and replaced with the following:

> If permitted in accordance with all applicable federal, state, city, local and municipal laws and regulations, Franchisee may offer and sell beer, wine and other alcoholic beverages, including hard liquor and mixed drinks, from its Restaurant via delivery and/or to-go services. Franchisee will comply with: (a) all federal, state, city, local and municipal licensing, insurance and other laws, regulations, and requirements applicable to the sale of alcoholic beverages by Franchisee; and (b) the liquor liability insurance requirements set forth in this Agreement.

8. **Limitation on Foods, Beverages, and Products**. The last sentence in Article 8.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

> Franchisee will only sell the Foods, Beverages, and Products on a delivery and to-go basis and will not offer or sell the Foods, Beverages, and Products: (a) on a retail eat-in or take-out basis; (b) on a wholesale or retail basis at any other location; (c) by means of the Internet, catalogue or mail order sales, or telemarketing; and (d) by any other method distribution.

9. **Delivery**. Article 8.2 of the Franchise Agreement is deleted in its entirety and replaced with the following:

> Franchisee will enter into arrangements with third party delivery service partners (each, a "DPS") who will conduct the delivery services to locations within the geographic area permitted by each DSP's, whether for a fee or not, and/or provide self-delivery services with Famous Dave's prior written consent and in accordance with Operating Procedures/Training Manual(s) or as Famous Dave's otherwise specifies in writing within the Designated Area, of all Foods, Beverages, and Products offered for sale by Franchisee's Restaurant; provided, that Franchisee may also provide catering services not involving individual consumer orders, in compliance with the provisions of Famous Dave's Standard Operating

Procedures/Training Manual(s). In the event that Famous Dave's enters into a master service agreement with a third-party delivery service (each, a "Delivery Provider"), and you wish to utilize that Delivery Provider's services, then we or the Delivery Provider may require you to sign a participation agreement with that Delivery Provider, and you must comply with the terms of such participation agreement.

10. **Customer Reservations**. The last sentence in Article 7.5 regarding reservations and seating at the Restaurant is hereby deleted in its entirety.

11. **Site Selection; Purchase or Lease of Site**. If Franchisee already has an executed and current lease for the Existing Business, then:

a. Article 10.1(b) of the Franchise Agreement is deleted;

b. The second sentence in Article 10.1(C), specifically the one that states, "Franchisee agrees that it will not sign the Lease until this Agreement has been signed by both Franchisee and Famous Dave's and the Lease contains the terms required under this provision" is deleted;

c. Article 10.2 of the Franchise Agreement is deleted in its entirety and replaced with the following new language:

> Franchisee will provide the information as may be specified by Famous Dave's in writing for the proposed site, in the exercise of its business judgment. Such information may include submission of preliminary set of building plans in electronic or computerized formats specified by Famous Dave's and final drawings including all furniture, furnishings, fixtures and equipment installed in the Restaurant, before opening. Famous Dave's reserves the right to visit the proposed site to evaluate and approve how to-go services will be operated and that the kitchen layout meets Famous Dave's then-current standards for a ghost kitchen. Review of any site information and/or any visits by Famous Dave's to a proposed site does not constitute an approval of the site by Famous Dave's or a warranty or representation by Famous Dave's or any other party that the site for the Franchised Location chosen by Franchisee will be a financial or operational success. Any issuance of a no-objection letter by Famous Dave's means only that it has received the site information required from Franchisee and Famous Dave's has no objections to the Franchised Location.

d. The Lease Addendum attached as Exhibit C to the Franchise Agreement is deleted.

12. **Approved Signage**. The first sentence of Article 10.2 is deleted in its entirety and replaced with the following:

> All exterior and interior signs at the Franchised Location that use or display any Marks (the "Signs") must comply with the standard sign plans and specifications established by Famous Dave's and provided to Franchisee.

13. **Telephone Lines**. Franchisee will not be required to maintain and use a telephone line that is used solely for the Restaurant and not the Existing Business as long as Franchisee advertises that all

telephone numbers for the Existing Business can also be used to order Foods, Beverages, and Products, and customers can in fact use those same telephone numbers to order Foods, Beverages, and Products.

14. **Email Address**. Franchisee must obtain and use an email address described in Article 11.3 of the Franchise Agreement that is used solely for the Restaurant and not for the Existing Business.

15. **Opening Assistance**. The first two sentences of Article 14.6 of the Franchise Agreement are deleted in their entirety and replaced with the following:

> If this Agreement is for Franchisee's first Famous Dave's® Restaurant, then Famous Dave's will, at Franchisee's expense, provide franchise business consultant and such other training personnel as Famous Dave's determines (the "Opening Team") to assist Franchisee in: (a) implementing the Restaurant System at Franchisee's Famous Dave's® Restaurant, and (b) training Franchisee's staff and kitchen employees. The Opening Team will be present at Franchisee's Restaurant between 7 and 14 consecutive days depending on the service model of the Restaurant.

16. **Termination**. Article 17.2(d) of the Franchise Agreement regarding failure to obtain a liquor license is deleted in its entirety and replaced with the following:

> Franchisee has not obtained a valid liquor license for its Restaurant from the appropriate governmental authorities before Franchisee offers or sells any alcoholic beverages from Franchisee's Famous Dave's® Restaurant;

17. **Post-Term Obligations**. Article 21.3 of the Franchise Agreement regarding post-term covenant not to compete is amended so that the phrase "5 miles" is replaced with "10 miles".

18. **Dispute Resolution**. This Addendum shall be governed by the dispute resolution provisions set forth in the Franchise Agreement.

19. **Counterparts**. This Addendum may be executed in counterparts, and the body of this document, together with all attached signature pages, will constitute one and the same agreement.

20. **Franchise Agreement Not Otherwise Altered**. Except as expressly set forth in this Addendum, the terms and conditions of the Franchise Agreement will remain in full force and effect and will not be changed or altered by the execution of this Addendum.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

FAMOUS DAVE'S:	**FRANCHISEE:**
Famous Dave's of America, Inc.	_____
By _____	By _____
Its_____	Its _____

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF CALIFORNIA

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee") to amend and revise certain provisions of the Franchise Agreement between Famous Dave's and Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

1. The covenant not to compete upon termination or expiration of the Franchise Agreement contained in Article 21.3 of the Franchise Agreement may be unenforceable, except in certain circumstances provided by law.

2. The provisions of the Franchise Agreement giving Famous Dave's the right to terminate in the event of Franchisee's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, et seq.).

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Franchisee

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF ILLINOIS

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee") to amend and revise certain provisions of the Franchise Agreement between Famous Dave's and Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

1. Any provision of the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.

2. Any condition, stipulation or provision of the Franchise Agreement requiring Franchisee to waive compliance with any provision of the Illinois Franchise Disclosure Act is void; therefore, the acknowledgments contained in Article 26 of the Franchise Agreement may be unenforceable against Franchisee.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.	_____ Legal Name of Franchisee
By _____ Signature	By _____ Signature
_____ Print Name	_____ Print Name
Its _____ Title	Its _____ Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF MARYLAND

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee") to amend and revise certain provisions of the Franchise Agreement between Famous Dave's and Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

1. Any release executed by Franchisee in accordance with Article 16.3(d) of the Franchise Agreement will not relieve Famous Dave's of any liability under the Maryland Franchise Registration and Disclosure Law.

2. The consent by Franchisee to jurisdiction and venue in the State of Minnesota contained in Article 24.10 of the Franchise Agreement may be inapplicable; provided, however, that such inapplicability in the State of Maryland will not be construed to mean that venue in the State of Minnesota is improper, or that Franchisee, its officers, directors, Owners and the Personal Guarantors are not subject to jurisdiction in Minnesota, or in any other state.

3. The acknowledgments made by Franchisee contained in Article 26 of the Franchise Agreement will not be construed to act as a waiver of Franchisee's rights under the Maryland Franchise Registration and Disclosure Law.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Franchisee

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF MINNESOTA

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee") to amend and revise certain provisions of the Franchise Agreement between Famous Dave's and Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

1. Article 3.1 of the Franchise Agreement is amended to provide that, except in certain circumstances specified by law, Famous Dave's must give Franchisee at least 180 days prior written notice of nonrenewal of the Franchise.

2. Any release executed by Franchisee in accordance with Article 16.3(d) of the Franchise Agreement will not relieve Famous Dave's of any liability under the Minn. Stat. §§ 80C.01 to 80C.22.

3. Article 17 of the Franchise Agreement is amended to require that in the event Famous Dave's gives Franchisee written notice that Franchisee has breached the Franchise Agreement, then if required by applicable Minnesota law, such written notice will be given to Franchisee at least 90 days prior to the date the Franchise Agreement is terminated by Famous Dave's, and Franchisee will have 60 days after such written notice within which to correct the breach specified in the written notice.

4. Notwithstanding any provisions of the Franchise Agreement to the contrary, a court of competent jurisdiction will determine whether Famous Dave's will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by Famous Dave's against Franchisee, the Owners or the Personal Guarantors.

5. Notwithstanding any provisions of the Franchise Agreement to the contrary, Franchisee will have up to three years after the cause of action accrues to bring an action against Famous Dave's pursuant to Minn. Stat. §80C.17.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Franchisee

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF NEW YORK

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee") to amend and revise certain provisions of the Franchise Agreement between Famous Dave's and Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

1. Article 16.3(d) of the Franchise Agreement is amended to provide that all rights enjoyed by Franchisee and any cause of action arising in its favor from the laws of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the nonwaiver requirements of General Business Law §687.4 and §687.5 be satisfied.

2. Article 9.2 of the Franchise Agreement is amended to provide that modifications to the Standard Operating Procedures/Training Manual(s) by Famous Dave's will not unreasonably increase Franchisee's obligations or place an excessive economic burden on Franchisee's operations.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.	_____ Legal Name of Franchisee
By _____ Signature	By _____ Signature
_____ Print Name	_____ Print Name
Its _____ Title	Its _____ Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF NORTH DAKOTA

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee") to amend and revise certain provisions of the Franchise Agreement between Famous Dave's and Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

1. The covenant not to compete upon termination or expiration of the Franchise Agreement contained in Article 21.3 of the Franchise Agreement may be unenforceable, except in certain circumstances provided by law.

2. Arbitration hearings will be conducted in Fargo, North Dakota, or at a mutually agreed upon location.

3. The consent by Franchisee to jurisdiction and venue in the State of Minnesota contained in Article 24.10 may be inapplicable; provided, however, that such inapplicability in the State of North Dakota will not be construed to mean that venue in the State of Minnesota is improper, or that Franchisee, its officers, directors, Owners and the Personal Guarantors are not subject to jurisdiction in the State of Minnesota, or in any other state.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Franchisee

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF RHODE ISLAND

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee") to amend and revise certain provisions of the Franchise Agreement between Famous Dave's and Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

Any provision of the Franchise Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.	_____ Legal Name of Franchisee
By _____ Signature	By _____ Signature
_____ Print Name	_____ Print Name
Its _____ Title	Its _____ Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF SOUTH DAKOTA

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee") to amend and revise certain provisions of the Franchise Agreement between Famous Dave's and Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

1. The covenant not to compete upon termination or expiration of the Franchise Agreement contained in Article 21.3 of the Franchise Agreement may be unenforceable, except in certain circumstances provided by law.

2. Arbitration hearings will be conducted in Sioux Falls, South Dakota, or at a mutually agreed upon location.

3. Any provision of the Franchise Agreement which designates jurisdiction or venue outside of the State of South Dakota or requires Franchisee to agree to jurisdiction or venue in a forum outside of the State of South Dakota is void with respect to any cause of action which is otherwise enforceable in the State of South Dakota.

4. Any provisions of the Franchise Agreement which require that actions be commenced within one year and that limit the parties' rights to recover punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Franchisee

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF VIRGINIA

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee") to amend and revise certain provisions of the Franchise Agreement between Famous Dave's and Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

Pursuant to Section 13.1–564 of the Virginia Retail Franchising Act, it is unlawful for Famous Dave's to cancel the Franchise without reasonable cause, and any ground for default or termination stated in the Franchise Agreement that is not "reasonable cause," as that term is defined in the Virginia Retail Franchising Act, that provision is not unenforceable.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Franchisee

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF WASHINGTON

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee") to amend and revise certain provisions of the Franchise Agreement between Famous Dave's and Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

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

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

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

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

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

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

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

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Franchisee

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
FRANCHISE AGREEMENT
FOR STATE OF WISCONSIN

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this "Addendum") is made, entered into, and effective this ____ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Franchisee") to amend and revise certain provisions of the Franchise Agreement between Famous Dave's and Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

If applicable, the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of the Franchise Agreement.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Franchisee

By _____
Signature

_____
Print Name

Its _____
Title

FAMOUS DAVE'S OF AMERICA, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D: AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

FAMOUS DAVE'S OF AMERICA, INC.
12701 Whitewater Drive, Suite 290
Minnetonka, MN 55343-4164
Telephone: (952) 294-1300
Fax: (952) 294-0242

Legal Name of Area Developer

_____
Legal Name

_____
Street

_____
City, State, Zip Code

_____
Telephone

_____
Facsimile

_____
Email Address

_____, 20____
Date of Area Development Agreement

FAMOUS DAVE'S OF AMERICA, INC.
DEVELOPMENT AGREEMENT

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FAMOUS DAVE'S OF AMERICA, INC.

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "Agreement") is made, entered into and effective this _____ day of _____, 20___ ("Effective Date"), by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), _____, a(n) _____ ("Area Developer"). Famous Dave's and Area Developer may be referred to together herein as the "Parties." In consideration of the mutual promises and covenants set forth in this Agreement, Famous Dave's and Area Developer agree as follows:

ARTICLE 1
NATURE AND PURPOSE OF THIS AGREEMENT

1.1 Restaurant System.

Famous Dave's has developed a distinctive business system for operating and franchising authentic, down-home barbecue restaurants featuring genuine smoked barbecue, including, as of this date, combinations of hickory-smoked spareribs, baby back ribs, beef brisket, herb-roasted chicken, barbecue sandwiches, char-grilled burgers, cornbread, potato salad, coleslaw, Wilbur™ beans, desserts and other high-quality Foods, Beverages, and Products in a distinctive atmosphere under the name "Famous Dave's®" and associated with the Marks, copyrights, distinctive interior and exterior building designs, décor, furnishings, menus, recipes, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, technology, training, advertising, and instructions promulgated by Famous Dave's (the "Restaurant System"), and has extensively publicized the name "Famous Dave's®" to the public as an organization of restaurant businesses operating under the Restaurant System. During the Term, (a) the Restaurant System may be modified by Famous Dave's in the exercise of its business judgment; and (b) regional or local variations in the Restaurant System, tests of potential new menu items or products and introduction of menu items or products in stages over time may all be authorized by Famous Dave's in the exercise of its business judgment in order to enhance the marketing, consumer acceptance, competitive position, compliance obligations, and other objectives intended to facilitate the operations of Famous Dave's® Restaurants.

1.2 Marks.

Famous Dave's has the right and authority to license the use of the name "Famous Dave's" and the other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines designated by Famous Dave's in writing which are now owned or which will be developed by Famous Dave's (the "Marks") for use in connection with the Restaurant System to selected persons, businesses or Entities who must comply with the uniformity requirements and quality standards of Famous Dave's. Famous Dave's intends, in the exercise of its business judgment, to develop, use and control the use of the Marks in order to identify for the public the source of the Foods, Beverages, and Products marketed under the Restaurant System, and to represent to the public the Restaurant System's high standards of quality, appearance, cleanliness and service to the public.

1.3 Area Developer's Objective.

Area Developer desires to develop, own and operate Famous Dave's® Restaurants (the "Famous Dave's® Restaurants" or the "Restaurants") in a defined geographical area (the "Territory") in conformity with the Restaurant System, Famous Dave's uniformity requirements applicable to the Restaurants, and quality standards as established and promulgated from time to time by Famous Dave's. In determining whether or not to enter this Agreement, Area Developer has had the opportunity to consult with legal counsel and other advisors selected by Area Developer, as well as Famous Dave's Franchise Disclosure Document.

1.4 Operations in Conformity with Franchise Agreements.

(a) Area Developer understands and acknowledges the importance of the high standards of quality, appearance, procedures, controls, cleanliness, service and other aspects of the Restaurant System established and from time to time revised by Famous Dave's, and the necessity of operating Area Developer's Restaurants in strict conformity with the mandatory standards and specifications (as opposed to voluntary standards and best practices) established and from time to time revised by Famous Dave's.

(b) Within the framework established by the Franchise Agreements and subject to the principle that efforts by which Famous Dave's seeks to avoid and prevent conduct which is likely to impair the value of and the goodwill associated with the Marks and the Restaurant System do not reflect any right or effort by Famous Dave's to control the overall operation of the Restaurants or the business prerogatives of Area Developer, Area Developer is totally and solely responsible for the operation of its Famous Dave's® Restaurants in the Territory, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Area Developer, including the right to hire and fire its employees. Area Developer is responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations. Famous Dave's has no right, obligation or responsibility to control, supervise or manage Area Developer's employees, agents or independent contractors, and will in no way be involved in the day-to-day operations of Area Developer's Restaurants, irrespective of the use by Area Developer of any tools, hardware or software that would enable such control, supervision or management by Famous Dave's.

(c) Area Developer understands and acknowledges that this Agreement does not create a fiduciary relationship with Famous Dave's, that Famous Dave's and Area Developer are each independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. Area Developer will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of Famous Dave's, and will affirmatively advise its employees, agents and contractors of that fact. Neither Famous Dave's nor Area Developer will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

(d) Famous Dave's is not the employer of Area Developer or any of Area Developer's employees. Area Developer will control and be solely responsible for the day-to-day operations of the Restaurants and the terms and conditions and employment of Area Developer's personnel. Area Developer will be solely responsible for all employment decisions and functions of the Restaurant including, without limitation, those related to soliciting, hiring, firing, training, disciplining, paying, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, managing and supervising its employees, regardless of whether Area Developer receives information from Famous Dave's on these subjects. Area Developer acknowledges and agrees that all personnel decisions will be made by Area Developer, without any influence or advice from Famous Dave's, and such decisions and actions shall not be, nor be deemed to be, a decision or action of Famous Dave's. Neither Area Developer nor any employee of Area Developer will be considered an employee of Famous Dave's under any circumstances. To the extent that any legal authority determines that Famous Dave's has a duty to act or not act with respect to any of Area Developer's employees, Famous Dave's hereby assigns to Area Developer any such duty, and Area Developer hereby accepts such assignment.

1.5 Disclosure, Review and Advice of Counsel.

(a) Area Developer acknowledges that it received a copy of this Agreement with all material blanks fully completed at least seven calendar days prior to the date that this Agreement was executed by Area Developer. Area Developer further acknowledges that it received a copy of Famous Dave's Franchise Disclosure Document at least 14 calendar days prior to the date on which this Agreement was executed, or as required by law.

(b) Area Developer acknowledges that this Agreement constitutes a legal document that grants certain rights to and imposes certain obligations upon Area Developer. Area Developer has been advised by Famous Dave's to retain an attorney or advisor prior to the execution of this Agreement to review Famous Dave's Franchise Disclosure Document, to review in detail this Agreement and the Franchise Agreement, to review all legal documents, to review the economics, operations and other business aspects of the Famous Dave's® Restaurants, to determine compliance with applicable laws, to advise Area Developer on economic risks, liabilities, obligations and rights under this Agreement, and to advise Area Developer on tax issues, financing matters, applicable state and federal laws, employee issues, insurance, structure of the Restaurant businesses, and other legal and business matters, and that Area Developer has in fact had an opportunity to consult with legal counsel, and to review this Agreement and all exhibits and related documents in detail.

(c) Area Developer has provided Famous Dave's with the name(s) address and telephone numbers of Area Developer's attorney(s) and/or other advisors in writing prior to executing this Agreement.

ARTICLE 2
GRANT OF DEVELOPMENT RIGHTS; TERRITORY

2.1 Territory.

Famous Dave's hereby grants to Area Developer, for the term of this Agreement, the right to enter into Franchise Agreements with Famous Dave's for the development and operation of Famous Dave's® Restaurants to be located within the "Territory" defined as the geographical area described and delineated as follows: _____

_____

_____

The Territory may be further described in a map attached hereto and signed by both Area Developer and Famous Dave's.

2.2 Limited Exclusivity.

(a) The rights and privileges granted to Area Developer in this Agreement are expressly limited to the Territory and are expressly subject to the terms and conditions of this Agreement. During the term of this Agreement, Famous Dave's will not grant to any other person or Entity a Franchise to open or operate a Famous Dave's® Restaurant utilizing the Restaurant System or the Marks within the Territory, and will not establish another franchised or company-owned Famous Dave's® Restaurant within the Territory.

(b) Famous Dave's and its licensees, appointees, designated developers, franchisees and agents have the absolute and exclusive right to advertise, promote, and sell all of the Foods, Beverages, and Products, associated with the Restaurant System at special promotions conducted within or outside of the Territory including, without limitation, fund-raising and charitable events, and events conducted at exhibitions, any state fair, any county fair, or a community-wide event sponsored by a state or local government (in a metropolitan area with a population in excess of 300,000 people).

(c) Famous Dave's will have the absolute right to: (i) Develop other restaurant business concepts of any kind under other brand names anywhere even if the locations for the concepts are within the Territory; (ii) Develop Famous Dave's® Restaurants in the Territory if they are located at or within an airport, a train station or other mass transit facility, a theme or entertainment park, a casino, a hotel or resort facility, a stadium or arena or other venue for semi-professional or professional sports, a military installation, within the boundaries of an Indian reservation, a school, college, university, or hospital, or at other similar venues that Famous Dave's determines, in the exercise of its reasonable business judgment, to be, entirely or in principal part, "captive markets"; and (iii) Develop other food service businesses using the Marks, menu items and Restaurant System concepts anywhere, even in the Territory, so long as they are not Famous Dave's® Restaurants.

(d) Famous Dave's has the absolute and exclusive right to market, distribute, and sell or license for sale, on a wholesale or retail basis, seasonings, sauces, food products including beans, meats, poultry and fish (in cooked or uncooked form), biscuit and muffin mixes, music (on compact discs or in other media), clothing, or any other food products or other goods under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing, or by any other marketing or distribution method, even if such sales are made to customers, distributors, or retailers or ultimate consumers who are located in the Territory.

(e) Notwithstanding the foregoing provisions of this Article 2.2, Area Developer has the right to participate in special promotions conducted within the Territory including, without limitation, "Ribfests," and cooking, recipe or restaurant competitions. Should the venue for such events be outside the Territory, but not in the territory or designated area of another Famous Dave's® area developer or franchisee, Area Developer may be authorized to participate in such events after written application to and the approval of Famous Dave's, on such terms and conditions as Famous Dave's determines to be appropriate.

2.3 Use of Marks.

Area Developer will have the right to use the Marks only in the Territory and only in connection with the development and operation of Famous Dave's® Restaurants according to the Franchise Agreements with Famous Dave's. Area Developer will only use the Marks designated by Famous Dave's in writing and only in the manner authorized and permitted by Famous Dave's pursuant to the provisions of such Franchise Agreements with Famous Dave's.

2.4 Conditions.

Area Developer hereby undertakes the obligation to develop Famous Dave's® Restaurants using the Restaurant System in the Territory in strict compliance with the terms and conditions of the Franchise Agreements for the Restaurants. The rights and privileges granted to Area Developer by Famous Dave's under this Agreement are applicable only in the Territory, are personal in nature, and may not be used elsewhere or in any other territory or area by Area Developer.

2.5 Personal License.

Area Developer has no right to franchise, sub-franchise, license, or sublicense its rights under this Agreement, or any part thereof. Area Developer will not have the right to Assign this Agreement or its rights under this Agreement in whole or in part, or to Assign the income stream from operation of the Restaurants, except as specifically provided for in this Agreement and the Franchise Agreements for the Restaurants in the Territory.

ARTICLE 3
TERM

This Agreement will be in effect for a term commencing on the Effective Date and ending on the date Area Developer has completed development of the number of Famous Dave's® Restaurants required under the Development Schedule set forth in Article 5.1, unless earlier terminated in accordance with the terms and conditions of this Agreement (the "Term"). At the end of the Term, Area Developer's exclusive development rights with respect to the Territory will automatically terminate, and Area Developer will not have the right to extend the Term or renew this Agreement.

ARTICLE 4
FEES PAYABLE TO FAMOUS DAVE'S

4.1 Development Fee.

On the date this Agreement is executed by Area Developer, Area Developer will pay Famous Dave's a nonrefundable Development Fee of an amount equal to $10,000 multiplied by the total number of Famous Dave's® Restaurants that Area Developer is required to open and operate in the Territory pursuant to the Development Schedule set forth in Article 5.1 of this Agreement (the "Development Fee"). The

Development Fee is payment to Famous Dave's for granting Area Developer the exclusive rights, as set forth in this Agreement, to develop Famous Dave's® Restaurants in the Territory. In no event will the Development Fee be refunded to Area Developer.

4.2 Initial Fees.

In addition to the Development Fee, Area Developer will, on the day Area Developer signs each Franchise Agreement pursuant to the terms of this Agreement, pay Famous Dave's an Initial Fee for each Restaurant that Area Developer is required to open and operate in the Territory pursuant to the Development Schedule set forth in Article 5.1 of this Agreement. The amount of each Initial Fee payable to Famous Dave's will be the same amount payable pursuant to the terms of the first Franchise Agreement signed by Area Developer. Area Developer will pay Famous Dave's each Initial Fee as set forth in this provision, even if the Initial Fee that is then charged to franchisees by Famous Dave's is different from the Initial Fee specified herein.

4.3 Payment of Initial Fees.

Area Developer will pay Famous Dave's the Initial Fee as set forth in Article 4.2 of this Agreement on the date Area Developer executes the Franchise Agreement for each Restaurant required to be opened and operated in the Territory pursuant to this Agreement. Area Developer must execute a Franchise Agreement for its first Restaurant and pay the first Initial Fee on the date Area Developer executes this Agreement. Area Developer will not purchase or lease the property for the proposed site for the Franchised Location until Area Developer has signed a Franchise Agreement with Famous Dave's and Area Developer has complied with the applicable provisions of the Franchise Agreement relating to site selection and the Franchised Location.

4.4 Royalty Fee.

During the term of each Franchise Agreement signed by Area Developer pursuant to this Agreement, Area Developer will pay Famous Dave's a Royalty Fee, as defined in the Franchise Agreement. Area Developer will pay Famous Dave's the Royalty Fee for each of its Famous Dave's® Restaurants at the rate set forth in the first Franchise Agreement signed by Area Developer and Famous Dave's pursuant to this Agreement, even if the Royalty Fee then charged to franchisees by Famous Dave's at the time Area Developer signs a subsequent Franchise Agreement is different. For each of its Famous Dave's® Restaurants, Area Developer will pay the Royalty Fee on the day specified in, and in accordance with the other terms and conditions of, the Franchise Agreement for that Restaurant.

4.5 Marketing Fund Fees; Other Fees.

During the term of each Franchise Agreement signed by Area Developer pursuant to this Agreement, Area Developer will pay Famous Dave's Marketing Fund Fees, as defined in the Franchise Agreement. Area Developer will pay Famous Dave's the Marketing Fund Fees for each of its Famous Dave's® Restaurants at the rates set forth in the then-current standard Franchise Agreements executed as set forth in Article 7.3. For each of its Famous Dave's® Restaurants, Area Developer will pay the Marketing Fund Fees on the day specified in, and in accordance with the other terms and conditions of, the Franchise Agreement for that Restaurant. Except as set forth in this Article, Area Developer will pay the fees, payments, and other monetary obligations payable to Famous Dave's and others at the rates, in the amounts and in the manner specified in the then-current standard Franchise Agreement executed by Famous Dave's and Area Developer for each Restaurant in the Territory.

ARTICLE 5
DEVELOPMENT SCHEDULE

5.1 Development Schedule.

Area Developer acknowledges and agrees that the following Development Schedule is a material provision of this Agreement:

Restaurant Number	Date by Which Franchise Agreement Must be Signed	Date by Which Famous Dave's® Restaurant Must be Opened and Continuously Operating in Territory	Cumulative Number of Famous Dave's® Restaurants Required to be Open and Continuously Operating in Territory as of Date in Preceding Column
1	Date of this Agreement		1
2			2
3			3

For purposes of determining compliance with the Development Schedule set forth in this Article, only Area Developer's Restaurants actually open and continuously operating in the Territory as of a given date will be counted toward the number of Famous Dave's® Restaurants required to be open and continuously operating. Notwithstanding any provision in the Franchise Agreement to the contrary, Area Developer will be required to open the Famous Dave's® Restaurants developed by Area Developer under this Agreement according to the dates set forth above in the Development Schedule, and the Franchise Agreement for each of Area Developer's Restaurants will be deemed to be amended accordingly.

5.2 Reasonableness of Development Schedule.

Area Developer represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Famous Dave's® Restaurants within the Territory, and approves of the Development Schedule as being reasonable and viable.

5.3 Failure to Comply with Development Schedule.

If Area Developer at any time during the term of this Agreement is not in compliance with the Development Schedule, then Famous Dave's will have the right to terminate this Agreement immediately upon notice to Area Developer and without any opportunity to cure. Termination of this Agreement as a result of Area Developer's failure to meet the Development Schedule will not affect the individual Franchise Agreements for the Famous Dave's® Restaurants opened and operated in the Territory pursuant to this Agreement which were signed by the parties prior to termination of this Agreement; however, upon termination of this Agreement, all rights to open and operate additional Famous Dave's® Restaurants in the Territory and all other rights granted to Area Developer under this Agreement will immediately revert to Famous Dave's, without affecting those obligations of Area Developer that continue beyond the termination of this Agreement.

5.4 Termination for Failure to Comply with Development Schedule.

If this Agreement is terminated by Famous Dave's because of Area Developer's failure to meet the Development Schedule, the rights and duties of Famous Dave's and Area Developer will be as follows: (a) Area Developer will have no rights to open additional Famous Dave's® Restaurants within the Territory; (b) Area Developer will continue to pay all required fees and to operate its Restaurants opened in the Territory pursuant to the terms of the applicable Franchise Agreements signed by Area Developer prior to the date of the termination of this Agreement, and will in all other respects continue to comply with such Franchise Agreements; (c) Famous Dave's will have the absolute right to develop Famous Dave's®

Restaurants in the Territory or to contract with other persons for the development of additional Restaurants in the Territory; (d) Area Developer will have no right to obtain a refund of any monies it paid to Famous Dave's pursuant to this Agreement; and (e) Area Developer and Famous Dave's will not have any rights or obligations with respect to the Franchise Agreements required to be signed pursuant to the Development Schedule in Article 5.1, but which were not executed prior to the termination of this Agreement by Famous Dave's because of Area Developer's failure to comply with the Development Schedule.

ARTICLE 6
CERTIFIED TRAINER; OPENING ASSISTANCE

6.1 Certified Trainer.

Within 90 to 180 days after Area Developer has opened its first Famous Dave's® Restaurant in the Territory, Famous Dave's will schedule the then-current certified trainer training program for Area Developer. The certified trainer training program will be held in Area Developer's Territory for members of the Management Staff and hourly employees selected by the Management Staff to become certified trainers. After completion of the certified trainer training program, Famous Dave's will certify the selected members of Area Developer's Management Staff to conduct certain training programs for the staff and kitchen employees of Area Developer's Restaurants going forward. There will be no fee charged to Area Developer for the initial scheduled certified trainer training program. Area Developer will pay the Salaries and Benefits, Travel Expenses, and all other expenses for all persons who attend the certified trainer training program on behalf of Area Developer.

6.2 Openings of Famous Dave's® Restaurants.

Area Developer will be required to open its Famous Dave's® Restaurants in accordance with the provisions of the Franchise Agreement for each Restaurant. After the first Famous Dave's® Restaurant is opened by Area Developer in the Territory, Area Developer will be responsible for furnishing the members of the Opening Team for the second and each subsequent Restaurant to be opened by Area Developer in its Territory. Famous Dave's will coordinate additional Opening Team members, as determined by Famous Dave's, to be at the Restaurants for a minimum of 14 days to assist with the opening of each new Famous Dave's® Restaurant in the Territory. There is no fee for this service, but Area Developer will pay all Salaries and Benefits, and the Travel Expenses for the Opening Team members in accordance with the terms of the applicable Franchise Agreement. Area Developer will not open and commence initial operations for any Famous Dave's® Restaurant developed by Area Developer in the Territory until Famous Dave's has given Area Developer written approval to open the Restaurant.

ARTICLE 7
OTHER OBLIGATIONS OF AREA DEVELOPER

7.1 Operation of Restaurants.

Subject to the principle that efforts by which Famous Dave's seeks to avoid and prevent conduct which is likely to impair the value of and the goodwill associated with the Marks and the Restaurant System do not reflect any right or effort by Famous Dave's to control the overall operation of the Restaurants in the Territory or the business prerogatives of Area Developer, Area Developer is totally and solely responsible for the operation of its Famous Dave's® Restaurants, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Area Developer, including the right to hire and fire its employees. Area Developer is responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled. Famous Dave's has no right, obligation or responsibility to control, supervise or manage Area Developer's employees, agents or independent contractors, and will in no way be involved in the day-

to-day operations of Area Developer's Restaurants, irrespective of the use by Area Developer of any tools, hardware or software that would enable such control, supervision or management by Famous Dave's.

7.2 Compliance with Applicable Laws

(a) Area Developer is solely responsible for the operation of its Restaurants in the Territory, and will control, supervise, and manage all the employees, agents, and independent contractors who work for or with Area Developer. Famous Dave's will not have any right, obligation, or responsibility to control, supervise or manage Area Developer's employees, agents, or independent contractors. Area Developer will advise its employees, agents and independent contractors of the foregoing facts, in writing, upon hiring or contracting with them, and in any employee manual or human resources materials made available to employees, agents or independent contractors.

(b) Area Developer will comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the development and the operation of Area Developer's Restaurants in the Territory. Area Developer will, at its expense, be solely and exclusively responsible for determining the licenses and permits required by law for Area Developer's Restaurants, for obtaining and qualifying for all licenses and permits, and for compliance with all applicable laws by its employees, agents and independent contractors.

(c) Famous Dave's will have no liability for any taxes which arise or result from Area Developer's Restaurants and Area Developer will indemnify Famous Dave's for any such taxes that may be assessed or levied against Famous Dave's which arise out of or result from Area Developer's Restaurants. If any "franchise" or other tax which is based upon the Revenues, receipts, sales, business activities, or operation of Area Developer's Restaurants is imposed upon Famous Dave's by any taxing authority, then Area Developer will reimburse Famous Dave's for all such taxes paid by Famous Dave's.

7.3 Execution of Franchise Agreements.

Subject to the provisions set forth in Articles 4.2 and 4.3 of this Agreement, for each Famous Dave's® Restaurant that will be opened, owned, and operated by Area Developer in the Territory pursuant to this Agreement, Area Developer or an Entity in which: (a) Area Developer is the Owner of at least 50.1% of the Ownership Interests in the Entity, or (b) Area Developer's Owners are the Owners of at least 50.1% of the Ownership Interests in the Entity (the "Controlled Entity") must execute Famous Dave's then-current Franchise Agreement and comply with the other requirements of this Agreement. The failure of Area Developer or the Controlled Entity to provide Famous Dave's with an executed Franchise Agreement within the time specified in Article 4.3 and Article 5.1 will constitute a material breach of this Agreement and Famous Dave's will have the right to terminate this Agreement as provided for herein. If the Franchise Agreement required to be executed pursuant to this Article 7.3 (and the other provisions of this Agreement) will be executed by the Controlled Entity, then: (i) Area Developer (or Area Developer's Owners) will, at all times during the term of the Franchise Agreement, be required to maintain at least a 50.1% Ownership Interest in the Controlled Entity, (ii) Area Developer will not be relieved from complying with the terms, conditions and obligations under this Agreement including, without limitation, the obligations contained in Articles 5, 7, 10, 11, 12, 13, 14, 15 and 20 of this Agreement, and (iii) Area Developer will be required to guarantee the obligations and liabilities of the Controlled Entity under the Franchise Agreement and will execute a guaranty in the form approved by Famous Dave's. If Area Developer elects to have a Controlled Entity execute the Franchise Agreement for any Famous Dave's® Restaurant being developed under this Agreement, then all terms, conditions, and obligations under this Agreement relating to the Franchise Agreement for that Restaurant will be the absolute obligation of the Controlled Entity and not Area Developer. Contemporaneous with the execution of the 2nd and subsequent Franchise Agreements signed by the parties in compliance with the Development Schedule, Area Developer will execute a general release, in a form satisfactory to Famous Dave's, of any and all claims against Famous Dave's, its current and former Affiliates and their respective past and present officers directors, executives, owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of

prior or concurrent written agreements, including this Agreement and the prior Franchise Agreement(s) executed in compliance with the Development Schedule.

7.4 Modifications to Franchise Agreement.

Area Developer acknowledges that: (a) the terms, conditions and economics of the Franchise Agreement may be modified from time to time by Famous Dave's; (b) modifications and amendments to the Franchise Agreement will not alter Area Developer's obligations under this Agreement; (c) any changes or modifications made to the Franchise Agreement in the future will not be applicable to any Franchise Agreement previously executed by Area Developer; (d) any Franchise Agreement signed by Area Developer pursuant to this Agreement will require Area Developer to pay the Initial Fee set forth in Article 4.2 and the Royalty Fee set forth in Article 4.4, regardless of whether these fees have increased in the future, and (e) Area Developer will be required to pay any additional fees contained in any Franchise Agreement signed by Area Developer after the date of this Agreement.

7.5 Interests of Operating Company.

Area Developer's operating company will be dedicated solely to the development and operation of Area Developer's Restaurants in the Territory, and will not hold any interest in, operate, or manage any other business of any kind without the prior written approval of Famous Dave's.

7.6 Operating Partner.

When Area Developer signs this Agreement, Area Developer will designate in writing the individual who will serve as Area Developer's Operating Partner. If Area Developer is an individual, then the Operating Partner will be Area Developer. If Area Developer is an Entity, the designated Operating Partner must have at least five years of restaurant management experience, as may be further described in the Standard Operating Procedure/Training Manual(s). The Operating Partner will, during the entire period he or she serves as the Operating Partner: (a) maintain, at all times, an Ownership Interest in Area Developer of at least 20% of the issued and outstanding Ownership Interests in Area Developer; and (b) devote his or her full time and best efforts to the supervision, conduct and operations of Area Developer's Restaurants in the Territory. The Operating Partner must attend and pass Famous Dave's then-current training program, at Area Developer's cost and expense, before participating in the management and operation of the Restaurants. If during the term of this Agreement, the Operating Partner is not able to or is not qualified to continue to serve in the capacity of Operating Partner, then Area Developer will promptly notify Famous Dave's in writing and will designate a duly qualified replacement Operating Partner within 30 days after the former Operating Partner ceases to serve in that capacity.

7.7 Multi-Unit Manager.

If this Agreement requires the development of six or more Famous Dave's® Restaurants in the Territory, then in lieu of the full-time participation of the Operating Partner designated in this Agreement and each Franchise Agreement in the Restaurants' operations, Area Developer may employ an individual who will devote his or her full time and best efforts to the operations of all Famous Dave's® Restaurants developed pursuant to this Agreement (the "Multi-Unit Manager"). The Multi-Unit Manager must have at least five years of multi-unit restaurant management and operations experience, as may be further described in the Standard Operating Procedure/Training Manual(s). If during the terms of the Franchise Agreements for the Restaurants in the Territory, the Multi-Unit Manager is unable to continue to serve in such position, then Area Developer will notify Famous Dave's in writing and will designate a new Multi-Unit Manager within 30 days after the former Multi-Unit Manager ceases to serve in such capacity. All Multi-Unit Managers must attend and pass Famous Dave's then-current training program, at Area Developer's (or its Affiliate's) cost and expense, before assuming his or her duties as the Multi-Unit Manager. The Multi-Unit Manager need not have an Ownership Interest in Area Developer.

7.8 Business Review.

Representatives of Area Developer and Famous Dave's will meet at least once each calendar year during the term of this Agreement at a place mutually determined by the parties. The purpose of the meeting will be to discuss: (a) Area Developer's Restaurants and their operational and financial performance; (b) compliance with the Development Schedule and related development and real estate matters; (c) Area Developer's overall performance under this Agreement; and (d) related matters raised by the parties. Famous Dave's will designate the senior level executives who must attend the annual meeting on behalf of Area Developer.

7.9 Business Efforts of Area Developer and Owners.

Area Developer understands and acknowledges that maintenance of required quality and service standards requires continuous personal effort by Area Developer and its senior management and that, during the term of this Agreement, Area Developer and the Owners acknowledge that Area Developer, its partners or officers and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from Famous Dave's pertaining to the Restaurant System and the operation of the Famous Dave's® Restaurants. Area Developer and the Owners have also been advised that Famous Dave's will not sell Famous Dave's® Franchises to any person or Entity that owns or intends to own, operate or be involved in any restaurants, food service or food products, and to the exclusion of any other form of business activity that, in Famous Dave's business judgment, is likely to have a negative effect on the operation of the Restaurants and the achievement of their maximum potential. Area Developer and the Owners each warrant and represents that they do not own, operate or have any involvement with or interest in other restaurants, food service or food products that has not been disclosed in writing to Famous Dave's. Accordingly, Area Developer and the Owners each agree that except as Famous Dave's may authorize in writing in the exercise of its sole and absolute judgment, during the term of this Agreement, the food-related business efforts of Area Developer and the Owners will be devoted to the operation of Area Developer's Restaurants in the Territory and any other Famous Dave's® Restaurants operated by Area Developer or its Affiliates, to the exclusion of any form of business effort involving restaurants, food service or food products, and to the exclusion of any other form of business activity that, in Famous Dave's business judgment is likely to have a negative effect on the operation of the Restaurants and the achievement of their maximum potential. Notwithstanding the foregoing terms of this Article 7.9 and the terms of Article 12.2: (i) Famous Dave's may, in the exercise of its sole judgment, on such conditions as Famous Dave's determines, give written consent to existing operational restaurant(s), food service or food product businesses owned and operated by Area Developer and the Owners as of the date of this Agreement, to own and operate designated restaurant(s), food service or food product businesses during the term of this Agreement and thereafter in accordance with such written consent; and (ii) a passive ownership of a financial interest in the stock of a publicly-held business that constitutes 3% or less of that publicly-held entity shall not constitute a violation of this Article 7.9 or Article 12.2.

ARTICLE 8
ASSIGNMENT

8.1 Assignment by Famous Dave's.

This Agreement (or any interest therein) may be unilaterally Assigned by Famous Dave's to a person or Entity in its sole and absolute determination without the approval of Area Developer and, upon Assignment, will inure to the benefit of the assigns of Famous Dave's and their successors. Famous Dave's will provide Area Developer with written notice after the Assignment has been completed, and the assignee will be required to fully perform all obligations of Famous Dave's under this Agreement.

8.2 Assignment by Individual Area Developer.

If Area Developer is an individual and has personally signed this Agreement, then in the event of the death or permanent disability of Area Developer, this Agreement may be Assigned or bequeathed by Area Developer to any designated person or beneficiary (the "Beneficiary") without the payment of any Assignment Fee and without complying with Article 11. However, the Assignment of this Agreement to Area Developer's Beneficiary will be subject to the applicable provisions of Article 8.3 and will not be valid or effective until Famous Dave's has received the properly executed legal documents which its attorneys deem necessary to document the Assignment of this Agreement. The Beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement, must personally guarantee this Agreement, and must successfully complete the appropriate training program. There will be no charge to the Beneficiary for attending the training program; however, the Salary and Benefits and the Travel Expenses of the Beneficiary will be paid by the Beneficiary. In addition, this Agreement may be Assigned to an Entity without the payment of an Assignment Fee and without complying with Article 11 if Area Developer is an individual, provided that the Owner or Owners of the Entity are the same person or persons who signed this Agreement.

8.3 Assignment by Area Developer.

Subject to the provisions of Article 11, Area Developer will not Assign any interest in or any part of this Agreement, the Restaurants or the income derived therefrom to any person or Entity without the prior written approval of Famous Dave's. Famous Dave's will not withhold its written consent to any Assignment of this Agreement, if the Assignment does not violate any of the terms of this Agreement, if Famous Dave's does not exercise its rights under Article 11 of this Agreement, and if Area Developer and/or the assignee area developer are in full compliance with the following terms and conditions: (a) Area Developer has provided written notice to Famous Dave's of the proposed Assignment of this Agreement at least 45 days prior to the transaction; (b) all of Area Developer's monetary obligations due to Famous Dave's have been paid in full, and Area Developer is not otherwise in default under this Agreement; (c) Area Developer has agreed in writing to observe all applicable provisions of this Agreement, including the covenants not to compete contained in this Agreement; (d) Famous Dave's and Area Developer have executed a joint and mutual release, in a form satisfactory to Famous Dave's, of any and all claims against Famous Dave's and/or Area Developer and their current and past officers, directors, Owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement, Area Developer's purchase of franchised Famous Dave's Restaurants or the operation of the Restaurants including, without limitation, all claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; (e) the assignee area developer has demonstrated to the satisfaction of Famous Dave's that he, she, or it meets the managerial, financial, and business standards required by Famous Dave's for new area developers, possesses a good business reputation and credit rating, and that its management possesses the aptitude and ability to operate the Restaurants in the Territory in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise); (f) the assignee area developer and all of the assignee area developer's Owners execute the legal agreements required by Famous Dave's or its legal counsel to document the Assignment of this Agreement to the assignee area developer; (g) the assignee area developer and its Management Staff have successfully completed the training program required under the Franchise Agreements for the Restaurants; and (h) any purchase and sale agreement between the Area Developer and assignee area developer (or other assignor and assignee) shall provide for and require that all Restaurants that have opened on or before the date of closing shall continue to operate without interruption during the assignment. Famous Dave's may expand upon, and provide more details related to, the conditions for Assignment and Famous Dave's consent as described in this Article 8.3, and may do so in the Standard Operating Procedures/Training Manual(s) or otherwise in writing.

8.4 Assignment of Ownership Interest.

No Owner will have the right to Assign an Ownership Interest in Area Developer without the prior written approval of Famous Dave's. Famous Dave's will not withhold its written consent if the Assignment of the Ownership Interest by the Owner complies in all respects with the terms of this Agreement, and if Famous Dave's does not exercise its right of first refusal to acquire the Owner's Ownership Interest in Area Developer pursuant to Article 11 of this Agreement. If the Assignment is to: (a) a relative (husband, wife, children, grandchildren, mother, father, brothers and sisters) of the Owner, or (b) one of the existing Owners of Area Developer, then the provisions of Articles 8.6 and 11 will not apply; however, the Owners and the new Area Developer will be required to comply with the applicable provisions of Article 8.3.

8.5 Acknowledgment of Restrictions.

Area Developer and the Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and necessary to protect the Restaurant System and the Marks, as well as the reputation and image of Famous Dave's, and are for the protection of Famous Dave's, Area Developer and all other area developers and franchisees who own and operate Famous Dave's® Restaurants. Any Assignment permitted by this Article will not be effective until Famous Dave's receives a completely executed copy of all Assignment documents and Famous Dave's consents to the Assignment in writing. Any attempted Assignment made without complying with the requirements of this Article will be void.

8.6 Assignment Fee.

If this Agreement is Assigned to another person or Entity, or if any of the Owners Assign any Ownership Interest in Area Developer, then except as provided for in Articles 8.2 and 8.4, Area Developer will pay Famous Dave's, on or before the date of the Assignment, an Assignment Fee of $5,000. The Assignment Fee is to cover the costs incurred by Famous Dave's in connection with the Assignment and the costs to provide training to the assignee area developer and its Management Staff. The assignee area developer will be responsible for all Salaries and Benefits, Travel Expenses and other expenses incurred by all people attending the initial training program on behalf of the assignee area developer.

8.7 Assignment to Competitor Prohibited.

Area Developer and the Owners will not Assign this Agreement or their Ownership Interests in Area Developer or the Restaurants to any person or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any food service business which Famous Dave's determines, in the exercise of its business judgment, intended to serve the same general range of consumer demand for food service (regardless of menu) as a Famous Dave's® Restaurant. If Famous Dave's refuses to permit an Assignment of this Agreement under this provision, then the only remedy of Area Developer and the Owners will be to have the Arbitrators determine whether the proposed assignee owns or operates a food service business and whether Famous Dave's has exercised its business judgment in accordance with this Agreement.

ARTICLE 9
TERMINATION BY FAMOUS DAVE'S

9.1 Immediate Termination By Famous Dave's.

Notwithstanding any other provisions of this Article 9 or this Agreement, Famous Dave's will have the absolute right, unless precluded by applicable law, to immediately terminate this Agreement if Area Developer:

(a) or any of its current directors, officers, or majority Owners are convicted of, or plead guilty or no contest to a charge of violating any law, and such conviction or plea could have a material adverse effect on Area Developer's right or ability to operate the Restaurants or could have a material adverse effect on the Marks and/or Area Developer's Restaurants;

(b) is deemed insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against Area Developer and Area Developer is unable within a period of 60 days from such filing to obtain the dismissal of the bankruptcy petition, or Area Developer files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law;

(c) makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors;

(d) fails or refuses to provide the Financial Records and other materials requested by Famous Dave's to substantiate Area Developer's Financial Statements or to produce and permit Famous Dave's to audit Area Developer's Financial Records;

(e) is involved in any act or conduct which materially impairs the goodwill associated with the Marks or the Restaurant System, and Area Developer fails to correct the breach within 24 hours after receipt of written notice of the breach from Famous Dave's;

(f) violates any provision, term or condition of this Agreement three or more times during any 12-month period, without regard to whether the violations were of a similar or different nature or whether the violations were corrected within the prescribed cure period after receipt of written notice of the violations; or

(g) or an Affiliate of Area Developer breaches any other agreement Area Developer has with Famous Dave's or an Affiliate of Famous Dave's where Area Developer or its Affiliate has no right to receive an opportunity to cure the breach or the breach is not capable of being cured.

9.2 <u>Other Termination Rights</u>.

In addition to its other rights of termination contained in this Agreement and rights existing under common law, Famous Dave's will have the right to terminate this Agreement without being required to afford Area Developer an opportunity to correct the breach, if:

(a) any required or other financial, personal, or other information provided by Area Developer to Famous Dave's is materially false, misleading, incomplete, or inaccurate;

(b) Area Developer is in an ongoing condition of financial impairment which, in Famous Dave's business judgment, impairs its ability to fulfill the obligations of this Agreement and there has been no evidence of satisfactory corrective action furnished to Famous Dave's within 30 days after written notice to Area Developer by Famous Dave's;

(c) Area Developer (i) fails to timely pay the Development Fee, or any other monetary obligations or fees due and payable to Famous Dave's or an affiliated or controlled Entity of Famous Dave's pursuant to this Agreement or any other agreement; (ii) fails to timely pay any of its uncontested obligations or liabilities due and owing to Famous Dave's, any affiliated or controlled Entity of Famous Dave's, suppliers, banks, purveyors, lessors, creditors, or to any federal, state, or municipal government; or (iii) issues any check or electronic transfer of funds initiated by Famous Dave's on Area Developer's account(s) which is dishonored because of insufficient funds (except where it is dishonored because of an error in bookkeeping or accounting) or closed accounts and either the failure or event of dishonor is not fully corrected within five business days or any of the failures or dishonors enumerated above (considered collectively) have occurred three times in any 12-month period, regardless of any correction;

(d) Area Developer fails to comply with the Development Schedule in Article 5.1 of this Agreement;

(e) Area Developer (or a Controlled Entity), an affiliated Entity or an Owner breaches any Franchise Agreement or any other agreement between such person or Entity and Famous Dave's or an Affiliate;

(f) any Franchise Agreement between Area Developer (or a Controlled Entity) and Famous Dave's is terminated by either party for any reason; or

(g) Area Developer or any Affiliate of Area Developer breaches any other agreement Area Developer or its Affiliate has with Famous Dave's or any Affiliate of Famous Dave's under which Area Developer or its Affiliate has an opportunity to cure and Area Developer or its Affiliate fails to cure the breach within the applicable cure period.

9.3 <u>When Termination Under Article 9.1 or 9.2 Takes Effect</u>.

Breaches enumerated in Articles 9.1 and 9.2 above take effect immediately on delivery of written notice to Area Developer by any method, except that a breach described in Article 9.1(e) above takes effect on the first minute of the 25th hour after delivery of the written notice of termination if Area Developer fails to correct the alleged breach within 24 hours after receiving the written notice of breach. In all other cases, termination takes effect as provided in Article 9.6 below.

9.4 <u>Other Terminations – Notice of Breach with Opportunity for Correction</u>.

(a) Except as provided in Articles 9.1 and 9.2 above, Famous Dave's will not have the right to terminate this Agreement until: (i) written notice setting forth the alleged breach in detail has been delivered to Area Developer by Famous Dave's; and (ii) after receiving the written notice, Area Developer fails to fully correct the alleged breach within the period of time specified by applicable law.

(b) If applicable law does not specify a time period to correct an alleged breach, then Area Developer will have 30 days after receipt of the written notice to correct the alleged breach, except where the written notice states that Area Developer is delinquent in the payment of any fees or other monetary obligations or other fees due and payable to Famous Dave's or any affiliated or controlled Entity of Famous Dave's pursuant to this Agreement or any other agreement, in which case Area Developer will have five business days after receipt of written notice to fully correct the breach by making full payment to Famous Dave's, together with interest on the past due obligations at the rate of 18% per annum.

(c) The notice of breach shall set a date certain for termination to be effective, which shall be expressed as "__ days from the date this notice is received or ___ days following an arbitrator's decision upholding the termination, whichever is later, with no requirement of further notice by Famous Dave's, all in accordance with the provisions of Article 9.6 of the Area Development Agreement between Area Developer and Famous Dave's."

(d) For the purposes of this Agreement, an alleged breach of this Agreement by Area Developer will be deemed to be "corrected" if both Famous Dave's and Area Developer agree in writing that the alleged breach has been corrected.

(e) For the purposes of this Agreement, full correction of a breach is not achieved by ending non-complying conduct and requires, in addition, appropriate modifications and procedures to assure that the breach(es) will not reoccur in the future, and that the foundation for trust and confidence in Area Developer's future performance of all provisions of this Agreement can be and has been restored. Area Developer agrees and acknowledges that some breaches are of a character where such restoration of trust and confidence is not possible, in which case, full correction will not be possible and termination will follow.

9.5 <u>Arbitration Involving Termination</u>.

(a) The dispute resolution provisions contained in Article 14 of this Agreement apply to terminations under Article 9.1 and 9.2 of this Agreement, as stated therein without regard to any notice of arbitration, unless the Arbitrators determine that termination should be deferred pending their decision.

(b) In all other cases involving the termination of this Agreement, if Area Developer has received a notice of breach pursuant to Articles 9.1(e), 9.2(b) or 9.4 above, and Area Developer gives notice of arbitration under this Agreement within 10 days thereafter, in accordance with Article 14 of this Agreement, Famous Dave's will not have the right to terminate this Agreement until the facts of the alleged breach have been submitted to arbitration, the Arbitrators determine Area Developer has breached this Agreement, and Area Developer fails to correct any fully-correctable breach within the required time period.

(c) If the Arbitrators determine that Area Developer has violated or breached this Agreement as alleged by Famous Dave's in the written notice given to Area Developer, then unless applicable law specifies otherwise and except where no right of correction is provided by this Agreement or Area Developer's breach does not permit a full correction, Area Developer will have the same number of days after the date the Arbitrators issue a written determination on the matter to fully correct the specified breach or violation of this Agreement as was originally applicable to the breach and if timely and fully corrected, this Agreement will remain in full force and effect.

(d) For the purpose of this Agreement, any controversy or dispute on the issue of whether Area Developer has timely and fully corrected the specified breach or violation of this Agreement will also be subject to arbitration as provided for herein. The time limitations set forth in this Article within which Area Developer may demand arbitration of a dispute or controversy relating to the right of Famous Dave's to terminate this Agreement for an alleged breach are of the essence and mandatory. If Area Developer fails to comply with the time limitations set forth in this Article, then Famous Dave's may terminate this Agreement as provided for herein.

9.6 Effective Date of Termination.

Except as provided in Article 9.3, this Agreement will automatically terminate as provided in the notice of breach previously given and Article 9.5(d), if applicable. Famous Dave's may give further notice to Area Developer confirming the termination date. However, such notice shall not impair the effectiveness of the date as first stated in the notice of breach, and there shall be no further condition, other than the passage of the specified time, for termination to be fully effective.

9.7 Other Remedies.

Nothing in this Article will preclude Famous Dave's from seeking other remedies or damages under state or federal laws, common law, or under this Agreement against Area Developer including, but not limited to, attorneys' fees, and injunctive relief.

ARTICLE 10
OBLIGATIONS UPON TERMINATION OR EXPIRATION

10.1 Obligations upon Termination; Reversion of Rights.

Upon expiration or termination of this Agreement for any reason, all rights to open and operate additional Famous Dave's® Restaurants in the Territory and all other rights granted to Area Developer pursuant to this Agreement will automatically revert to Famous Dave's, and Famous Dave's will have the right to develop the Territory or to contract with another area developer for the future development of the Territory. In addition, Area Developer will comply with all other applicable provisions of this Agreement, including those provisions with obligations that continue beyond the expiration or termination of this Agreement.

10.2 Franchise Agreements Not Affected.

Area Developer will continue to operate the Famous Dave's® Restaurants owned by Area Developer in the Territory pursuant to the terms of the applicable Franchise Agreements signed by Area Developer and Famous Dave's prior to the termination of this Agreement, and the rights and obligations of Area Developer and Famous Dave's with respect to Area Developer's Restaurants in the Territory will be governed by the terms of the applicable Franchise Agreements.

10.3 Continuation of Obligations.

Any provisions contained herein which expressly or by implication are intended to survive the expiration or termination of this Agreement, including the indemnities and covenants contained in this Agreement, will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 11
OPTION OF FAMOUS DAVE'S TO PURCHASE

11.1 Scope and Applicability of Option.

Area Developer will not Assign or otherwise dispose of any interest in or any part of the Major Assets (including but not limited to any interest in Area Developer, this Agreement or in the Restaurant businesses operated pursuant to Franchise Agreements signed under this Agreement or any interest in or right to receive all or any part of the assets, profits or income stream of the Restaurant businesses), other than to a relative pursuant to Article 8.4 of this Agreement or in the event of a death, disability or incapacity pursuant to Article 8.2 of this Agreement, to any purchaser without first offering the same to Famous Dave's in a written offer in accordance with this Article 11. For the purposes of this Article 11, the term Area Developer shall mean and include any Owner.

11.2 Grant of Option and Procedure for Waiver or Intention to Exercise Option.

(a) If Area Developer has received a bona fide offer within the scope of Article 11.1 above, and wishes to accept that offer, Area Developer must first give Famous Dave's written notice of that offer, including the purchase price, payment terms, and all other material terms and conditions of the proposed transaction (the "Area Developer's Offer") along with detailed identification of all proposed purchasers, acquirees or assignees (collectively, the "Proposed Transferee") and an offer to sell that all assets and interests included in the Area Developer's Offer to Famous Dave's under the same terms. The Area Developer's Offer must include detail sufficient to establish that the Area Developer's Offer is in fact a good faith bona fide offer, including demonstrating to Famous Dave's reasonable satisfaction that the Proposed Transferee is financially and operationally qualified to perform all obligations under this Agreement and that the amount of consideration specified is within a reasonable range in light of all relevant facts and information. The Area Developer's Offer must also include an agreement, in a form specified by Famous Dave's, signed by the Proposed Transferee, acknowledging Famous Dave's authority to exercise its rights relating to all matters referenced in this Article 11, without incurring any form of liability or responsibility to pay damages of any type as a result of such exercise. Within five business days after receipt of the Area Developer's Offer, Famous Dave's may make reasonable additional requests of Area Developer and the Proposed Transferee in order to satisfy itself that the offer and its terms are in fact a good faith bona fide offer.

(b) Famous Dave's will have 10 business days after receipt of the Area Developer's Offer and complete responses to any additional request made pursuant to Article 11.2(a) above to give Area Developer a written notice which will either (i) state that Famous Dave's waives its option to purchase (a "Waiver Notice"); or (ii) states that it intends to exercise its rights to purchase or acquire the Major Assets according to the terms contained in Area Developer's Offer (the "Letter of Intent"); provided, however that the Letter of Intent may substitute equivalent cash for any noncash consideration included in such terms and may disregard any provision of the Area Developer's Offer that establishes a requirement or condition that reflects an effort by Area Developer or the Proposed Transferee to make it practically impossible for Famous Dave's to exercise its rights as intended by this Article 11. Area Developer and Famous Dave's may agree, in writing, to enlarge the times specified in Article 11.2(a) above or in this provision.

(c) In the event Famous Dave's issues a Waiver Notice, Area Developer may proceed to conclude the transaction in accordance with the terms and conditions stated in the Area Developer's Offer, subject to compliance with all other provisions of this Agreement, within the next 90 days. If the transaction is not concluded within this time period, or if during any negotiations with the Proposed Transferee, Area Developer agrees to negotiate, change, delete, or modify any material terms and conditions contained in the Area Developer's Offer, the option established in this Article 11 and all provisions of this Article 11 shall again be in full force and effect. If there have been negotiations between Area Developer and Famous Dave's that did not result in a closed transaction and, in subsequent negotiation with the Proposed Transferee, Area Developer agrees to changes in the terms and conditions which changes were not part of a definitive agreement or agreements proposed by Area Developer during negotiations with Famous

Dave's, then Area Developer will be required to re-offer to sell the Major Assets to Famous Dave's under the new terms and conditions offered to the purchaser in accordance with the provisions of this Article 11.

11.3 Due Diligence Review.

If Famous Dave's has issued a Letter of Intent, then Famous Dave's will have 60 days from the date the Letter of Intent is received by Area Developer (the "Notice Date") to conduct a "due diligence" review. Area Developer will promptly provide Famous Dave's with all Financial Information, Financial Records, and other information requested by Famous Dave's or its accountants to conduct its "due diligence" review. Famous Dave's will have the absolute and unconditional right to terminate the Letter of Intent and any obligation to purchase the Major Assets from Area Developer for any reason and at any time during the 60-day "due diligence" review period by giving Area Developer written notice. The time period provided in this Article 11.3 maybe enlarged by written agreement, and will be automatically extended to account for any day or days in which Area Developer or the Proposed Transferee delay in furnishing information needed for the Famous Dave's due diligence review.

11.4 Exceptions in Specific Circumstances.

(a) Notwithstanding any other provisions of this Article 11, if the proposed transaction is in connection with a change in control or any insolvency or bankruptcy filing by Area Developer or an Owner, the Area Developer's Offer to delivered to Famous Dave's shall include an offer to Famous Dave's to purchase all rights under this Agreement and all assets of the Restaurant businesses operated pursuant to this Agreement, including all tangible and intangible property, at a fair market price, subject to acceptance and due diligence as provided in Articles 11.2 and 11.3 above. If Famous Dave's determines, following its due diligence review, to accept this offer, Famous Dave's and Area Developer will make good faith efforts to agree on the price to be paid during the next 30 days, the price will be as established by a qualified independent appraiser reasonably selected by Famous Dave's. The time for acceptance or rejection of the Area Developer's Offer in such circumstances shall be 60 days after the appraiser's final written report.

(b) This Article does not apply to the Assignment of any of the Major Assets (with the exception of this Agreement) by Area Developer to a bank, financial institution or other lender in connection with Area Developer's financing of: (i) the real estate or leasehold improvements for the Franchised Locations in the Territory, (ii) the FF&E for Area Developer's Restaurants, (iii) inventory or supplies for the Restaurants, or (iv) working capital required by the Restaurants.

11.5 Documentation and Negotiations.

In all cases in which Famous Dave's has issued a Letter of Intent and is proceeding with the transaction, the transaction documents will be prepared by Famous Dave's and will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. Closing will take place at the offices of Famous Dave's. Unless Famous Dave's terminates its Letter of Intent as provided in Article 11.4, then Area Developer or Owner and Famous Dave's will make reasonable efforts to agree on the terms and conditions of the definitive agreement or agreements for the purchase of the Major Assets. If Area Developer or Owner and Famous Dave's fail to agree on the terms and conditions for the definitive agreement after negotiations have proceeded for at least 60 days, either party may terminate the proposed transaction by giving the other party(ies) five days prior written notice.

11.6 Negotiated Changes with Purchaser.

If Famous Dave's does not purchase the Major Assets from Area Developer under the terms and conditions contained in the Area Developer's Offer, then if during any negotiations with the purchaser Area Developer agrees to negotiate, change, delete, or modify any of the terms and conditions contained in the Area Developer's Offer or the terms and conditions contained in the most recent version of the definitive agreement or agreements proposed by Area Developer during negotiations that were not acceptable to Famous Dave's, then Area Developer will be required to re-offer to sell the Major Assets to Famous Dave's

under the new terms and conditions offered to the purchaser in accordance with the provisions of this Article 11.

11.7 Compliance with Agreement.

(a) In all cases, a Proposed Transferee must meet all of Famous Dave's then-current requirements for any potential new area developer as determined by Famous Dave's in exercise of its business judgment, and must have provided Famous Dave's with all financial, operational, background, and other information regarding the assignee as Famous Dave's reasonably request consistent with Famous Dave's procedures for review and evaluation of a proposed area developer. No Proposed Transfer will be implemented unless all amounts Area Developer owed to Famous Dave's or any Affiliate and to all Area Developer's suppliers, employees, and other creditors have been paid in full. If Area Developer is not in compliance with this Agreement or any other agreement with Famous Dave's or any Affiliate, appropriate arrangements must be made to insure that funds needed to achieve prompt material compliance with all contractual obligations will be available to the Proposed Transferee. In the exercise of Famous Dave's business judgment, Famous Dave's may establish any other conditions relating to the Proposed Transfer before approval is granted.

(b) A Proposed Transferee must execute Famous Dave's then-current form of area development agreement including then-applicable fees and area developer obligations as well as any additional documents customarily executed by a Proposed Transferee, modified to reflect that the term is only the remainder of the term stated in this Agreement, plus such other modifications that are need in order to reflect the transfer, but such then-current form of area development agreement may otherwise differ from this Agreement, including higher fees and different obligations then comparable to other current Famous Dave's® area development agreements.

11.8 Acknowledgment of Restrictions.

Area Developer and the Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and are necessary to protect the Restaurant System and the Marks, as well as the reputation and image of Famous Dave's, and are for the protection of Famous Dave's, Area Developer and all other area developers and franchisees who own and operate Famous Dave's® Restaurants. Any Assignment permitted by this Agreement will not be effective until Famous Dave's receives a completely executed copy of all Assignment documents and Famous Dave's consents to the Assignment in writing. Area Developer's obligations under this Agreement will in no way be affected or changed because of non-acceptance by Famous Dave's of the Area Developer's Offer and as a consequence, the terms and conditions of this Agreement will remain in full force and effect. The decision by Famous Dave's not to exercise the option to purchase granted to it pursuant to this Article will not, in any way, be deemed to grant Area Developer the right to terminate this Agreement and will not affect the Term. Moreover, if Famous Dave's does not exercise the option to purchase granted to it pursuant to this Article and if Area Developer sells or otherwise disposes of this Agreement or any of its Major Assets to a third party, then both Area Developer and the purchaser will be required to comply in all respects with the terms and conditions of Article 8 of this Agreement. Any Assignment of Area Developer's Restaurants that does not include an Assignment of this Agreement to the assignee will constitute a wrongful termination of this Agreement by Area Developer.

11.9 General Release.

In connection with any Proposed Transfer, Area Developer and each Owner (if any) pursuant to this Agreement must sign a general release of Famous Dave's and its past and present Affiliates of all claims arising out of or relating to this Agreement and to all aspects of each of their business relationship with Famous Dave's and its past and present Affiliates, in the reasonable form Famous Dave's then designates, releasing Famous Dave's, its past and present Affiliates and any related parties from all claims up to the date the Proposed Transfer is effected or if the Proposed Transfer is terminated, Area Developer must sign a release of all claims relating in any way to the failure of the Proposed Transfer to proceed.

11.10 Bankruptcy Issues.

If Area Developer or any person or Entity holding any Ownership Interests (direct or indirect) in Area Developer becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Assignment of Area Developer's obligations and/or rights hereunder, any Major Assets, or any indirect or direct interest in Area Developer will be subject to all of the provisions of this Article.

ARTICLE 12
AREA DEVELOPER'S COVENANTS NOT TO COMPETE

12.1 Consideration.

Area Developer and the Owners acknowledge that Area Developer, its Owners, partners or officers, and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from Famous Dave's pertaining to the Restaurant System and the operation of the Famous Dave's® Restaurants in the Territory. In consideration for this information, Area Developer and the Owners agree to the provision restricting competition during and after the termination or expiration of this Agreement as set forth in Articles 12.2 and 12.3 of this Agreement.

12.2 In-Term Covenant Not to Compete.

Area Developer and the Owners will not, during the Term, on their own account or as an employee, agent, consultant, affiliate, licensee, partner, officer, director, or Owner of any other person, firm, Entity, partnership, or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or Entity engaged in a food service business that Famous Dave's determines, in the exercise of its business judgment, serves the same general range of consumer demand (regardless of menu) as comparable to that served by a Famous Dave's® Restaurant, except with the prior written consent of Famous Dave's.

12.3 Post-Term Covenant Not to Compete.

(a) Area Developer and the Owners will not, on their own account or as an employee, principal, agent, independent contractor, consultant, affiliate, licensee, partner, officer, director or Owner of any other person, firm, Entity, partnership, or corporation (i) for a period of one year after the termination or expiration of this Agreement, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or Entity engaged in a food service business that Famous Dave's determines, in the exercise of its business judgment, serves the same general range of consumer demand (regardless of menu) as comparable to that served by a Famous Dave's® Restaurant which is located within the Territory, within five miles of any Famous Dave's® Restaurant, or within any territory granted by Famous Dave's or any Affiliate of Famous Dave's pursuant to an Area Development Agreement or other territorial agreement, and (ii) for a period of two years after the termination or expiration of this Agreement, own, operate, lease, franchise, conduct, engage in, be connected with, a food service business that is reasonably expected to derive, or does derive 15% or more of its gross income from the sale of food items featuring either smoked or barbecued food, if such business is located within the Territory.

(b) Area Developer and the Owners expressly agree that the time, geographical and product limitations set forth in this provision are reasonable and necessary to protect Famous Dave's and its area developers and franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to protect Famous Dave's intellectual property and proprietary rights and give Famous Dave's the opportunity to resell and/or develop new Famous Dave's® Restaurants in or near the Territory.

12.4 Ownership of Public Companies.

Notwithstanding the provisions of Articles 12.2 and 12.3, passive ownership of a financial interest in the securities of a publicly-held business that constitutes 3% or less of that publicly-held entity shall not constitute a violation of Articles 12.2 and 12.3.

12.5 Injunctive Relief.

Area Developer and the Owners agree that the provisions of this Article are necessary to protect the legitimate business interest of Famous Dave's and its developers and franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional, and other confidential information to competitors of Famous Dave's and its developers and franchisees, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the Restaurant System, preventing duplication of the Restaurant System by unauthorized third parties, and preventing damage to and/or loss of goodwill associated with the Marks. Area Developer and the Owners also agree that damages alone cannot adequately compensate Famous Dave's if there is a violation of this Article by Area Developer and the Owners, and that injunctive relief against Area Developer is essential for the protection of Famous Dave's and its developers and franchisees. Area Developer and the Owners, agree therefore, that if Famous Dave's alleges that Area Developer or the Owners have breached or violated this Article, then Famous Dave's will have the right to petition a court of competent jurisdiction for injunctive relief against Area Developer and the Owners, in addition to all other remedies that may be available to Famous Dave's. Famous Dave's will not be required to post a bond or other security for any injunctive proceeding. If Famous Dave's is granted ex parte injunctive relief against Area Developer or Area Developer's Owners, then Area Developer and the Owners will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

12.6 Effect of Local Law.

In the event the provisions of Articles 12.2 or 12.3 are deemed to conflict with applicable law, such provisions shall be revised by Famous Dave's and Area Developer so as to provide the maximum protection allowed to Famous Dave's under applicable law.

12.7 Effect on Other Agreements.

The covenants not to compete set forth in this Article will apply and be enforced independently of any covenant not to compete set forth in any other agreements between Famous Dave's and any other party to this Agreement.

ARTICLE 13
INDEMNIFICATION

13.1 Indemnification.

Famous Dave's will not be obligated to any person or Entity for any damages arising out of, from, in connection with, or as a result of Area Developer's activities under this Agreement or the operation of Area Developer's Restaurants. Therefore, Area Developer will indemnify and hold Famous Dave's harmless against, and will reimburse Famous Dave's for, all damages for which Famous Dave's is held liable and for all costs incurred by Famous Dave's in the defense of any claim or action brought against Famous Dave's arising in whole or in significant part from, in connection with, out of, or as a result of actions, inactions, negligence and/or wrongdoing by Area Developer or Area Developer's employees, agents or representatives, the operation of Area Developer's Restaurants, the activities conducted this Agreement or in connection with Area Developer's Restaurants and business including, without limitation, attorneys' fees, investigation expenses, court costs, deposition expenses, and Travel Expenses. Area Developer will indemnify Famous Dave's, without limitation, for all claims and damages arising in whole or significant part from, out of, in connection with, or as a result of the following claims, regardless of whether any such claim is brought by Area Developer or any other party: (a) any personal injury, property damage,

commercial loss or environmental contamination resulting from any act or omission of Area Developer or its employees, agents or representatives; (b) any failure on the part of Area Developer to comply with any requirement of any laws or any governmental authority; (c) any failure of Area Developer to pay any of its obligations to any person or Entity; (d) any failure of Area Developer to comply with any requirement or condition of this Agreement or any other agreement with Famous Dave's; (e) any misfeasance or malfeasance by Area Developer or Area Developer's employees, agents or representatives; and (f) any tort committed by Area Developer or its employees, agents or representatives. Area Developer will not be obligated to indemnify Famous Dave's for any claims or damages to the extent they are found to be separately attributable to, arising out of, from, in connection with, or as a result of any negligence or wrongdoing by Famous Dave's. Famous Dave's will have the right to defend any claim made against it arising from, as a result of, in connection with or out of the development and operation of Area Developer's Restaurants.

13.2 Payment of Costs and Expenses; Continuing Obligations.

Area Developer will pay all attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses) incurred by Famous Dave's if Famous Dave's prevails in any action: (a) it commences or defends to enforce any term, condition, or provision of this Agreement, or (b) to enjoin any violation of this Agreement by either Famous Dave's or Area Developer. These indemnification provisions and the other obligations contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 14
COMMUNICATION; ARBITRATION

14.1 General Principles.

Famous Dave's and Area Developer have entered into a long-term contractual relationship that give rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in light of the overall best interests of reputation and image of the Famous Dave's® franchise system, as contemplated by this Agreement. To that end, Famous Dave's and Area Developer acknowledge that they should attempt to resolve disagreements and/or disputes before they negatively impact the relationship or the network of company-owned and franchised Famous Dave's® Restaurants. Two-way communication between Famous Dave's and Area Developer are an important aspect of that principle. The provisions of this Article 14 are intended to facilitate such communication and the prompt resolution of any disagreements between the Famous Dave's and Area Developer. To the extent any element or aspect of this Article 14 is found, under applicable law, to be unenforceable in any way, it shall not be deemed void but, if possible, shall be enforced to the fullest lawful extent and all other provisions of this Article 14 shall remain in full force and effect.

14.2 Availability of Alternative Dispute Resolution.

Except for the disputes described in Article 14.3 of this Agreement and except as otherwise specifically modified by this Article 14, any dispute between Famous Dave's and any of its Affiliates, and Area Developer and any of its Affiliates, on the other, arising out of, relating to or referencing this Agreement or its breach in any way, including without limitation, any claim sounding in tort arising out of the business relationship created by this Agreement, and any claim that this Agreement or any other of its parts is invalid, illegal or otherwise voidable or void, is subject to the dispute resolution provisions set forth in this Article 14. "Affiliates," as used only in this Article 14, will include the definition of the term Affiliate set forth in the Franchise Agreements as well as all persons or Entities who/that directly or indirectly, own or control, are owned or controlled by, or are under common ownership or control with Famous Dave's or Area Developer, and will also include all officers, directors, employees, managers, representatives and agents of the foregoing acting in the course of conducting business activities related to Famous Dave's or Area Developer.

14.3 Disputes Not Subject to Alternative Dispute Resolution.

The following categories of dispute between Famous Dave's and Area Developer will not be subject to the alternative dispute resolution procedures set forth in this Article 14:

(a) any dispute involving Area Developer's use of the Marks or the Restaurant System in violation of the Franchise Agreements signed in compliance with this Agreement;

(b) any dispute in which any injunctive relief is sought, but only to the extent of proceedings for such relief;

(c) any dispute relating to an Assignment in violation of this Agreement;

(d) any dispute involving Area Developer's violation of the provisions of this Agreement or a Franchise Agreement signed in compliance with this Agreement relating to confidentiality and the covenants not to compete; or

(e) any dispute in any way relating to the scope, application or enforceability of this Article 14.

14.4 Disputes Subject to Arbitration.

Except as expressly provided to the contrary in Article 14.3 of this Agreement, all disputes and controversies between Area Developer or any of its Affiliates and Famous Dave's or any of its Affiliates, including allegations of fraud, misrepresentation, and violation of any state or federal laws, rules, or regulations, arising in whole or in significant part under, as a result of, or in connection with this Agreement, the Territory or Area Developer's Restaurants that have not been resolved by pre-arbitration mediation or by pre-mediation agreement are subject to and will be resolved exclusively by arbitration conducted in accordance with the Code of Procedure of the National Arbitration Forum, Post Office Box 50191, Minneapolis, Minnesota 55405 (www.adrforum.com).

14.5 Written Notice of Unresolved Disputes.

(a) Written notice of a dispute involving termination shall be given as provided in Articles 9.3 and 9.6 of this Agreement.

(b) Except as provided in Articles 14.3 and 14.5(a) above, all other disputes shall be brought to the attention of Famous Dave's or Area Developer by delivering a written notice headed "Notification of Dispute." Delivery of such notice shall be made within 30 days after the date on which facts respecting the dispute first come to Famous Dave's or Area Developer's attention. A notice of breach of this Agreement may precede the Notification of Dispute and, in such cases, if the breach is subject to correction, the Notification of Dispute may be sent at such time as it appears that the breach has not been fully corrected or is unable to be cured, or no cure is available. The Notification of Dispute shall specify, to the fullest extent possible, the party's version of facts surrounding the dispute, the amount of damages and/or the nature of any other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute shall respond within 10 business days, stating its version of the facts and, if applicable, its position as to the relief sought by the party initiating the dispute procedure.

(c) If upon receipt of a Notification of Dispute and responses under Article 14.5(b), the dispute (or any part thereof) is not resolved, the party initiating the Notification of Dispute shall so indicate in writing within five business days or the dispute shall be deemed to be resolved as set forth in the response to the Notification of Dispute. If the dispute is not resolved, the parties shall endeavor in good faith to resolve the dispute outlined in the Notification of Dispute and responses.

(d) All notices, requests and responses to be delivered to Famous Dave's or to Area Developer under this Article 14.5 shall be delivered in accordance with the notice provisions of this Agreement.

14.6 Option for Pre-Arbitration Mediation.

(a) Either Area Developer or Famous Dave's may request pre-arbitration mediation. The procedures for selecting a pre-arbitration mediation, the manner in which it will be conducted shall all be in accordance

with in accordance with the Code of Procedure of the National Arbitration Forum, Post Office Box 50191, Minneapolis, Minnesota 55405 (www.adrforum.com). Pre-arbitration mediation will take place exclusively in Minneapolis, Minnesota. Area Developer and Famous Dave's each agree to participate in such mediation.

(b) The object of any mediation subject to this Section 14.6 is to assist the parties in reaching a mutually acceptable resolution of the dispute. Such mediation shall, in all circumstances, be consistent with the rights and obligations created by this Agreement and shall not be premised on the derogation or diminution of those rights or disregard of those rights. The mediation process shall begin promptly and shall be concluded within 10 business days after the day the request for mediation is made, unless the parties mutually otherwise agree. In the event the mediator concludes that either Area Developer or Famous Dave's is using the pre-arbitration mediation process solely for purposes of achieving delay, the mediator may terminate the pre-arbitration mediation. Any and all discussions, negotiations, findings or other statements by the mediator and/or the parties made in connection with the mediation shall be privileged and confidential and shall not be admissible into evidence in any litigation; provided, however, that the parties or any Arbitrator may ask the mediator to prepare a final Listing of Relevant Facts including those facts that appear to be related to the dispute and undisputed; those that appear to be relevant to the dispute but are the subject of factual disagreement; and those that (whether disputed or not) appear to be irrelevant to the dispute. The mediator's Listing of Relevant Facts shall be on an advisory basis and may not be admitted as evidence in any proceeding between the parties or used outside of the proceeding; provided, however, that either party may make reference to the Listing of Relevant Facts on an in camera basis in the course of pre-trial proceedings in a subsequent court proceeding between the parties involved in the dispute.

14.7 Demand for Arbitration.

If the dispute alleged by either party has not been corrected, settled, or compromised within the time period provided for in this Article 14 and, if pre-arbitration mediation has been pursued, within five business days after the mediation has concluded, then either party may demand arbitration in accordance with the Code of Procedure of the National Arbitration Forum. The party will promptly make the demand for arbitration, but in any event, before the applicable statute of limitations would bar the institution of legal or equitable proceedings based on the dispute or claim. Unless agreed otherwise by the parties, three Arbitrators will be selected to hear the matter, one of which must be a retired judge. No person participating as a pre-arbitration mediator shall act as an Arbitrator.

14.8 Venue and Jurisdiction.

All arbitration hearings will take place exclusively in Minneapolis, Minnesota, and will be held no later than 90 days after the Arbitrators have been selected. Famous Dave's and Area Developer and their respective Affiliates do hereby agree and submit to personal jurisdiction in the State of Minnesota in connection with any arbitration hearings hereunder and any suits brought to enforce the decision of the Arbitrators, and do hereby waive any rights to contest venue and jurisdiction in the State of Minnesota and any claims that venue and jurisdiction are invalid.

14.9 Powers of Arbitrators.

(a) The authority of the Arbitrators will be limited to making a finding, judgment, decision, and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Federal Rules of Evidence (the "Rules") will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents, and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who testified against them or in favor of the other party. The Arbitrators will have no authority to add to, delete, or modify in any manner the terms and provisions of this Agreement. The "business judgment" provision in Article 15.2 of this Agreement is fully applicable to this arbitration. All findings, judgments, decisions, and awards of the Arbitrators will be limited to the dispute set forth in

the written demand for arbitration, and the Arbitrators will have no authority to decide any other issues. The Arbitrators will not have the right or authority to award punitive or consequential damages to either Famous Dave's or Area Developer or the Affiliates of either of them, and Famous Dave's and Area Developer and their respective Affiliates expressly waive their rights to plead or seek punitive or consequential damages. All findings, judgments, decisions and awards by the Arbitrators will be written form, setting forth findings of fact and reasoned conclusions of law, and will be made within 60 days after the arbitration hearing has been completed.

(b) In undertaking arbitration proceedings, the Arbitrators shall indicate in writing or in any other record that they have read and agreed to this Article 14.9.

(c) The finding, judgments, decisions and awards of the Arbitrators made in accordance with this Article 13 will be final and binding on Famous Dave's and Area Developer and all other parties to the arbitration. The written decision of the Arbitrators will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party.

(d) If, during the course of arbitration, either party fails to appear at a meeting or hearing duly scheduled in accordance with the Code of Procedure of the National Arbitration Forum, the Arbitrators will have the absolute right to enter a default judgment and resulting order against the party failing to appear.

(e) In any proceeding involving termination, the proceeding may be dismissed by the Arbitrators on a determination that Area Developer is not diligently pursuing arbitration and is using the arbitration procedure to achieve unwarranted delay in termination; in such case, termination shall proceed as originally noticed.

14.10 No Collateral Estoppel or Class Actions.

All arbitration findings, conclusions, orders, and awards made by the Arbitrators will be final and binding on Famous Dave's and Area Developer; however, such arbitration findings, conclusions, orders, and awards may not be used to collaterally estop either Area Developer or Famous Dave's from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing, or other proceeding involving third parties, including other developers or franchisees. Famous Dave's and Area Developer agree that no person or Entity except Famous Dave's and Area Developer, and their respective officers, directors, governors and/or Owners will have the right to join in, become a party, litigate, or participate in any arbitration proceeding arising under this Agreement, and therefore, Famous Dave's and Area Developer specifically agree that the National Arbitration Forum and the Arbitrators appointed under the National Arbitration Forum procedural rules will not be authorized to permit class or consolidated actions or to permit any other person or Entity to be involved, participate, or be named as a litigating party in any arbitration proceeding or matter brought under this Agreement by Famous Dave's or Area Developer or their respective Affiliates.

14.11 Confidentiality.

All evidence, testimony, records, documents, findings, decisions, judgments, and awards pertaining to any arbitration hearing between Famous Dave's and Area Developer will be secret and confidential in all respects. Except as provided for in Article 14.5 or as may be required by applicable law or regulation, Famous Dave's and Area Developer will not disclose the decision or award of the Arbitrators and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the arbitration hearing to any person or Entity except as required by law. Nothing herein will prevent either party from disclosing or using any information presented in any arbitration proceeding in any subsequent court hearing brought by either Area Developer or Famous Dave's pursuant to this Agreement.

14.12 Performance During Arbitration of Disputes; Survival of Obligations.

Famous Dave's and Area Developer will each fully perform their obligations under this Agreement during the entire arbitration process. Famous Dave's and Area Developer acknowledge and agree that this Article 14 will survive the termination or expiration of this Agreement.

14.13 Claims.

Except for those Claims brought under the indemnification provision, upon expiration or termination of this Agreement, neither party will commence any Claim related to or arising out of this Agreement, unless commenced within one year following the effective date of expiration or termination. "Claims" means any allegation, challenge, demand, cause of action, lawsuit, arbitration, dispute, controversy, investigation or administrative proceeding.

ARTICLE 15
ENFORCEMENT

15.1 Injunctive Relief.

Famous Dave's will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to: (a) Area Developer's use of the Marks or the Restaurant System pursuant to the Franchise Agreement; (b) the obligations of Area Developer upon termination or expiration of this Agreement; and (c) Area Developer's violation of the provisions of this Agreement relating to the covenants not to compete.

15.2 Business Judgment.

In connection with any dispute, mediation or court proceedings, Famous Dave's and Area Developer, on behalf of themselves and all Affiliates, mediators, Arbitrators, judges or others involved in the dispute resolution process agree and are affirmatively advised that certain provisions of this Agreement reflect the right of Famous Dave's to take (or refrain from) certain actions in the exercise of its business judgment, based on its assessment of the long-term interest of Famous Dave's, the Restaurant System, and the network of Famous Dave's® Restaurants. Where such discretion is shown to have been exercised, it is agreed that neither a mediator, Arbitrator, nor a judge shall substitute his or her judgment for the judgment so exercised by Famous Dave's. The foregoing reference to Famous Dave's exercise of its business judgment is intended to establish a standard under which such judgment is subject to review in order to determine whether it reflects a business judgment exercised with a reasonable basis and not as a matter of pretext or caprice, and to provide that, if that standard has in fact been met, such judgment is to be respected and not overturned.

15.3 Severability.

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction.

15.4 Waiver.

Famous Dave's and Area Developer may, by written instrument signed by Famous Dave's and Area Developer, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Famous Dave's of any payment by Area Developer and the failure, refusal, or neglect of Famous Dave's to

exercise any right under this Agreement or to insist upon full compliance by Area Developer of its obligations hereunder will not constitute a waiver by Famous Dave's of any provision of this Agreement. Famous Dave's will have the absolute right to waive obligations or restrictions for other area developers under their development agreements without waiving those obligations or restrictions for Area Developer and, except to the extent provided by law, Famous Dave's will have the right to negotiate terms and conditions, grant concessions, and waive obligations for other area developers without granting those same rights to Area Developer and without incurring any liability to Area Developer whatsoever.

15.5 Payments to Famous Dave's.

Area Developer will not, on grounds of the alleged nonperformance by Famous Dave's of any of its obligations under this Agreement, any other contract between Famous Dave's and Area Developer, or for any other reason, withhold payment of any Fees or payments due Famous Dave's pursuant to this Agreement, any Franchise Agreement or any other contract with Famous Dave's. Area Developer will not have the right to "offset" or withhold any liquidated or unliquidated amounts, damages or other funds allegedly due to Area Developer by Famous Dave's against any Fees or payments due to Famous Dave's by Area Developer. Famous Dave's will have the right to deduct from amounts payable to Area Developer by Famous Dave's or an Affiliate any fees or other payments owed to Famous Dave's, an Affiliate or a third party. Famous Dave's will also have the right to apply the Fees and other payments made to Famous Dave's by Area Developer in such order as Famous Dave's may designate from time to time. As to Area Developer and its Affiliates, Famous Dave's will have the right to: (a) apply any payments received to any past due, current, future or other indebtedness of any kind, no matter how payment is designated by Area Developer, except that Marketing Fund Fees may only be credited to the Fund; (b) set off, from any amounts that may be owed by Famous Dave's, any amount owed to Famous Dave's, the Fund or any other fund or account; and (c) retain any amounts received for Area Developer's account (and/or that of any Affiliate of Area Developer), whether rebates from suppliers or otherwise, as a payment against any fee or payment owed to Famous Dave's. Famous Dave's will have the right to exercise any of the foregoing rights in connection with amounts owed to or from Famous Dave's and/or any Affiliate.

15.6 Effect of Wrongful Termination.

If either Famous Dave's or Area Developer takes any action to terminate this Agreement, except as provided for under the terms of this Agreement, then: (a) such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement; (b) the terms and conditions of this Agreement will remain in full force and effect; and (c) the parties will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

15.7 Miscellaneous.

The rights of Famous Dave's hereunder are cumulative and no exercise or enforcement by Famous Dave's of any right or remedy hereunder will preclude the exercise or enforcement by Famous Dave's of any other right or remedy hereunder or which Famous Dave's is entitled by law to enforce. This Agreement is binding upon the parties hereto and their executors, administrators, heirs, assigns, and successors in interest. If Area Developer consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several.

15.8 Construction to Perfect Nature and Purpose of Agreement.

In any instance where a term or provision of this Agreement requires construction by a court or an Arbitrator, construction shall reflect the objectives of the parties as stated in Article 1 of this Agreement. No ambiguity or other reason for construction shall be based on the identity of the party drafting this Agreement or any part thereof.

15.9 Headings; Terms.

The headings of the Articles are for convenience only and do not in any way define, limit or construe the contents of such Articles. The term "Area Developer" as used herein is applicable to one or more individuals, a corporation, a limited liability company, a partnership, or a limited partnership, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "Area Developer," "assignee" and "transferee" which are applicable to an individual or individuals means the Owner or Owners of the equity or operating control of Area Developer or any such assignee or transferee if Area Developer or such assignee or transferee is a corporation, a limited liability company, a partnership, or a limited partnership.

15.10 Venue and Jurisdiction.

All litigation, court proceedings, arbitration proceedings, lawsuits, and/or court hearings initiated by Area Developer or Famous Dave's, including any action to contest the arbitration provisions of this Agreement, must and will be venued exclusively in Hennepin County, Minnesota. Area Developer, its officers, directors, and Owners do hereby agree and submit to personal jurisdiction in Hennepin County, Minnesota for the purposes of any suit, proceeding, or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement or Area Developer's Restaurants, and do hereby agree and stipulate that any such suits, proceedings, and hearings will be exclusively venued and held in Hennepin County, Minnesota. Area Developer, its officers, directors, and Owners waive any rights to contest such venue and jurisdiction and any claims that such venue and jurisdiction are invalid.

15.11 Federal Arbitration Act.

Any issue regarding arbitration will be governed by the Federal Arbitration Act and the federal common law of arbitration.

15.12 Waivers in Event of Court Proceedings.

If any dispute between Famous Dave's and Area Developer is subject to a proceeding in a court of law, it shall be tried to the court sitting without a jury, notwithstanding any state or federal constitutional or statutory rights or provisions and no punitive or exemplary damages shall be awarded against either Famous Dave's or Area Developer, or any Affiliates of either of them, in any proceeding, and all claims to such damages are hereby waived.

ARTICLE 16
NOTICES

16.1 Notices.

All notices permitted or required to be delivered by the provisions of this Agreement will be deemed so delivered: (a) at the time delivered by hand; (b) immediately upon transmission by electronic mail or other comparable electronic system, provided there is evidence of delivery; (c) one business day after being placed in the hands of a commercial courier service for next business day delivery, provided there is evidence of delivery; or (d) five business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

16.2 Address for Notices.

All notices permitted or required to be delivered pursuant to this Article must be delivered to the party to be notified as follows: (a) if intended for Famous Dave's, addressed to President, Famous Dave's of America, Inc., 12701 Whitewater Drive, Suite 290, Minnetonka, Minnesota 55343-4164, or such other address (including electronic mail address) as Famous Dave's may designate in writing; or (b) if intended for Area Developer, addressed to Area Developer at the first Franchised Location in the Territory or such other address (including electronic mail address) as Area Developer may designate in writing.

ARTICLE 17
ACKNOWLEDGMENTS; DISCLAIMERS

17.1 Disclaimer.

Famous Dave's does not warrant or guarantee that Area Developer will derive income or profit from its Restaurants, or that Famous Dave's will refund all or part of the Development Fee or Initial Fees paid by Area Developer or repurchase any of the supplies, products, services, technology, furniture, fixtures, or equipment supplied or sold by Famous Dave's or by an approved or designated supplier if Area Developer is in any way unsatisfied with its Restaurants. Famous Dave's expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Revenues, economics, business or financial success, or value of Area Developer's Restaurants except as specifically contained in Famous Dave's Franchise Disclosure Document received by Area Developer.

17.2 Acknowledgments by Area Developer.

Area Developer acknowledges that it has conducted an independent investigation of the Famous Dave's® Restaurants and recognizes that the business venture contemplated by this Agreement and the operation of the Restaurants involve business and economic risks. Area Developer acknowledges that the financial, business, and economic success of Area Developer's Restaurants will be primarily dependent upon the personal efforts of Area Developer, its management and employees, and on economic conditions in the area where Area Developer's Restaurants are located and economic conditions in general. Area Developer acknowledges that it has not received any estimates, projections, representations, warranties or guaranties, expressed or implied, regarding potential sales, Revenues, income, profits, earnings, expenses, financial or business success, value of the Restaurants, or other economic matters pertaining to Area Developer's Restaurants from Famous Dave's or any of its representatives or agents that were not expressly set forth in Famous Dave's Franchise Disclosure Document, or if not expressly set forth therein, that were inconsistent with the information therein ("Representations"). Area Developer further acknowledges that if it had received any such Representations, it would not have executed this Agreement, promptly notified the President of Famous Dave's in writing of the person or persons making such Representations, and provided to Famous Dave's a specific written statement detailing the Representations made.

17.3 Other Area Developers.

Area Developer acknowledges that other area developers have or will be granted development agreements at different times, for different areas, under different economic conditions, and in different situations, and further acknowledges that the economics, terms, and conditions of such other development agreements may vary substantially in form and in substance from those contained in this Agreement.

ARTICLE 18
GOVERNING LAW; STATE MODIFICATIONS

18.1 Governing Law; Severability.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.) and the Federal Arbitration Act, this Agreement and the relationship between Famous Dave's and Area Developer will be governed by the laws of the state in which the Territory is located, irrespective of any conflict of laws. If the Territory includes more than one state, then this Agreement will be governed by the laws of the state in which the Area Developer's primary place of business is located, irrespective of any conflict of laws. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. Area Developer waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation. All other provisions of this Agreement will be

enforceable as originally made and entered into upon the execution of this Agreement by Area Developer and Famous Dave's.

18.2 Applicable State Laws.

As of the date of this Agreement, the following states have statutes which may supersede the provisions of this Agreement in Area Developer's relationship with Famous Dave's in the areas of termination and renewal of the Franchise Agreements entered into pursuant to the terms of this Agreement: Arkansas [Stat. Section 70-807], California [Bus. & Prof. Code Sections 20000-20043], Connecticut [Gen. Stat. Section 42-133e, et seq.], Delaware [Code Section 2552], Hawaii [Rev. Stat. Section 482E-1], Illinois [815 ILCS 705/19-20], Indiana [Stat. Section 23-2-2.7], Michigan [Stat. Section 19.854(27)], Minnesota [Stat. Section 80C.14], Mississippi [Code Section 75-24-51], Missouri [Stat. Section 407.400], Nebraska [Rev. Stat. Section 87-401], New Jersey [Stat. Section 56:10-1], Virginia [Code 13.1-557-574-13.1-564], Washington [Code Section 19.100.180], and Wisconsin [Stat. Section 135.03]. These and other states may have court decisions which may supersede the provisions of this Agreement in Area Developer's relationship with Famous Dave's in the areas of termination and renewal of the Franchise Agreements entered into pursuant to the terms of this Agreement.

18.3 State Law Modifications.

If in accordance with Article 18.1, this Agreement is governed by the laws of California, Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin, or if the laws of any such state are otherwise applicable, then the designated provisions of this Agreement are amended and revised to comply with that state's law as shown in the applicable State Law Addendum attached to this Agreement and signed by both Famous Dave's and Area Developer.

ARTICLE 19
DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

19.1 Franchise Agreement.

"Franchise Agreement" will mean Famous Dave's then-current standard Franchise Agreement.

19.2 Terms Defined in Franchise Agreement.

Capitalized terms used but not defined in this Agreement will, if defined in the Franchise Agreement, have the meanings ascribed to such terms in the Franchise Agreement.

ARTICLE 20
INTEGRATED AND COMPLETE AGREEMENT

20.1 No Oral Representations or Agreements.

Famous Dave's and Area Developer each acknowledge and agree that each intends to have all terms of this business relationship that is the subject of this Agreement defined in this Agreement, except to the extent that this business relationship is also defined by any Franchise Agreements and other agreements related to the operation of the Famous Dave's® Restaurants in the Territory entered into by the Parties (collectively, "Related Agreements"). Neither Famous Dave's nor Area Developer intend to enter into a business relationship under terms and obligations created by alleged oral statements or under which oral statements serve as the basis for rights or obligations different from or supplementary to the rights and obligations set forth in this Agreement or in any Franchise Agreement signed by the Parties, as either may be amended in writing from time to time hereafter, or in documents whose terms have been expressly incorporated by reference under Articles of this Agreement. Accordingly, Famous Dave's and Area Developer acknowledge and agree that this Agreement and any Related Agreements supersede and cancel any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Famous Dave's or anyone acting on its behalf and Area

Developer or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent of such terms) with respect to the development of Famous Dave's® Restaurants in the Territory or the relationship between the Parties. Famous Dave's and Area Developer each agrees that it has placed, and will place, no reliance on any such discussions or writings.

20.2 Entire Agreement.

This Agreement, including any and all exhibits hereto, constitutes the entire agreement between Parties, containing all of the terms, conditions, rights and obligations of the Parties with respect to the development of Famous Dave's® Restaurants in the Territory or to any other aspect of the relationship between the Parties, except to the extent that such relationship is addressed in the Related Agreement. In the event of a conflict between the terms and conditions of this Agreement and those of a Related Agreement, this Agreement shall prevail. No change, modification, amendment or waiver of any of the provisions of this Agreement will be effective and binding upon Famous Dave's or Area Developer unless in writing, specifically identified as an amendment to this Agreement, and signed by the Parties.

20.3 Other Writings Not Part of Agreement.

Famous Dave's and Area Developer recognize that from time to time during the Term, there will be written correspondence between them. Except as provided herein, Famous Dave's and Area Developer agree that other writings, including internal policy statements reflecting the current practices of Famous Dave's not otherwise stated in Famous Dave's Standard Operating Procedures/Training Manual(s) do not constitute a part of this Agreement and do not create contract rights or obligations.

20.4 No Future Promises.

No future agreements for exclusive territories, business relationships or any other business activities have been promised to Area Developer, and no such exclusive territories, business relationships or any other business activities shall come into existence, except by means of a separate writing signed by the Parties and specifically identified as such.

IN WITNESS WHEREOF, Famous Dave's, Area Developer and Area Developer's Owners have respectively signed this Agreement effective as of the day and year first above written.

[signature pages follow]

In the Presence of:

_____
Signature

_____
Print Name

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

In the Presence of:

_____
Signature

_____
Print Name

"AREA DEVELOPER"

_____
Legal Business Name

By _____
Signature

_____
Print Name

Its _____
Title

The undersigned Owners hereby agree to be bound by the terms and conditions of this Agreement that are specifically or by their nature applicable to each one of the Owners, which in no event will limit any of the obligations undertaken by the Owners in any other capacity or under any other agreement or personal or other guaranty.

In the Presence of:	Names of Owners:	Percentage of Ownership:
_____ Signature	_____ Signature	_____%
_____ Print Name	_____ Print Name	
_____ Signature	_____ Signature	_____%
_____ Print Name	_____ Print Name	
_____ Signature	_____ Signature	_____%
_____ Print Name	_____ Print Name	
_____ Signature	_____ Signature	_____%
_____ Print Name	_____ Print Name	
	Total	100 %

Operating Partner:

_____
Name

_____
Address

_____
City, State, Zip Code

_____
Telephone

_____
Cell Phone

_____
Email Address

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
AREA DEVELOPMENT AGREEMENT
FOR STATE OF CALIFORNIA

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") is made, entered into, and effective this ___ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Area Developer"), to amend and revise certain provisions of the Area Development Agreement between Famous Dave's and Area Developer, dated the same date as this Addendum (the "Area Development Agreement"), as follows:

1. The covenant not to compete upon termination or expiration of the Area Development Agreement contained in Article 12.3 of the Area Development Agreement may be unenforceable, except in certain circumstances provided by law.

2. The provisions of the Area Development Agreement giving Famous Dave's the right to terminate in the event of Area Developer's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, et seq.).

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.	_____ Legal Name of Area Developer
By _____ Signature	By _____ Signature
_____ Print Name	_____ Print Name
Its _____ Title	Its _____ Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
AREA DEVELOPMENT AGREEMENT
FOR STATE OF ILLINOIS

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") is made, entered into, and effective this ___ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Area Developer"), to amend and revise certain provisions of the Area Development Agreement between Famous Dave's and Area Developer, dated the same date as this Addendum (the "Area Development Agreement"), as follows:

1. Any provision of the Area Development Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that the Area Development Agreement may provide for arbitration in a forum outside of Illinois.

2. Any condition, stipulation or provision of the Area Development Agreement requiring Area Developer to waive compliance with any provision of the Illinois Franchise Disclosure Act is void; therefore, the acknowledgments contained in Article 17 of the Area Development Agreement may be unenforceable against Area Developer.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Area Developer

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
AREA DEVELOPMENT AGREEMENT
FOR STATE OF MARYLAND

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") is made, entered into, and effective this ___ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Area Developer"), to amend and revise certain provisions of the Area Development Agreement between Famous Dave's and Area Developer, dated the same date as this Addendum (the "Area Development Agreement"), as follows:

1. Any release executed by Area Developer in accordance with Article 8.3(d) of the Area Development Agreement will not relieve Famous Dave's of any liability under the Maryland Franchise Registration and Disclosure Law.

2. The consent by Area Developer to jurisdiction and venue in the State of Minnesota contained in Article 15.10 of the Area Development Agreement may be inapplicable; provided, however, that such inapplicability in the State of Maryland will not be construed to mean that venue in the State of Minnesota is improper, or that Area Developer, its officers, directors, Owners and the Personal Guarantors are not subject to jurisdiction in Minnesota, or in any other state.

3. The acknowledgments made by Area Developer contained in Article 17 of the Area Development Agreement will not be construed to act as a waiver of Area Developer's rights under the Maryland Franchise Registration and Disclosure Law.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.	_____ Legal Name of Area Developer
By _____ Signature	By _____ Signature
_____ Print Name	_____ Print Name
Its _____ Title	Its _____ Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
AREA DEVELOPMENT AGREEMENT
FOR STATE OF MINNESOTA

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") is made, entered into, and effective this ___ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Area Developer"), to amend and revise certain provisions of the Area Development Agreement between Famous Dave's and Area Developer, dated the same date as this Addendum (the "Area Development Agreement"), as follows:

1. Any release executed by Area Developer in accordance with Article 8.3(d) of the Area Development Agreement will not relieve Famous Dave's of any liability under the Minn. Stat. §§ 80C.01 to 80C.22.

2. Article 9 of the Area Development Agreement is amended to require that in the event Famous Dave's gives Area Developer written notice that Area Developer has breached a Franchise Agreement for a Famous Dave's® Restaurant in the Territory, then if required by applicable Minnesota law, such written notice will be given to Area Developer at least 90 days prior to the date the Franchise Agreement is terminated by Famous Dave's, and Area Developer will have 60 days after receipt of such written notice within which to correct the breach specified in the written notice.

3. Notwithstanding any provisions of the Area Development Agreement to the contrary, a court of competent jurisdiction will determine whether Famous Dave's will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by Famous Dave's against Area Developer, the Owners or the Personal Guarantors.

4. Notwithstanding any provisions of the Area Development Agreement to the contrary, Area Developer will have up to three years after the cause of action accrues to bring an action against Famous Dave's pursuant to Minn. Stat. §80C.17.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Area Developer

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
AREA DEVELOPMENT AGREEMENT
FOR STATE OF NEW YORK

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") is made, entered into, and effective this ___ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Area Developer"), to amend and revise certain provisions of the Area Development Agreement between Famous Dave's and Area Developer, dated the same date as this Addendum (the "Area Development Agreement"), as follows:

Article 8.3(d) of the Area Development Agreement is amended to provide that all rights enjoyed by Area Developer and any cause of action arising in its favor from the laws of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the nonwaiver requirements of General Business Law §687.4 and §687.5 be satisfied.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Area Developer

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
AREA DEVELOPMENT AGREEMENT
FOR STATE OF NORTH DAKOTA

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") is made, entered into, and effective this ___ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Area Developer"), to amend and revise certain provisions of the Area Development Agreement between Famous Dave's and Area Developer, dated the same date as this Addendum (the "Area Development Agreement"), as follows:

1. The covenant not to compete upon termination or expiration of the Area Development Agreement contained in Article 12.3 of the Area Development Agreement may be unenforceable, except in certain circumstances provided by law.

2. Arbitration hearings will be conducted in Fargo, North Dakota, or at a mutually agreed upon location.

3. The consent by Area Developer to jurisdiction and venue in the State of Minnesota contained in Article 15.10 may be inapplicable; provided, however, that such inapplicability in the State of North Dakota will not be construed to mean that venue in the State of Minnesota is improper, or that Area Developer, its officers, directors, Owners and the Personal Guarantors are not subject to jurisdiction in the State of Minnesota, or in any other state.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Area Developer

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
AREA DEVELOPMENT AGREEMENT
FOR STATE OF RHODE ISLAND

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") is made, entered into, and effective this ___ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Area Developer"), to amend and revise certain provisions of the Area Development Agreement between Famous Dave's and Area Developer, dated the same date as this Addendum (the "Area Development Agreement"), as follows:

Any provision of the Area Development Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Area Developer

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
AREA DEVELOPMENT AGREEMENT
FOR STATE OF SOUTH DAKOTA

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") is made, entered into, and effective this ___ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Area Developer"), to amend and revise certain provisions of the Area Development Agreement between Famous Dave's and Area Developer, dated the same date as this Addendum (the "Area Development Agreement"), as follows:

1. The covenant not to compete upon termination or expiration of the Area Development Agreement contained in Article 12.3 of the Area Development Agreement may be unenforceable, except in certain circumstances provided by law.

2. Arbitration hearings will be conducted in Sioux Falls, South Dakota, or at a mutually agreed upon location.

3. Any provision of the Area Development Agreement which designates jurisdiction or venue outside of the State of South Dakota or requires Area Developer to agree to jurisdiction or venue in a forum outside of the State of South Dakota is void with respect to any cause of action which is otherwise enforceable in the State of South Dakota.

4. Any provisions of the Area Development Agreement which require that actions be commenced within one year and that limit the parties' rights to recover punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Area Developer

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
AREA DEVELOPMENT AGREEMENT
FOR STATE OF VIRGINIA

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") is made, entered into, and effective this ___ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Area Developer"), to amend and revise certain provisions of the Area Development Agreement between Famous Dave's and Area Developer, dated the same date as this Addendum (the "Area Development Agreement"), as follows:

Pursuant to Section 13.1–564 of the Virginia Retail Franchising Act, it is unlawful for Famous Dave's to cancel the Franchise without reasonable cause, and any ground for default or termination stated in the Area Development Agreement that is not "reasonable cause," as that term is defined in the Virginia Retail Franchising Act, that provision is not unenforceable.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.	_____ Legal Name of Area Developer
By _____ Signature	By _____ Signature
_____ Print Name	_____ Print Name
Its _____ Title	Its _____ Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
AREA DEVELOPMENT AGREEMENT
FOR STATE OF WASHINGTON

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") is made, entered into, and effective this ___ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Area Developer"), to amend and revise certain provisions of the Area Development Agreement between Famous Dave's and Area Developer, dated the same date as this Addendum (the "Area Development Agreement"), as follows:

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

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

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

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

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

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

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring

any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.

By _____
Signature

_____
Print Name

Its _____
Title

_____
Legal Name of Area Developer

By _____
Signature

_____
Print Name

Its _____
Title

ADDENDUM TO
FAMOUS DAVE'S OF AMERICA, INC.
AREA DEVELOPMENT AGREEMENT
FOR STATE OF WISCONSIN

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "Addendum") is made, entered into, and effective this ___ day of _____, 20___, by and between Famous Dave's of America, Inc., a Minnesota corporation ("Famous Dave's"), and _____, a(n) _____ ("Area Developer"), to amend and revise certain provisions of the Area Development Agreement between Famous Dave's and Area Developer, dated the same date as this Addendum (the "Area Development Agreement"), as follows:

If applicable, the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of the Area Development Agreement.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Area Development Agreement, the terms of this Addendum will govern. All other terms and conditions of the Area Development Agreement will remain unchanged and as originally written.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it is effective as of the date first above written.

FAMOUS DAVE'S OF AMERICA, INC.	_____ Legal Name of Area Developer
By _____ Signature	By _____ Signature
_____ Print Name	_____ Print Name
Its _____ Title	Its _____ Title

FAMOUS DAVE'S OF AMERICA, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E-1: LIST OF CURRENT AND FORMER FRANCHISEES AND AREA DEVELOPERS

List of Current Franchisees and Area Developers[1]
As of January 2, 2022

State	Area Developer	Franchisee	Address	City	State	Zip Code	Work Phone
AZ	Sonoran Barbeque, LLC	Sonoran Barbeque, LLC	3007 East Speedway Boulevard	Tucson	AZ	85716	520-888-1512
	Sonoran Barbeque, LLC	Sonoran Barbeque, LLC	1501 South Yuma Palms Parkway	Yuma	AZ	85365	928-329-7600
CA	Tacaza, Inc.	Tacaza, Inc.	2690 Fifth St. Suite B	Alameda	CA	94501	510-764-3786
	Tacaza, Inc.	Tacaza, Inc.	7777 Rosedale Highway	Bakersfield	CA	93308	661-829-2128
	PDX Columbia Partners LLC	Danenburg 8 Partners LP	3103 South Dogwood Avenue	El Centro	CA	92243	760-352-9047
	Tacaza, Inc.	Tacaza, Inc.	7603 North Blackstone Avenue	Fresno	CA	93720	559-261-4227
	Tacaza II, Inc.	Tacaza II, Inc.	6925 Camino Arroyo	Gilroy	CA	95020	408-842-1400
	Tacaza II, Inc.	Tacaza II, Inc.	790 W. Winton Avenue	Hayward	CA	94595	510-782-2030
	Backyard BBQ, LLC	Backyard BBQ, LLB	13122 Jamboree Road	Irvine	CA	92603	714-462-9179
	Tacaza, Inc.	Tacaza, Inc.	11470 4th Street	Rancho Cucamonga	CA	91730	909-481-2271
	Tacaza, Inc.	Tacaza, Inc.	27500 Lugonia Avenue	Redlands	CA	92374	909-792-4151
	Tacaza, Inc.	Tacaza, Inc.	61 Curtner Avenue	San Jose	CA	95125	408-292-7444
	PDX Columbia Partners LLC	Arroyo Real Partners, LP	12036 Lakewood Blvd	Downey	CA	90242	949-305-6300
	PDX Columbia Partners LLC	Norcal Dale Partners LP	3401 Dale, Bldg C	Modesto	CA	95356	949-305-6300
	PDX Columbia Partners LLC	Una Luna Giallo LP	1640 Gateway Blvd	Fairfield	CA	94533	949-305-6300
	PDX Columbia Partners LLC	Una Luna Grigio, LP	11920 Amargosa RD	Victorville	CA	92392	949-305-6300
CO	NA	DCI Colorado Springs #2, Inc	5245 N Academy Blvd	Colorado Springs	CO	80918	719-210-1180
DE	NA	Pit Masters Christiana, LLC	100 West Main Street	Newark	DE	19702	302-737-0300
FL	Dave’s Restaurant Group	Dave’s Restaurant Group	8210 NW 36th Street	Doral	FL	33166	305-403-7918
	NA	JP's BAR-B-Que, LLC	12148 South Cleveland Avenue	Ft. Myers	FL	33907	239-690-3283
IA	NA	Elmore Foods, LLC	1110 East Kimberly Road	Davenport	IA	52807	563-388-8555
	NA	DTSG Iowa, Inc.	201 Pierce Street	Sioux City	IA	51101	712-277-8800
ID	PDX Columbia Partners LLC	Ammon Derrald LLC	2833 S. 25 E	Ammon	ID	83406	949-305-6300

State	Area Developer	Franchisee	Address	City	State	Zip Code	Work Phone
	PDX Columbia Partners LLC	Twin Fillmore Falls LLC	1921 Blue Lakes Blvd. N.	Twin Falls	ID	83301	949-305-6300
	PDX Columbia Partners LLC	Meridian Records LLC	3551 E Fairview Ave	Meridian	ID	83642	949-305-6300
IL	Windy City Restaurant Holdings, LLC	Windy City Restaurant Holdings, LLC	1631 W. Lake Street	Addison	IL	60101	630-261-0100
	NA	Mercedes Restaurants of Indiana, LLC	1603 Morrissey Drive	Bloomington	IL	61704	309-664-0044
	Windy City Restaurant Holdings, LLC	Windy City Restaurant Holdings, LLC	7201 W. 25th Street	North Riverside	IL	60546	708-447-8848
	Windy City Restaurant Holdings, LLC	Windy City Restaurant Holdings, LLC	15657 Harlem Avenue	Orland Park	IL	60462	708-532-7850
	NA	Mercedes Restaurants, Inc.	7411 N Grand Prairie Drive	Peoria	IL	61615	309-691-7427
	NA	Ranger Ribs, LLC	3303 North Perryville Road	Rockford	IL	61114	815-636-0300
	Windy City Restaurant Holdings, LLC	Windy City Restaurant Holdings, LLC	846 Superior Street	Chicago	IL	60642	248-366-8493
IN	NA	Hoosier Ribs, LLC	3645 Vincennes Road	Indianapolis	IN	46268	317-824-0200
	Envision 2010 Holding, LLC		13455 Tegler Dr	Noblesville	IN	46260	317-773-1700
KS	NA	Midwest BBQ Ventures	1320 Village West Parkway	Kansas City	KS	66111	913-334-8646
KY	NA	Derby Dave's, LLC	8605 Citadel Way	Louisville	KY	40220	502-493-2812
	PDX Columbia Partners LLC	Barton 75 LLC	2333 Sir Barton Way	Lexington	KY	40509	949-305-6300
LA	PDX Columbia Partners LLC	Alexandria 71 LLC	3213 S MacArthur Drive	Alexandria	LA	71301	949-305-6300
MD	NA	Commonwealth Blue Ribbon LLC	6201 Columbia Crossing Cir	Columbia	MD	21045	410-290-0091
	NA	Commonwealth Blue Ribbon LLC	14140 Baltimore Ave	Laurel	MD	20707	301-483-3500
	NA	Commonwealth Blue Ribbon LLC	3046 Waldorf Market Pl	Waldorf	MD	20603	301-885-1555
MI	Blue Ribbon Restaurants, LLC	Blue Ribbon Restaurants Novi, MI	43350 Crescent Boulevard	Novi	MI	48375	248-735-1111
	Blue Ribbon Restaurants, LLC	Blue Ribbon Restaurants II, LLC	20300 East 13 Mile Road	Roseville	MI	48066	586-293-2900
	Blue Ribbon Restaurants, LLC	Blue Ribbon Restaurants III, LLC	23811 Eureka Road	Taylor	MI	48180	734-374-2700
	Blue Ribbon Restaurants, LLC	Blue Ribbon Restaurants, LLC	36601 Warren Road	Westland	MI	48185	734-595-1000
MN	NA	Bayfront BBQ, Inc.	355 Lake Avenue South	Duluth	MN	55802	218-740-3180
	NA	Rib Kings of Owatonna, LLC	4355 West Frontage Road	Owatonna	MN	55060	507-455-2900
	NA	River Valley BBQ, Inc.	431 NW 16th Avenue	Rochester	MN	55901	507-282-4200

State	Area Developer	Franchisee	Address	City	State	Zip Code	Work Phone
	DTSG Inc	DTSG Minneapolis, Inc	3211 Northdale Blvd	Coon Rapids	MN	55448	612-804-7655
MO	NA	Jones Restaurants Missouri, LLC	1855 76 Country Blvd	Branson	MO	65616	417-334-4858
	PDX Columbia Partners LLC	Joplin Jiat LLC	137 N Rangeline Rd	Joplin	MO	64801	949-305-6300
MT	NA	Rocky Mountain Ribs, Inc.	2883 King Avenue West	Billings	MT	59102	406-652-4880
	NA	Rocky Mountain Ribs, Inc.	1230 North 7th Avenue	Bozeman	MT	59715	406-586-0597
	NA	Kalispell Dave's, Inc.	2340 US Highway 93 North	Kalispell	MT	59901	406-752-7427
	NA	Rocky Mountain Ribs, Inc.	2915 North Reserve Street	Missoula	MT	59808	406-541-7427
ND	NA	DTSG Bismarck, Inc.	401 East Bismarck Expressway	Bismarck	ND	58504	701-530-9800
	NA	DTSG, Inc.	2581 45th Street SW	Fargo	ND	58104	701-282-8900
	New Mexico BBQ	Wind BBQ	1518 14th Street West	Williston	ND	58801	701-609-5459
NE	NA	Midwest BBQ Ventures	2015 Pratt Avenue	Bellevue	NE	68123	402-934-2300
	NA	Midwest BBQ Ventures Lincoln, LLC	2750 Pine Lake Road	Lincoln	NE	68516	402-421-3434
NV	Savory Investments, LLC	Savory Investments, LLC	4925 Kietzke Lane	Reno	NV	89509	775-826-7427
	Sonoran Barbeque, LLC	Sonoran Barbeque Nevada, LLC	651 Mall Ring Circle	Henderson	NV	89014	702-433-0013
	Sonoran Barbeque, LLC	Sonoran Barbeque Nevada, LLC	4390 Blue Diamond Road	Las Vegas	NV	89139	702-633-7427
	Sonoran Barbeque, LLC	Sonoran Barbeque Nevada, LLC	1951 North Rainbow Blvd	Las Vegas	NV	89108	702-646-5631
	Sonoran Barbeque, LLC	Sonoran Barbeque Nevada, LLC	2630 E Craig Road	N Las Vegas	NV	89081	702-399-8000
			Paradise Road	Las Vegas	NV		
OH	NA	Buckeye BBQ, LLC	26410 Great Northern Shopping Center	North Olmstead	OH	44070	440-777-0200
	NA	Cedar Fair, LP	1 Cedar Point Drive	Sandusky	OH	44870	419-609-2054
OR	PDX Columbia Partners, LLC	Cascade PDX Partners, LLC	9911 NE Cascades Parkway	Portland	OR	97220	503-493-9000
	PDX Columbia Partners, LLC	NyTown Partners, LLC	7121 SW Nyberg Street	Tualatin	OR	97062	503-486-5631
SC	B&B Restaurant Management LLC	B&B Restaurant Management LLC	917 Cabelas Dr.	Fort Mill	SC	29745	803-228-3311
SD	NA	DTSG, Inc.	2700 South Minnesota Avenue	Sioux Falls	SD	57105	605-334-8800
TX	NA	Triple A Restaurants, Inc.	7501 North Mesa	El Paso	TX	79912	915-760-5355
	NA	Triple A Restaurants, Inc.	1360 George Dieter Drive	El Paso	TX	79936	915-849-8400

State	Area Developer	Franchisee	Address	City	State	Zip Code	Work Phone
	NA	Triple A Restaurants, Inc.	1135 Airway Boulevard	El Paso	TX	79925	915-843-8400
	N/A	Triple A Restaurants, Inc.	12704 Montana Avenue	El Paso	TX	79938	915-259-8400
	PDX Columbia Partners LLC	Sanantonio Connally LLC	231 Loop 410 SW	San Antonio	TX	78238	949-305-6300
	PDX Columbia Partners LLC	Auston Taft35 LLC	9500 S IH-35 Service Rd. SB-Bldg B	Austin	TX	78748	949-305-6300
	PDX Columbia Partners LLC	Parmer McCallen LLC	12901 Noth I-35 Service Road – Bldg 16	Austin	TX	78753	949-305-6300
	PDX Columbia Partners LLC	Houston Wortham LLC	19820 Northwest Freeway	Houston	TX	77065	949-305-6300
	PDX Columbia Partners LLC	Baytown Jacinto LLC	7017 Garth Rd	Baytown	TX	77521	949-305-6300
	PDX Columbia Partners LLC	Corpuschristi 358 LLC	1652 S Padre Island	Corpus Christi	TX	78416	949-305-6300
	PDX Columbia Partners LLC	Brownsville Frontage LLC	2600 North Expressway 77/83	Brownsville	TX	78526	949-305-6300
	PDX Columbia Partners LLC	Laredo Hilltop LLC	7605 San Dario Ave	Laredo	TX	78045	949-305-6300
UT	CD Holdings, LLC	FD BBQ Layton LLC	1977 North 1200 West	Layton	UT	84041	801-773-3994
	CD Holdings, LLC	FD BBQ West Jordan LLC	7273 South Plaza Center Drive	West Jordan	UT	84084	801-280-8844
	CD Holdings, LLC	FD BBQ Provo LLC	1280 N University Ave	Provo	UT	84604	801-607-1249
VA	NA	Commonwealth Blue Ribbon LLC	6630 Richmond Hwy	Alexandria	VA	22306	703-660-8541
	NA	Commonwealth Blue Ribbon LLC	2910 Chain Bridge Rd	Oakton	VA	22124	703-281-3800
	NA	Commonwealth Blue Ribbon LLC	2430 Prince William Pkwy	Woodbridge	VA	22192	703-492-1300
WA	CD Holdings, LLC	FB BBQ Everett LLC	1206 Everett Mall Way	Everett	WA	98208	425-353-1600
	CD Holdings, LLC	FD BBQ Tacoma LLC	1901 South 72nd Street, Ste C-39	Tacoma	WA	98408	253-722-0500
	CD Holdings, LLC	FD BBQ Tukwila LLC	17770 South Center Parkway	Tukwila	WA	98188	206-631-2000
	PDX Columbia Partners LLC	Gap 82 Partners, LLC	1504 E. Washington Avenue	Union Gap	WA	98903	509-469-7427
	CD Holdings, LLC	FD Northgate LLC	401 NE Northgate Way	Seattle	WA	98125	206-375-6001
WI	NA	Team R n' B Wisconsin, LLC	1170 Westhill Boulevard	Appleton	WI	54914	920-991-9700
	NA	Rib Kings of America, Inc.	2911 Mall Drive	Eau Claire	WI	54701	715-835-2227
	NA	Michael's First, LLC	3055 State Hwy 16	La Crosse	WI	54601	608-779-4100
	NA	Rib Kings of Lake Delton, LLC	31 Meadowview Drive	Lake Delton	WI	53940	608-253-0551

State	Area Developer	Franchisee	Address	City	State	Zip Code	Work Phone
	NA	Rib Kings of America, Inc.	435 Broadway	Wisconsin Dells	WI	53965	608-253-6683

Notes:

(1) If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

(2) See Item 3 of this Disclosure Document.

List of Franchisees/Area Developers
With Signed Franchise Agreements And Unopened Outlets as of January 2, 2022

None.

List of Former Franchisees and Area Developers as of January 2, 2022, and Those Who Have Not Communicated With Us Within 10 Weeks of the Issuance Date of this Disclosure Document

The following Franchisees/Area Developers transferred, closed, were terminated or otherwise ceased to do business under their Franchise Agreements in 2021, and are no longer Famous Dave's® Franchisees/Area Developers:

Former Franchisees/Area Developers:

Famous Five LLC

NA

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

FAMOUS DAVE'S OF AMERICA, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E-2: LIST OF COMPANY-OWNED RESTAURANTS

List of Company-Owned Restaurants as of January 2, 2022

State	Address	City	State	Zip Code	Work Phone
AZ	16148 N. 83rd Av.	Peoria	AZ	85382	623-979-3706
	1011 N. Dobson Rd.	Mesa	AZ	85201	480-615-1444
	3250 W. Frye Rd.	Chandler	AZ	85226	480-782-1212
CO	2440 Highway 6 & 50	Grand Junction	CO	81505	970-245-8227
	7557 East 36th Avenue	Denver	CO	80238	303-399-3100
	15725 E. Briarwood Cir.	Aurora	CO	80016	303-396-6227
	16539 Washington St.	Thornton	CO	80023	303-280-6227
IA	1720 22nd Street	Des Moines	IA	50266	515-267-0800
	6222 University Ave.	Cedar Falls	IA	50613	319-266-0200
IN	8820 US 31 South	Greenwood	IN	46227	317-859-1102
KY		Louisville	KY		
MI	G3558 Miller Rd.	Flint	MI	48507	810-720-4600
	5665 Bay Rd.	Saginaw	MI	48604	989-797-7675
MN	7593 147th Street	Apple Valley	MN	55124	952-891-6400
	43 19th Street SW	Forest Lake	MN	55025	651-464-4400
	7825 Vinewood Lane	Maple Grove	MN	55369	763-416-4600
	14601 Highway 7	Minnetonka	MN	55345	952-933-9600
	11308 Highway 55	Plymouth	MN	55441	763-525-0500
	2131 Snelling Avenue	Roseville	MN	55113	651-633-4800
	1930 West 7th Street	St. Paul	MN	55116	651-699-8800
	1940 Donegal Drive	Woodbury	MN	55125	651-501-1900
NJ	1443 Route 22 East	Mountainside	NJ	7092	908-232-5619
NY	1050 Corporate Drive	Westbury	NY	11590	516-832-7300
OH	4757 Monroe Street	Toledo	OH	43623	419-475-7427
TN		Hermitage	TN		
TN		Smyrna	TN		
TN		Knoxville	TN		
WI	900 South Park St.	Madison	WI	53715	608-286-9400
	5077 S. 27th St.	Greenfield	WI	53221	414-727-1940
	3030 Milton Avenue	Janesville	WI	53545	(608) 757-8100

FAMOUS DAVE'S OF AMERICA, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F: FORM OF RELEASE AGREEMENT

FORM OF RELEASE AGREEMENT
(Subject to Change by Famous Dave's of America, Inc.)

For and in consideration of the Agreements and covenants described below, Famous Dave's of America, Inc. ("Famous Dave's") and _____ ("Franchisee") enter into this Release of Claims ("Agreement").

RECITALS

A. Famous Dave's and Franchisee entered into a Famous Dave's® Franchise Agreement dated _____,

B. **[NOTE: Describe the circumstances relating to the release.]**

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Famous Dave's and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. **Consideration**. **[Note: Describe the consideration paid.]**

2-3. **[NOTE: Detail other terms and conditions of the release.]**

4. **Release of Claims by Famous Dave's**. Except as noted in this Section 4, and subject to your compliance with the terms and conditions of this Agreement, including the payment of $_____ to Famous Dave's, Famous Dave's, for itself, its predecessors, successors, assigns, current and former affiliates, directors, officers, shareholders, and employees (collectively and individually referred to as the "Franchisor Parties"), hereby release and forever discharge Franchisee, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them (collectively and individually referred to as the "Franchisee Parties") from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Franchise Agreement (collectively, "Claims"), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices law, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between Franchisee and Franchisor or Franchisee's affiliate and Franchisor.

The Franchisor Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and the Franchisee Parties' failure to comply with those obligations. Further, the Franchisor Parties do not release Franchisee Parties from any Claims related to Franchisee's (i) indemnification obligations under Article __ of the Franchise Agreement, (ii) non-disclosure obligations under Article __ of the Franchise Agreement, and (iii) post-termination non-compete obligations under Article __ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement.

5. **Release of Claims by Franchisee**. In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties release and forever discharge the Franchisor Parties of and from any and all Claims, for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between Franchisee and Franchisor or Franchisee's affiliate and Franchisor.

The Franchisee Parties do not release the Franchisor Parties from any obligations arising by virtue of this Agreement and the Franchisor Parties' failure to comply with those obligations.

6. **Acknowledgement**. The release of Claims set forth in Section 4 and Section 5 of this Agreement are intended by the Franchisor Parties and the Franchisee Parties (collectively, the "Parties") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Parties against the other Party regardless of whether any unknown, unsuspected or unanticipated claims would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Parties' respective intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. The Parties further acknowledge and agree that no violation of this Agreement shall void the releases set forth in this Agreement.

7. **Reservation of Claims Against Non-Settling Parties**. Famous Dave's and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

8. **Entire Agreement**. This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

9. **Voluntary Nature of Agreement**. The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and they fully understand and voluntarily accept the terms.

10. **Governing Law and Jurisdiction**. This Agreement will be construed and enforced in accordance with the law of the state of _____.

11. **Attorneys' Fees**. All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right to remedy allowed by law. In the event of a breach of this

Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorney's fees and costs incurred by reason of the breach.

Dated:_____, 20___

FAMOUS DAVE'S OF AMERICA, INC.

By: _____
Title:_____

FRANCHISEE:

Dated:_____, 20___

_____

By: _____
Title:_____

FAMOUS DAVE'S OF AMERICA, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G: STATE EFFECTIVE DATES & RECEIPTS

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	December 29, 2021
Hawaii	Pending
Illinois	May 16, 2022
Indiana	May 16, 2022
Maryland	Pending
Michigan	June 30, 2021
Minnesota	Pending
New York	May 16, 2022
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	May 18, 2022

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

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

Except as noted below, if Famous Dave's of America, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Famous Dave's or an affiliate in connection with the proposed franchise sale.

In Iowa and New York, Famous Dave's of America, Inc. must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. In Michigan, Famous Dave's of America, Inc. must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Famous Dave's of America, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Al Hank, our COO or Manny Packing, VP of Franchise Sales, 12701 Whitewater Dr., Suite 100, Minnetonka, MN 55343-4164, (952) 294-1300, www.famousfranchising.com;.

Issuance Date: May 16, 2022.

See Exhibit A for Famous Dave's of America, Inc.'s registered agents authorized to receive service of process.

I have received a Disclosure Document, dated May 16, 2022, that included the following Exhibits:

STATE AGENCY EXHIBIT ..... A
FINANCIAL STATEMENTS ..... B
FRANCHISE AGREEMENT (AND STATE-SPECIFIC ADDENDA, IF APPLICABLE) C
AREA DEVELOPMENT AGREEMENT (AND STATE-SPECIFIC ADDENDA, IF APPLICABLE) ..... D
LIST OF CURRENT AND FORMER FRANCHISEES/DEVELOPERS E-1
LIST OF COMPANY-OWNED RESTAURANTS E-2
FORM OF RELEASE AGREEMENT ..... F
STATE EFFECTIVE DATES & RECEIPTS ..... G

Date	Signature	Printed Name
Date	Signature	Printed Name

KEEP THIS COPY FOR YOUR RECORDS.

Prospective Franchisee's Copy

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to:

_____
Famous Dave's of America, Inc.
12701 Whitewater Drive, Suite 100
Minnetonka, MN 55343-4164
https://famousfranchising.com/
michael.medved@bbq-holdings.com

Franchisor's Copy