

FRANCHISE DISCLOSURE DOCUMENT

Green Mill Restaurants, LLC
A Minnesota limited liability company
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St. Paul, MN 55105
(651) 203-3100
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Franchisees will own and operate a full service restaurant featuring pizza under the GREEN MILL® trade name and service marks.

The total investment necessary to begin operation of a Green Mill restaurant franchise (“Green Mill Restaurant”) is \$1,669,000 to \$2,493,000. This includes \$85,000 to \$91,000 that you must pay to the franchisor or an affiliate. Your initial investment will be higher if you construct your restaurant as a free standing location.

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

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

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

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

Issuance Date: April 19, 2024

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About 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.
2. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

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

To make it easier to read this Disclosure Document, the words “Franchisor,” “we,” “our,” and “us” mean Green Mill Restaurants, LLC. “You,” “your” or “yours” means the person or entity which buys the GREEN MILL restaurant franchise. If the buyer of the franchise is a corporation, general partnership, limited partnership, limited liability partnership, limited liability company, joint venture or other entity, the term “you,” “your” and “yours” also includes the individual owners of those entities.

We are a Minnesota limited liability company that was formed on September 2, 2010. Effective May 31, 2010, two of our officers acquired the stock of our immediate predecessor, Green Mill Restaurants, Inc. (“GMR Predecessor”), a Minnesota corporation. GMR Predecessor was incorporated on April 19, 1991, under the name Mill Franchising Incorporated, but changed its name to Green Mill Restaurants, Inc. on October 21, 1998. On November 20, 2010, through a series of mergers (the “Mergers”), we acquired all of the assets, liabilities and interests, including the Green Mill franchise system, from GMR Predecessor. We maintain our principal business office at 1342 Grand Avenue, St. Paul, Minnesota 55105. Our telephone number is (651) 203-3100. We do business under the names “Green Mill,” “Green Mill Restaurants,” and “Green Mill Restaurants, LLC.” Except for GMR Predecessor, we have no other predecessors.

GMR Predecessor offered franchises to operate full-service restaurants featuring pizza under the “GREEN MILL” trade name and service marks from 1991 until 2010.

The names and addresses of our agents for service of process are listed on **Exhibit A**.

A franchise entitles you to operate one Green Mill full service restaurant at a specific location to be agreed upon by you and us under the terms of the Franchise Agreement (“Franchise Agreement”). A copy of the Franchise Agreement is included as **Exhibit B**. You must offer our standard menu featuring pizza with a variety of toppings and other menu items. You must obtain a liquor license and offer and serve a variety of alcoholic beverages. The principal customers for the food products and beverages offered and sold in Green Mill restaurants will be families and young adults.

We have not operated any Green Mill Restaurants. We have offered Green Mill franchises since 2010, although we began the limited service Green Mill on the Go restaurant offering in July 2021. We have not offered franchises in other lines of business.

Hightop Brands, LLC (“HB”), is a Minnesota limited liability company formed as Hightop Hospitality, LLC on January 19, 2018. On April 27, 2018, it changed its name to Hightop Brands, LLC and is our parent entity (“Parent”). We have entered into an Amended and Restated Service Mark License Agreement (“License Agreement”), as more fully described in Item 13, with Hightop Foods, LLC, which was formed on June 13, 2017 as Hightop Brands, and then changed its name to Hightop Foods, LLC (“HF”) on April 27, 2018. HF is a wholly owned subsidiary of HB Subject to the rights retained and/or previously granted by The Green Mill Inn, Inc., (“GMI”), to operate certain existing Green Mill restaurants described below, we have the exclusive right under the License Agreement to offer and sell franchises to operate restaurants featuring pizza under the “GREEN MILL” trade name and service marks in the States of Minnesota, Nebraska, North Dakota, South Dakota, Wisconsin, Kansas, Iowa and Illinois. The License Agreement also permits us to obtain similar rights in other states on a state-by-state basis. HB’s and HF’s principal business address is 1342 Grand Avenue, St. Paul, MN 55105, and the telephone number is (651) 203-3100. Neither HB nor HF has offered or sold franchises in any line of business.

We have three affiliates that either provide services to our franchisees or offer franchises. GMR, Inc. (“GMR”) is a Minnesota corporation formed in November 2010 whose principal address is the same as

ours. GMR provides management and administrative services to us. It has not operated Green Mill Restaurants and it has not offered franchises in any line of business.

Another affiliate of ours is Crooked Pint, LLC (“Crooked Pint”) which is a Minnesota limited liability company whose principal place of business is the same as ours. Crooked Pint is the owner of the Crooked Pint Ale House trademarks and restaurant concept. It has not operated or offered franchises for Green Mill Restaurants. It has offered franchises for Crooked Pint restaurants since April 2011.

Our last affiliate is Green Mill on the Go, LLC (“GMOTG”) which is a Minnesota limited liability whose principal place of business is the same as ours. GMOTG is the owner of the GMOTG trademarks and restaurant concept. It has not operated or offered franchises for Green Mill Restaurants. It has offered franchises for GMOTG restaurants since June 2022.

We do not currently, but may in the future, own and operate Green Mill Restaurants of the type being franchised. Certain of our officers and affiliated entities operate Green Mill Restaurants, noted in Item 20.

Your Green Mill Restaurant will compete with numerous national and local restaurants and other businesses which also sell pizza and other food products and/or alcoholic beverages to the general public for immediate consumption, including many competing franchise concepts. The current market for restaurant services is highly competitive. Your ability to compete in your market will depend upon certain factors, including the location of your Green Mill Restaurant, the location of competing restaurants, your financial and managerial capabilities, general economic conditions and other factors.

The sales of your Green Mill Restaurant are not expected to be seasonal.

Laws exist in every state that govern the food service industry (including health, sanitation and safety regulations regarding food storage, preparation and safety) and the sale of liquor. You must comply with these laws and other laws that apply to businesses generally. In addition to laws and regulations that apply to businesses generally, your Restaurant will be subject to various federal, state and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act; storage, preparation and sale of food products, including meat products, and sale of alcoholic beverages; and health, sanitation and safety regulations relating to food service, as well as any state or local executive orders that may limit in-restaurant seating and related matters during the COVID-19 pandemic. It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities, including an alcoholic beverage vendor’s license and to comply with all PCI (Payment Card Industry) Data Security standards. You should consult with your attorney concerning all laws and regulations that may affect your Restaurant operations.

ITEM 2 **BUSINESS EXPERIENCE**

Director, Chairman of the Board, Member and Chief Executive Officer – Paul Dzubnar

Mr. Dzubnar has been a member, and also has served as our Director, Chairman of the Board and Chief Executive Officer, since June 2010. Mr. Dzubnar was the President and Chief Operating Officer for GMR Predecessor from September 2007 to June 2010, and was a shareholder of GMR Predecessor from October 2003 through May 2010. Mr. Dzubnar also has owned interests in various Green Mill Restaurants located in Minnesota and North Dakota.

Member, Director and Secretary – Michael Drummer

Mr. Drummer has been a member, and also has served as our Director and Secretary, since June 2010. Mr. Drummer's principal occupation is land development and construction, and also owns tree farms and a landscape business. Mr. Drummer also has held an interest in the entities that own the Green Mill Restaurants in St. Cloud (August 2010-present) and St. Paul (June 2010-present).

Member and Chief Operating Officer – Timothy Kreiser

Effective January 1, 2018, Mr. Kreiser became our Chief Operating Officer in addition to being a member. Mr. Kreiser had served as our Vice President of Operations from June 2013 until December 2017. Mr. Kreiser served as Director of Operations for us from June 2010 until promoted to Vice President of Operations in 2013.

Member and Chief Marketing Officer – John Hinz

Mr. Hinz has been a member and Chief Marketing Officer since July 2012. He has also served as a member and Chief Marketing Officer of Crooked Pint since July 2021.

Director of Training – Ashley MacDonald

Ms. MacDonald has served as our Director of Training since August 2016. From June 2010 through July 2016, she served as General Manager and Regional Manager for GMR, and she also served as Corporate Trainer of GMR Predecessor from May 2008 through May 2010.

Vice President of Finance – Jaclyn Davern

Ms. Davern has served as our Vice President of Finance since April 2022. Ms. Davern has worked for Crooked Pint, GMR, and HB in the accounting department since 2004. Ms. Davern also served as a Controller since February 2009.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee of \$45,000 when you sign the Franchise Agreement for a Green Mill full service Restaurant. If your Green Mill Restaurant franchise is not operational within nine months from the date you sign the Franchise Agreement because of any cause or event reasonably within your control, we have the right to terminate the Franchise Agreement. Upon such a termination, we will refund to you that portion of the initial franchise fee, if any, which exceeds the costs and expenses incurred by us in approving you as a franchisee and in performing our duties and obligations under the Franchise Agreement. The initial franchise fee is not refundable in whole or in part under any other circumstances.

Except as noted below, the initial franchise fee is contemplated to be uniform as to all persons currently acquiring a franchise from us. We may, in our sole business judgment, agree to reduce the initial franchise fee in certain situations, including situations where a prospective franchisee and its affiliates agree to develop a Green Mill Restaurant in a new market or to develop an agreed upon number of Green Mill Restaurants within an agreed upon period of time, situations where a prospective franchisee and/or its affiliates own a number of Green Mill Restaurants and/or in situations where we believe an incentive is needed to induce the franchisee to develop a Green Mill Restaurant. We reserve the right in our business judgment to charge less than \$45,000 as our initial franchise fee for a Green Mill Restaurant franchise in the situations described above and in other circumstances where we deem a reduction to be appropriate in our sole business judgment. However, we do not always negotiate the initial franchise fee, even in the situations described above, and we may freely choose not to reduce your initial franchise fee or to negotiate with you, even in the situations described above. We have previously entered into area franchise development agreements pursuant to which the franchisee has agreed to construct, own and operate more than one Green Mill Restaurant. In exchange for the agreement to construct multiple restaurants and the payment of an initial territory fee by such franchisees to us, we have charged less than \$45,000 as the initial franchise fee. In 2023 we did not collect any initial franchise fees.

Grand Opening Allowance

At least 30 days before the opening of your Green Mill Restaurant, you must pay us a Grand Opening Allowance in the amount of \$25,000. We will use this Grand Opening Allowance for purposes of providing and conducting an advertising, public relations and promotional program in connection with the grand opening of your Green Mill Restaurant. We will determine in our sole business judgment when, where and how to spend the funds on your behalf. Within 30 days after the grand opening of your restaurant, we will provide you with an accounting as to the expenditure of the funds and refund to you any portion of the Grand Opening Allowance that was not expended by us on your behalf.

Opening Team Expenses

You will reimburse us (or our affiliates) for the travel expenses and the prorated salaries and benefits for their employee-trainers (the "Opening Team Expenses") who, as part of the Initial Training Program, will assist you with training your own employees on site at your Restaurant for the two week period before your grand opening and the two week period after the opening. These expenses are nonrefundable and will total between \$15,000-\$20,000 for a Green Mill full service Restaurant. Upon completion of our assistance, we will send you an invoice for the actual amount of Opening Team Expenses due from you to us or our affiliate (as applicable). You must pay this invoice within 30 days.

ITEM 6 **OTHER FEES**

Type of Fee (1)	Amount	Due Date	Remarks
Continuing Royalty Fee (2)(3)	4% of your Gross Sales	Payable monthly on or before the 15th day of the next month via EFT withdrawal	Gross Sales includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Restaurant, including any vending or similar activities in your Restaurant or on its premises as well as all use or license fees. Gross Sales does not include sales tax.
Local Advertising Expenditure (4)	1/2% of your Gross Sales	Monthly	Each month, you must spend this amount for approved local advertising, marketing and promotion. If you spend less than this amount in any month, you must deposit the difference

Type of Fee (1)	Amount	Due Date	Remarks
			with us and we have the right to form local, regional and/or national advertising cooperatives and to require you to join and participate in the cooperative(s) which encompasses your designated territory. Payments to any such cooperative will be credited against your required local advertising, marketing and promotion expenditures.
Advertising Fee (4)	1 1/2% of your Gross Sales	Payable monthly on or before the 15 th day of the next month via EFT withdrawal	See Item 11 of this Disclosure Document.
Interest	The lesser of 18% per annum or the maximum rate permitted by law	Unspecified	You must pay interest on any delinquent sums owed to us.
Transfer Fee	20% of our then-current Initial Franchise Fee	Prior to approval of transfer by us	You must pay a transfer fee to us if you transfer your Franchise Agreement, the assets associated with your Green Mill Restaurant or your stock or other outstanding ownership interests.
Remodeling (5)	\$300,000 to \$650,000	As remodeling occurs (not more often than once every seven years)	Remodeling does not include general maintenance, routine maintenance, painting, replacing worn carpet, replacing worn furniture, and refreshing.
Audit Fees	Cost of Audit	Unspecified	Payable only if an audit shows you have understated your Gross Sales by more than 3% for any period.
Quality Control Inspections	\$1500 annually	First (1 st) month of each year	We have retained Service Management Group, LLC to provide us with quantitative surveys collecting structured and unstructured customer feedback about single location-level experiences.
Additional Training	Our then-standard rate for training (currently \$1,000 for your on-site general manager and \$750 each for your kitchen manager, assistant kitchen manager, dining room manager, and bookkeeper)	Upon demand	Any new on-site general manager, kitchen manager, assistant kitchen manager, dining room manager, and delivery manager must successfully complete our management training program.
Indemnification	Varies	Upon demand.	You must indemnify us against certain losses and expenses.
Advisory Services	Varies	As incurred.	We will provide advisory services upon request. You must pay us at our current rates for these services, if these services are requested by you.
Periodic	Varies	As arranged.	You must, at your expense, periodically (not

Type of Fee (1)	Amount	Due Date	Remarks
Refurbishing			more than every 7 years) refurbish and upgrade your Green Mill Restaurant.
Tax Reimbursement (6)	Varies	Within ten days of receiving invoice	See Note 5.
Technology Fee (Infinity Service provided by Ingage I.T.) (7)	3.99% of Gross Sales run through credit card processing system (processing revenue), with a monthly minimum of \$3,400. In addition, there is a \$229.99 monthly KDS connection fee	As of the date of the Disclosure Document, paid by electronic funds transfer by the 10 th day of each month for the previous month or accounting period to Ingage I.T.(3)	Includes Credit Card Processing Fees as well as Point of Sale equipment and maintenance, gift card processing, MSP, online ordering, wi-fi, KDS, and loyalty programs.
Academy Fee	\$1,200 annually for hands on and eLearning training access	Paid to us annually in the first period of every year	Yearly fee covers online access to both hands on and eLearning training materials, video, testing, and forms.

- (1) Unless otherwise noted, all fees are payable to us, and are nonrefundable. Fees are generally uniformly imposed as to all persons currently acquiring a franchise.
- (2) You must fax or electronically transmit to us by 11:00 a.m. on Monday a report of your Gross Sales and labor expenses for the preceding week. These reports of Gross Sales must be in such form as we may require and include comparative information for the corresponding week during the previous year. In addition, you must provide us with unaudited, monthly financial statements within 15 days of the end of each calendar month or period and annual financial statements prepared on a “compilation” basis by your independent public accountant within 90 days after the end of each calendar year.
- (3) These fees are payable by electronic funds transfer (EFT) each month from your designated account, and you must execute all forms necessary to permit EFT withdrawals from your account.
- (4) As of the date of this Disclosure Document you are required to spend a minimum of (i) ½% of Gross Sales on approved local advertising expenditures and (ii) the 1 1/2% of Gross Sales for the Advertising Fee, which is paid directly to us for deposit in an Advertising Fund. The expenses for local advertising must be paid by you directly to the vendors. We have the right to increase the total combined amount up to a maximum of 3 1/2% of Gross Sales and allocate the additional amount between the Advertising Fund and local expenditures as we deem appropriate.
- (5) You pay remodeling costs directly to approved third party vendors or contractors. You will not be required to remodel more than once every seven years.
- (6) You will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of the Initial Franchise Fee, the Royalty Fee, the Advertising Fee, and other fees that are referenced in the Franchise Agreement, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you will pay to us (and to the appropriate governmental

authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such amounts) with the same amounts that we would have received or accrued had such withholding or other payment, whether by your or by us, not been required.

- (7) You are required to use ITmation Corporation (dba “Ingage I.T.”) as the exclusive provider for the following services at your Green Mill Restaurant: credit card processing, gift card processing, managed service provider (“MSP”) services, online ordering, wi-fi, KDS, and loyalty programs (collectively referred to as “Infinity Service”). A copy of the form Ingage I.T. Service Agreement is included as part of **Exhibit G**. In order to qualify for the Infinity Service, you agree to implement a “cash discount” method of payment for customers and related requirements. The Technology Fee of 3.99% of Gross Sales run through your Restaurant’s credit card processing system (processing revenue), with any minimum due within 10 days of notice. The Technology Fee is paid directly to Ingage I.T. In the event the Service Agreement is terminated for any reason other than a material breach by Ingage I.T., you agree to pay an early termination fee equal to: (i) if termination occurs during the initial term of the Service Agreement, the cost of the Property (as defined in Addendum A to your Service Agreement) times a fraction the numerator which shall equal the number of whole or partial calendar months left in the initial term and the denominator which shall equal the number of months in the initial term plus an amount equal to a percentage multiplied by the average credit and debit card sales for each month in the initial term remaining in the Service Agreement, and (ii) if termination occurs after the initial term, the cost of any new Property installed within the last 12 months under the Service Agreement plus an amount equal to a percentage multiplied by the average credit and debit card sales for each month of the renewal term remaining in the Service Agreement. In addition to Ingage I.T, you are required to use our designated supplier Restaurant 365 for our approved accounting and inventory management software at a current monthly cost of \$281. All technology related fees are subject to change from time to time. A copy of the form Restaurant 365 Agreement also is included as part of **Exhibit G**.

ITEM 7

ESTIMATED INITIAL INVESTMENT

The following is an estimate of the total costs to construct and open a typical Green Mill full service Restaurant in a leased strip shopping center location:

Type of Expenditure (1)	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Initial Franchise Fee	\$45,000	Lump Sum	Due in full upon execution of the Franchise Agreement	Us
Training-Related Expenses (2)	\$90,000 to \$115,000	As Arranged	During training	Us or our affiliates, Hotels and Restaurants
Rent Security Deposit and First Month’s Rent (3)	\$0 to \$17,000	As Incurred	As negotiated with Landlord	Landlord

Type of Expenditure (1)	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Leasehold Improvements (4)	\$900,000 to \$1,200,000	As negotiated with Contractors, Architects and Engineers	Before Opening	Contractors, Architects and Engineers
Equipment and Trade Fixtures (5)	\$450,000 to \$850,000	As Arranged	As negotiated with Suppliers	Suppliers
Signage	\$35,000 to \$50,000	As Arranged	As negotiated with Contractor	Contractor
Opening Inventory and Smallwares (6)	\$50,000 to \$70,000	As Arranged	As negotiated with Suppliers	Suppliers
Insurance (7)	\$10,000 to \$20,000	Typically due in lump sum.	As negotiated with the Insurance Company	Insurance Company
Initial Advertising and Promotional Costs (8)	\$25,000	Lump Sum	Due in full 30 days prior to opening	Us
Miscellaneous Start- Up costs	\$10,000 to \$16,000	As Arranged	As negotiated with Vendors or Suppliers	Vendors, Suppliers, or us
Liquor License (9)	\$4,000 to \$10,000	As Incurred	Before Opening	Licensing Authority
Quality Control Inspection Fee	\$1,500 annually	As Arranged	Annually in the first period of every year for SMG and monthly for our inspections and samplings.	Us
Academy Fee	\$1,200 annually	As Arranged	Annually in the first period of every year	Us
Additional Funds - 3 months ¹ (10)	\$50,000 to \$75,000	As Arranged	As negotiated with Vendors, Suppliers and Employees	Vendors, Suppliers and Employees
TOTAL	\$1,671,700 - \$2,493,000			

(1) Except for rental security deposits, utility deposits and the Initial Franchise Fee in the circumstances described in Items 5 and 11 of this Disclosure Document, generally none of these expenditures by you are refundable under any circumstances. Also, we do not offer direct or indirect financing to our franchisees for any of these expenditures.

- (2) See Items 6 and 11 of this Disclosure Document. We do not charge you a fee to attend our initial training program, although you will bear all costs for you and your required employees to attend such training. Of the total amount for "Training-Related Expenses" referenced in the above chart, you can expect that approximately \$15,000 to \$20,000 will be payable to us or our affiliate for Opening Team Expenses, as noted in Items 5 and 11.
- (3) You will need 5,500 to 8,500 square feet for your Green Mill Restaurant. Typically, Green Mill Restaurants are located in strip centers, are physically connected to hotels, or are in a freestanding building on a pad site in a mall or other retail area. The rental and related charges will vary substantially depending upon the location, but the fixed rent will generally range from \$10,000 to \$17,000 per month. You may also be required under the terms of your lease to pay your landlord common area maintenance fees, property taxes and percentage rent based upon the sales from your Green Mill Restaurant. The rental security deposit may under certain circumstances, be refundable in whole or in part under the terms of your lease.
- (4) Depending upon your arrangement with your landlord, if any, you may be required to pay for remodeling, decorating and leasehold improvements costing from \$900,000 to \$1,200,000. The landlord may contribute to some of these costs or make financing available to you.
- (5) You must purchase or lease the equipment and trade fixtures necessary to operate your Green Mill Restaurant. It is estimated that the purchase price of the equipment and trade fixtures will range from \$450,000 to \$850,000, depending upon whether the equipment is new or used, transportation costs and other factors. For your Green Mill Restaurant, the equipment includes the hardware and software for the POS System and related components for the Infinity Service described in Items 6, 8 and 11 and the Ingage I.T. Service Agreement, including Addendum A. The estimated value of the Infinity Service hardware and software for the opening of the Restaurant is approximately \$38,400 to \$43,400. There is no charge for these initial Infinity Service items other than the 3.99% Technology Fee for the Infinity Service, plus an on-boarding fee paid directly to Ingage I.T. in an amount between \$2,500 to \$5,000, which is included in the estimate included in Item 7.
- (6) Opening Inventory includes items such as food, beverage and paper product inventory, dishes, glassware, silverware and smallwares.
- (7) You must purchase and pay for comprehensive general liability insurance, motor vehicle liability insurance (including liability insurance for your delivery drivers), products liability insurance, personal property insurance, worker's compensation insurance, liquor liability insurance and such other insurance as we may reasonably require and/or as may be required by applicable law. If you fail to maintain the required insurance, we may, but are not required to, obtain any or all of the insurance that you must obtain and maintain. You must reimburse us for all costs and expenses that we incur upon demand.
- (8) At least 30 days before your Green Mill Restaurant opens for business, you must pay us a Grand Opening Allowance in the amount of \$25,000. We will use the Grand Opening Allowance solely for the purpose of conducting an advertising and promotional program for the grand opening of your Green Mill Restaurant. We will return to you any portion of the Grand Opening Allowance not used on your behalf within 30 days after your grand opening.
- (9) In some municipalities, you may be required to purchase a previously issued liquor license from its current owner. Depending upon supply and demand, you may be required to pay substantially more than the amount indicated.

- (10) This estimates the funds you will need during the initial 3-month phase of your Green Mill Restaurant. In addition to having a reserve for unforeseen contingencies, it is estimated that you will expend this for initial wages and fringe benefits, insurance premiums and other operating costs. Your working capital requirements may increase or decrease, depending upon the location and size of your Green Mill Restaurant, number of employees, labor rates, minimum wage laws, costs of goods and supplies, various utility deposits, other economic factors and whether you will own or lease the furniture, fixtures, equipment and signs. No assurance can be given that \$50,000 to \$75,000 will be sufficient or that substantial additional working capital will not be required for a Green Mill Restaurant.

In the event you construct a free standing building for your Green Mill Restaurant or otherwise purchase a building for your Green Mill Restaurant, you should anticipate that your initial investment will be substantially higher.

We have prepared these estimates based upon our, GMR Predecessor's and our affiliates' respective experiences (more than 30 years), including information that we have collected from our franchisees. Except as expressly indicated otherwise, these estimates cover your initial cash investment up to the opening of your Green Mill Restaurant. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. Similarly, the above estimates do not include the cost of acquiring the land or preparing the site for your Green Mill full service Restaurant. You should not plan to draw income from the operation during the start-up and development stage of your business, the actual duration of which will vary materially from Green Mill Restaurant to Green Mill Restaurant and cannot be predicted by us for your Green Mill Restaurant (and which may extend for longer than the 3-month "initial phase" described in Note 10). You must have additional sums available, whether in cash or through a bank line of credit, or have other assets, which you may liquidate or against which you may borrow, to cover any other expenses and operating losses that you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your business, which in turn will depend upon certain factors, including the demographics and economic conditions in the area in which your Green Mill Restaurant is located, the presence of other bars and restaurants in the vicinity of your proposed Green Mill Restaurant, your ability to operate efficiently and in conformance with our recommended method of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to insure a uniform image and uniform quality of products and services throughout the Green Mill system, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us or our affiliates, we must approve the location of your Green Mill Restaurant. We also have the right, but not the obligation, to review and to approve or disapprove any lease for the restaurant premises. You must insure that certain terms are added to the lease for the restaurant premises. You must construct and equip your restaurant in accordance with our then-current approved design, specifications and standards. At your request, we will assist you in procuring the necessary equipment and trade fixtures. The plan of construction, architect and construction contractor you use must be pre-approved in writing by us. In addition, it is your responsibility to insure that your building plans comply with the Americans With Disabilities Act and all other federal, state and local laws. You also must use equipment (including hardware and software for a restaurant point-of-sale, a KDS (Kitchen Display System) system, our restaurant accounting and inventory software (currently Restaurant 365), signage,

fixtures, furnishings, products, ingredients, supplies and advertising materials that meet our specifications and standards.

We provide you with a list of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved inventory products, fixtures, furniture, equipment, signs, stationary, paper products, supplies and other items or services necessary to operate the restaurant (“Approved Supplies List”). The Approved Supplies List may specify the specific manufacturer of a specific product or piece of equipment. As further detailed below, from time to time we, an affiliate, or a third party vendor or supplier may be the only approved supplier for certain products or services. For example, as of the date of this Disclosure Document, (1) Coca-Cola North America is the sole supplier of certain beverages and related equipment and supplies, (2) US Foodservice is the sole source of supply for certain foods, beverages, supplies and smallwares, and other products and services, (3) EcoLab is the sole supplier of certain cleaning products, supplies and equipment leases, (4) Don Farleo Advertising & Design Co. is the sole supplier of certain advertising, marketing, web design and promotional items; (5) SMG is the sole supplier of our customer survey program; (6) Restaurant 365 is the sole supplier of our Accounting and Inventory software, and (7) Ingage I.T. is the sole supplier of our Point of Sale hardware and software, MSP, on-line ordering, KDS, wi-fi, Loyalty Programs, Gift Card and credit card processing (a copy of the current Ingage I.T. agreements are included as **Exhibit G**). In addition, we or our affiliates are the sole source of Opening Team trainers, related labor, and other training materials, all of which you must use in connection with the opening of your restaurant.. You will pay the then-current price in effect for all purchases you make from us or an affiliate. These lists also may include other specific products without reference to a particular manufacturer, or they may set forth the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable.

One of our officers owns stock in a publicly-traded company which is our designated supplier of soft drinks.

Except for products and services available only from a single source, you may request that we consider approval of different or additional manufacturers, suppliers or products related to the restaurant. As to such products and services, you must notify us in writing if you want to offer for sale at the restaurant any brand of product, or to use in the operation of the restaurant, any brand of food ingredient or other material, item or supply that is not then approved by us, or to purchase any such product from a supplier that is not then designated by us as an approved supplier. If requested by us, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier, meets our specifications and quality standards. We generally will notify you of supplier approval or disapproval within 30 days of our receipt of all information and samples we request. We do not charge you a fee for inspection, but you must pay all costs of the inspection and evaluation and the actual cost of the test. The supplier also may be required to sign a supplier agreement. We may re-inspect the facilities and products of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item. We are not required to make our criteria for approving vendors and suppliers available to our franchisees.

We may supply you with uniforms, promotional materials, menus, pizza boxes and other materials utilizing our registered logo at our cost plus a markup for handling. Although you currently are not required to purchase such goods from us, the goods purchased must comply precisely with our specifications and may, as a practical matter, be unavailable from other sources. We reserve the right to derive income from your purchase of such goods or services. As of the date of this Disclosure Document, neither we nor any of our affiliates are approved suppliers of any other goods, fixtures or services other than any promotional material and services we elect to provide pursuant to the Franchise Agreement.

You must purchase and maintain in full force and effect, at your sole expense and from a company we

accept, insurance that insures both you and us, our affiliates and any other persons we designate by name. The insurance policy or policies shall be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time, and, at a minimum, shall include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing): (i) property insurance on the Restaurant, restaurant improvements and all fixtures, equipment, supplies and other property used in the operation of the Restaurant (including, but not limited to, fire, Replacement Cost, extended coverage, vandalism and malicious mischief); (ii) business interruption insurance that covers your loss of income and our Royalty Fees; (iii) comprehensive general liability insurance with a minimum limit of \$1,000,000 (including, but not limited to, coverage for personal injury, products and contractual liability); (iv) umbrella insurance with a minimum limit of \$3,000,000 that is required to sit over automobile liability, employers liability, liquor liability, and general liability; (v) \$1,000,000 liquor liability insurance, as applicable; (vi) commercial automobile liability insurance on all owned, hired, rented and non-owned vehicles; (vii) workers' compensation and employer's liability insurance covering all of your employees; and (viii) such other insurance as we may from time to time reasonably require, under one or more policies of insurance containing coverage, from time to time prescribed by us. All liability policies and workers compensation policies must include a waiver of subrogation. All policies must be issued by an insurance carrier rated "A" or better by Alfred M. Best & Company, Inc. In addition, the required liability insurance must (i) name Green Mill Restaurants, LLC and affiliates (collectively, "Franchisor Entities") as additional insureds; (ii) provide severability of interests and/or separation of insureds coverage; and (iii) be primary and non-contributory with any insurance policy carried by the Franchisor Entities. The policies shall provide that we must receive at least thirty (30) days' prior written notice of termination, expiration, cancellation, modification or reduction in coverage of any such policy.

You must deliver to us at commencement and thereafter annually and at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show compliance with all required insurance specifications. We also may request copies of all policies. We may from time to time modify the required minimum limits and require additional insurance coverage, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Green Mill system, standards of liability and higher damage awards. If you do not procure and maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice. Your obligation to obtain and maintain the insurance described herein shall not be limited in any way by reason of any insurance we procure and maintain.

Although not required, we recommend that you consider the following insurance coverage typically found in restaurant operations: Employment Practices Liability; Food Contamination-Loss of Income; Food Contamination-Trade Name Restoration; Employee Benefit Liability; Employee Dishonesty; Flood; Earthquake; Back-up of Sewer & Drain; Money & Securities; Interior & Exterior Glass; Machinery & Equipment Breakdown; Utility Interruption-Loss of Income; Inland Marine; and Cyber Liability.

Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Restaurant.

As disclosed in this Item 8, we have several designated third-party sources from which you must purchase goods and services. Neither we nor our franchisees have established any purchasing or distribution cooperatives. However, although we do not do so for the benefit of any individual franchisee, we have negotiated contracts with the vendors or suppliers of certain products and services in an effort to achieve

the best price and terms for you and our other Green Mill Restaurant franchisees.

We do not provide material benefits to you (including renewal rights or the right to open additional Green Mill Restaurants) based on your purchase of particular goods and services or on your purchases from the suppliers we designate or approve. However, purchases of unapproved goods or services or from suppliers who have not been approved by us in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement.

We have the right to receive payments, rebates and other forms of consideration from suppliers based upon your (and other franchisees') purchases of goods, products and services as described in this Item 8, as well as in connection with any future purchases of any goods, products and services. Most of these payments are calculated as an amount based on products sold to you and our affiliate-owned restaurants. We will retain and use such payments as we deem appropriate or as required by the vendor or by manufacturers.

Our revenues from all required purchases and leases of products and services to franchisees from suppliers for the year ended December 31, 2022, totaled \$850, 583.97 or 37.46% of our total revenues of \$2,270,734.37 as noted in the financial statements included as an exhibit to this Franchise Disclosure Document.

In addition to the rebates, discounts and allowances described above in this Item 8, it is possible that we may derive rebates or other income from your purchase of goods or services from other vendors, suppliers and/or food processors. In addition, it is possible that the current discounts, rebates and/or allowances may be terminated and/or amended from time to time.

We receive revenue from providing additional training or training to new on-site general managers, kitchen managers, assistant kitchen managers, and dining room managers of our franchisees. We also receive revenue from providing additional copies of ongoing training materials to our franchisees. Although the initial set of training materials is provided to our franchisees at no cost, we charge our franchisees for providing additional copies at our cost plus a mark up to cover our expenses associated with the same. In the fiscal year ended December 31, 2022, we did not receive any revenue from providing such training and training materials.

We estimate that approximately 65% to 85% of your expenditures for leases and purchases in establishing your Restaurant and approximately 80% on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which must meet our standards or specifications).

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

	Obligation	Section in Franchise Agreement (FA) and Ingage I.T's Infinity Services Agreement ("ISA")	Disclosure Document Item
a.	Site selection and acquisition/lease	FA: Paragraphs 1 and 22	Items 11 and 12

	Obligation	Section in Franchise Agreement (FA) and Ingage I.T's Infinity Services Agreement ("ISA")	Disclosure Document Item
b.	Pre-opening purchase/leases	FA: Paragraphs 1, 10, 31, 32, 33,34 and 35	Item 8
c.	Site development and other pre-opening requirements	FA: Paragraphs 1, 29, 30, 33, and 34 ISA: Sections II and III	Items 6, 7, 11 and 12
d.	Initial and ongoing training	FA: Paragraphs 6 and 7 ISA: Section VI	Items 6, 7 and 11
e.	Opening	FA: Paragraph 1, 8 and 34	Item 11
f.	Fees	FA: Paragraphs 1, 2, 3, 5, 7, 8, 17, 28, 37, and 38 ISA: Addendum A	Items 5, 6 and 11
g.	Compliance with standards and policies/operating manual	FA: Paragraphs 7, 10, 32, 33 and 34	Item 11
h.	Trademarks and proprietary information	FA: Paragraphs 12, 13 and 16	Items 13 and 14
i.	Restriction on products/services offered	FA: Paragraphs 1, 10 and 32	Items 8 and 16
j.	Warranty and customer service requirements	FA: Paragraph 10	Item 11
k.	Territorial development and sales quotas	None	Not applicable.
l.	Ongoing product/service purchases	FA: Paragraph 10 ISA: Sections II and III	Items 8 and 16
m.	Maintenance, appearance, and remodeling requirements	FA: Paragraphs 1, 5, 10, 23, 32 and 33	Items 6 and 11
n.	Insurance	FA: Paragraph 21	Items 6 and 7
o.	Advertising	FA: Paragraph 7, 8, 12 and 29	Items 6, 7 and 11
p.	Indemnification	FA: Paragraph 21 ISA: Section 13.4	Item 6
q.	Owner's participation/management/staffing	FA: Paragraph 6	Items 6, 7, 11 and 15
r.	Records and reports	FA: Paragraphs 9 and 30	Item 6
s.	Inspections and audits	FA: Paragraphs 1, 9 and 10	Items 6 and 11
t.	Transfer	FA: Paragraphs 1, 17, 18 and 19 ISA: Section 15.8	Item 17
u.	Renewal	FA: Paragraphs 1 and 5	Item 17
v.	Post-termination obligations	FA: Paragraph 13 and 16	Item 17
w.	Non-competition covenants	FA: Paragraph 16	Item 17
x.	Dispute resolution	FA: Paragraph 24 ISA: Section 15.6	Item 17
y.	Other	Not applicable.	Not applicable.

ITEM 10 FINANCING

We do not offer direct or indirect financing to our franchisees. We do not guaranty your note, lease, or obligation. If you are a corporation, limited liability company, limited partnership or other entity, we may require your shareholders, members, limited partners or other owners to guarantee all of your obligations to us.

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

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

Pre-Opening Obligations

Before you open your Green Mill Restaurant, we will perform the following obligations:

(1) The Franchise Agreement grants you the right to operate a single Green Mill Restaurant at a specific site to be identified in the Franchise Agreement. The selection of this site is your responsibility. However, all sites must be approved by us. Generally, you will select your site and such site will be approved by us before you sign your Franchise Agreement. Our approval of a proposed Green Mill Restaurant site will be based on a variety of factors, including the visibility and size of the strip shopping center and the location of the proposed space within the center (or layout of the parcel, if a free-standing site), the proximity of the site to population centers, the traffic counts, availability of parking and the history of operations of other Green Mill Restaurants in the area. Although not obligated to do so by the Franchise Agreement, we may provide you with suggestions for sites in the area of your interest. You are exclusively responsible for your own decision in selecting the location of your Green Mill Restaurant, even if we at any time provide advice or assistance to you regarding the selection and even though we must approve the location. We do not generally own your Green Mill Restaurant or the site for your restaurant and lease it to you. Also, we do not generally assist you in negotiating the purchase or lease of the site for your Green Mill Restaurant. However, the lease for your restaurant must in all respects be satisfactory in form and substance to us and we have the right, but not the obligation, to approve your lease before it is signed by you. When you propose a Green Mill Restaurant site, one of our representatives may, but is not required to, inspect the site and advise you on the basis of our experience as to traffic patterns, competitive climate and other general matters. We encourage you and have the right to require that you obtain, at your expense, an economic feasibility study for your proposed site from a mutually agreed-upon expert. (See Paragraph 1 of the Franchise Agreement.)

(2) We will designate your designated territory before you sign your Franchise Agreement. (Franchise Agreement – Paragraph 22)

(3) The architect and construction company you will use in the design and construction of your GREEN MILL Restaurant must be approved by us. (Franchise Agreement – Paragraphs 32, 33 and 34)

(4) We will provide you with a copy of our approved standard plans and specifications consisting of conceptual drawings, including floor plans and general details for the development of working drawings for your Green Mill Restaurant. (Franchise Agreement - Paragraph 32)

(5) We will review and approve the detailed plans and specifications for your Green Mill Restaurant which will be prepared at your expense by an architect of your choice. However, we are not

required to assist you in conforming the site for your Green Mill Restaurant to local ordinances and building codes or in obtaining any required permits. In addition, we do not provide you with assistance in constructing, remodeling or decorating the site for your Green Mill Restaurant. (Franchise Agreement - Paragraph 32)

(6) We will provide you with a written schedule of all signs, furniture, fixtures, supplies and equipment required for the operation of your Green Mill Restaurant. We will also provide you with the names of the approved vendors and suppliers of such furniture, fixtures, supplies and equipment. (Franchise Agreement - Paragraphs 7, 10 and 31)

(7) Before opening, we must inspect your Green Mill Restaurant, complete our pre-opening inspection checklist and determine that your Green Mill Restaurant is in suitable condition to open. You must open your restaurant within 15 days of such determination. (Franchise Agreement - Paragraph 34)

(8) We will train you or your initial on-site general manager in the operation of a Green Mill Restaurant. (Franchise Agreement - Paragraph 6)

(9) We will train your initial kitchen manager and general manager in our management training program at no charge to you. (Franchise Agreement - Paragraph 6)

(10) As part of the Training Program (described below), we will help you arrange for an Opening Team, at your expense, to assist with training your employees on-site at the franchised restaurant for the one week period before the opening of your restaurant and one week period after. (Franchise Agreement – Paragraph 6.)

(11) We have the right require your on-site general manager and kitchen manager to successfully complete our management training program. (Franchise Agreement - Paragraph 6)

(12) We will provide you with assistance in opening your Green Mill Restaurant and training your initial employees, as further described below (Franchise Agreement - Paragraph 7)

(13) We will provide you with the names of the vendors or suppliers of syrup for soft drinks, spice blends, dough blends, cheese, tomato sauce and sauce blends, paper products, and other required products and services. (Franchise Agreement - Paragraph 10)

(14) At least 30 days prior to the opening of your Green Mill Restaurant, you must pay us the \$25,000 Grand Opening Allowance. We will use the Grand Opening Allowance to conduct an advertising, public relations and promotional program on your behalf in connection with the grand opening of your restaurant. (Franchise Agreement – Paragraph 8)

(15) Although not obligated to by the Franchise Agreement, we may provide the following supervision, assistance and/or services to you prior to the opening of your Green Mill full service Restaurant:

(a) We may also provide other advisory services to you before the grand opening of your GREEN MILL Restaurant if the need arises.

(b) We have the right, but not the obligation, under paragraph 1 of the Franchise Agreement, to approve the lease for the premises to be occupied by your Green Mill Restaurant.

(c) We may suggest potential sites for your Green Mill Restaurant.

Obligations After Opening

Our obligations to be met during the operation of your Green Mill Restaurant are as follows:

We will:

- (a) advise you regarding proper maintenance and marketing methods relating to your GREEN MILL Restaurant; and
- (b) provide you with artwork or representative copies of advertising materials and any changes to them (at a reasonable charge).

Advertising

As of the date of this Disclosure Document you are required to spend a combined total of 2% of Gross Sales for the Advertising Fee paid to us and for the required local advertising expenditures. You will contribute 1 1/2% to the Advertising Fund and spend at least 1/2% on approved local advertising. We have the right to increase the total combined amount up to a maximum of 3 1/2% of Gross Sales and allocate the additional amount between the Advertising Fund and local expenditures as we deem appropriate.

We reserve the right to require you to provide substantiation of your Local Advertising Expenditures. If you fail to spend at least the required amount for approved Local Advertising Expenditure, then you must deposit with us the difference between what you should have spent and what you actually spent during such month for local media advertising, marketing or promotion, and we will spend such deposit in such manner as we deem to be in the best interests of your Green Mill Restaurant.

All Advertising Fees will be placed in an Advertising Fund that we own and manage. The Advertising Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Advertising Fund. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. We are not required to spend a prorated amount on each Restaurant or in each advertising market. We have the right to make disbursements from the Advertising Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the Advertising Fund, including accounting expenses and salaries and benefits paid to employees engaged in the advertising functions. If requested, we will provide you with an annual unaudited statement of the financial condition of the Advertising Fund.

Generally, we accumulate Advertising Fees paid by our franchisees during any period in a separate advertising fund account and utilize these fees to pay the advertising, marketing and promotional expenses which it incurs during that period. If all of the Advertising Fees paid into the advertising fund during any year are not used in that year, such fees will be accumulated and held in such non-interest-bearing account until they are used. We are not required to currently spend all Advertising Fees which we receive. Rather, we may set aside such reserve or reserves for such advertising, marketing and/or promotional programs as we determine. We are not required to give our franchisees a periodic accounting of how the Advertising Fees are spent.

The expenditure of the Advertising Fees are intended to maximize general public recognition and patronage of Green Mill Restaurants in the manner we determine to be most effective. We have no obligation to develop, implement or administer an advertising program or programs which ensures that expenditures which are proportionate or equivalent to your contributions are made for your market area, or that your

Green Mill Restaurant will benefit directly or prorata from such advertising program(s). Also, we do not have any obligation to spend any amount on advertising in the area or territory where your Green Mill Restaurant is located. (Franchise Agreement - Paragraph 8)

The monies in the Advertising Fund are currently being used by us for local and regional advertising in our market areas. These funds are used principally for radio, point-of-sale, direct mail, social media, and print advertising. The copy for these advertisements are generated both internally by us and by outside regional advertising agencies. In general, franchisees located outside of the areas for which advertising cooperatives have been formed will benefit from the creative and production aspects of this advertising. Actual media placement costs are borne by the franchisees, except where a cooperative exists. From time to time, we may, but are not obligated to, use monies in the Advertising Fund to assist our franchisees by paying a portion of the media placement cost. Such discretionary spending will be allocated based on the percentage of Advertising Fees collected from each franchisee. No part of the Advertising Fees are used by us for solicitation for the sale of franchises. During our fiscal year ending December 31, 2022, we spent the Advertising Fund as follows:

Advertising Agency	11%
Production, Printing & Promotions	12%
Pizza Trucks	3%
Web Design	2%
Media Placement/Online	45%
Social Media	5%
Administration/Other	22%

All advertising, marketing and promotion conducted by you must be completely factual and conform to the highest standards of ethical advertising and to policies prescribed by us. This includes all advertising and promotion done on social media platforms. You must submit copies of all advertisements and promotional materials to us for our approval before their use or publication. You may use any advertising and promotional materials submitted to us unless we notify you of our disapproval within ten days of its receipt of such materials. You may not use any advertisements or promotional materials unless they have been approved by us. Any coupon published or distributed by you must bear a code number provided by us or our advertising agency.

You may not operate or maintain a home page or other presence on the Internet or similar medium without our approval. If we approve a home page or other such presence, including a home page or presence which includes any of our service marks, we may require you to include a hypertext or other direct link to a home page or other presence on the Internet maintained by us. In addition, your online presence related to your Green Mill Restaurant, including with respect to all current and future forms of social media networks and platforms, must at all times comply with our written specifications, restrictions and policies, as modified from time to time.

We reserve the right to organize one or more local or regional advertising cooperatives for the purpose of developing and implementing advertising and promotional programs for the Green Mill Restaurants owned by us and our franchisees. We have the right to determine the composition of all geographic territories and market areas for any such cooperatives. If we form cooperatives, we can require you to join and participate in such cooperative(s) which encompass the designated territory for your Green Mill Restaurant. We can require these cooperatives to change, dissolve and merge. If we or our affiliates own any Green Mill Restaurants in an area covered by a cooperative, we will contribute on the same basis as other cooperative members.

At least 30 days prior to the grand opening of your Green Mill Restaurant, you must pay a Grand Opening

Allowance to us in the amount of \$25,000. We will use the Grand Opening Allowance for the purpose of conducting an advertising, public relations and promotional program in connection with the grand opening of your restaurant. We will spend this Grand Opening Allowance in such manner as we deem to be in the best interest of your Green Mill Restaurant. Within 30 days after the opening of your Green Mill Restaurant, we will provide you with an accounting of the use of the allowance and will refund any portion of the allowance which has not been spent. Pending the expenditure or return of the Grand Opening Allowance, it will be held in a separate non-interest bearing account. (See Paragraph 8 of Franchise Agreement).

You must participate in all gift certificate and gift card programs sponsored at any time by us. In addition, you are required to participate at your expense in all programs sponsored at any time by us to promote and reward the frequent and regular customers of Green Mill Restaurants.

Under the current gift card program sponsored by us, you must purchase magnetically-encoded gift cards from Ingage I.T. or our then-approved supplier.

You must furnish a marketing plan to us for the first six months of operation of your Green Mill Restaurant in the form required by us prior to the completion of the training of your on-site general manager. In addition, you must submit an annual marketing plan to us on or before November 30 for the ensuing calendar year. Such annual marketing plan must be in such form as we may periodically require.

We also have a franchise advisory council (the “FAC”), which currently is comprised of 8 representatives (4 corporate, 4 franchisees). Each franchisee representative is selected based on majority vote of restaurants, and all representatives serve terms ranging from 1-2 years. The FAC operates in an advisory capacity with respect to matters related to the Green Mill franchise system. While the FAC may offer recommendations, insight or advice on any given issue, we are not bound by such recommendations, insight or advice.

Information Systems

You must record all sales on information systems that we have approved and report your Gross Sales daily via our intranet. You must enroll in the Ingage Infinity Service Program. Under this program Ingage I.T. will be your exclusive technology provider for POS, Merchant Services, Gift Processing, MSP, Online Ordering, Wi-Fi, KDS, Loyalty and all other connected services related to or in conjunction with those services (“Infinity Service”). Under Infinity Service, Ingage I.T. agrees to supply the required hardware and software to operate the Infinity Service Program. At no cost to you, and concurrent with the commencement of your Term, Ingage I.T. will provide training necessary for selected personnel to operate the Infinity Service during the Term as well as standard Remote & On-Site Support. The current form of Ingage I.T. Agreement is included as part of **Exhibit G**. Initial cost of equipment for an average sized Green Mill Restaurant totals approximately \$38,400 to \$43,400 and is covered by the Technology Fee of 3.99% assessed on all credit card sales. It includes maintenance, hardware, updating, and upgrading for all services other than KDS QSR Automations Monthly Subscription Fee. Fees charged by Ingage I.T. include a one-time Onboarding Fee, which for an average sized Green Mill Restaurant will total between \$2,500 to \$5,000, a Travel Fee of \$2,100 and an ongoing monthly KDS QSR Subscription Fee of \$299.99 as of the date of this Disclosure Document.

You must also purchase, at your expense, such other computer or information processing equipment as may be required by us for use in your Green Mill Restaurant Restaurant, which as of the date of this Disclosure Document includes Restaurant 365 (our approved accounting and inventory management software) at a current monthly cost of \$281. We require the 4-4-5 Period Accounting method in conjunction with Restaurant 365. There are no contractual limitations in the Franchise Agreement on the frequency and cost of the upgrading or updating of the computer hardware or software which we may require you to make.

We may access the information system and retrieve, analyze, download and use all software, data and files stored or used on the information system. We may access the information system through our intranet, in your Restaurant, or from other locations. You must store all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must maintain a phone line and a separate modem dedicated for the sole use of allowing our information system to interface and communicate with your information system and you may need to purchase software designated by us for this to occur. You also must have your restaurant connected to the internet using a connection method we approve, currently DSL or Cable modem. You must have a permanent internet email account. You understand that the data storage, phone line, modem, communication software, internet access, internet email account and all additional hardware and software needed to implement and maintain these services is at your cost.

You must grant our agents and us access to all the records and information on your computerized point of sale system by direct access, by Internet dial in access, by providing disk copies, or by such other means as we may require. Although there are not any contractual limitations on our right to access any information on your computerized point of sale system, we are currently using that access largely to track sales of individual menu items, coupon redemption, and other information. (See Paragraph 31 of Franchise Agreement.)

You must obtain and maintain such security system equipment and services as we may require for the protection of your Green Mill Restaurants and your employees and customers. (See Paragraph 31 of Franchise Agreement.)

Time of Opening

We estimate that it will take between four and twelve months from the signing of your Franchise Agreement to the opening of your Green Mill Restaurant. Factors affecting this length of time usually include the time necessary to (1) obtain suitable financing; (2) obtain necessary licenses and permits (including building permits and your liquor license); (3) obtain delivery and installation of required signs, fixtures and equipment; (4) construct necessary leasehold improvements and (5) recruit and train managers and other personnel.

Training

Green Mill Full Service Restaurant Training Program

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location
Green Mill Objectives	2 Hours		Mpls./St. Paul, Minnesota area
Front of House Operations	15-20 Hours	160-280 Hours	Mpls./St. Paul, Minnesota area
Back of House Operations	10-15 Hours	40-120 Hours	Mpls./St. Paul, Minnesota area
Human Resources	4-6 Hours		Mpls./St. Paul, Minnesota area
Accounting	8-25 Hours		Mpls./St. Paul, Minnesota area
Marketing	2-4 Hours		Mpls./St. Paul, Minnesota area

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location
Building Maintenance and Procedures	1-3 Hours		Mpls./St. Paul, Minnesota area
TOTAL HOURS	Up to 75	Up to 400	

Our pre-opening management training consists of preliminary training at our offices in St. Paul, Minnesota, and on-the-job training at an affiliated Green Mill Restaurant selected by us. We offer training periodically as the need requires. Such training is conducted approximately one to three months prior to the opening of your Green Mill Restaurant and it normally lasts two to six weeks depending on the management position.

Under the Franchise Agreement, you, or your on-site general manager if you are not a natural person, as well as your kitchen manager, assistant kitchen manager, and dining room manager must successfully complete such training prior to the opening of your Green Mill Restaurant. The Franchise Agreement provides that you or your on-site general manager and such other managers and assistant managers periodically required by us must also attend such additional regional sales, training, or orientation seminars as we may reasonably request. You will be responsible for travel, lodging, meals, and other expenses which you incur in attending or having your managers and assistant managers attend all such sales, training, and orientation programs. Neither you nor your managers or assistant managers will be paid by or receive any other compensation from us for attending such programs. Any training we provide to any of your employees will be limited to training or guidance regarding the delivery of approved products and services to customers in a manner that reflects the customer service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You are solely responsible for ensuring that your employees receive adequate training.

Although there is no tuition or other costs payable to us for training you or your initial on-site general manager, kitchen manager, assistant kitchen manager, and dining room manager, you must (1) reimburse us (or our affiliate, as applicable) for Opening Team Expenses described in Items 5 and below in this Item 11, and (2) pay our then-prescribed rates for the training of additional managers (should you wish to train more managers than required). The total fee payable to us for the training of a manager or assistant manager depends upon a variety of factors, including the prior experience of the person being trained. Currently, we are charging a flat fee of \$1,000 for training each additional on-site general manager and \$750 for training each additional kitchen manager, assistant kitchen manager, or dining room manager. These charges are subject to periodic change by us. (See Paragraph 6 of the Franchise Agreement.)

The Green Mill Restaurant training program is currently administered by Paul Dzubnar, Tim Kreiser and Ashley MacDonald. As noted in Item 2, Mr. Dzubnar has been our CEO since June 2010. He has approximately 18 years of experience in the restaurant industry. Tim Kreiser has served as our Chief Operating Officer since January 2018 and has over 14 years of experience in the restaurant industry. Ashley MacDonald has over 12 years' experience in the restaurant industry and has served as our Director of Training since August 2016. The training program generally covers all major facets of the management and operation of a Green Mill Restaurant. Managers are first given a presentation on our objectives through our on-line training program – Green Mill Academy. Managers are then given detailed, in-the-field personal instruction in food preparation, inventory and handling, restaurant sanitation, equipment maintenance and inventory, personnel training, hygiene, record-keeping and cash control, purchasing, and other restaurant functions. Managers are also required to complete approximately six to eight weeks of on-the-job training at an affiliated Green Mill full service Restaurant in the Minneapolis-St. Paul, Minnesota area.

You must employ your kitchen manager, assistant kitchen manager, and dining room manager, two to eight weeks prior to opening your Green Mill Restaurant. We will assist you with the training of such managers and assistant managers. You are responsible for the travel, lodging, meals and other expenses incurred in connection with such training. You may not open your restaurant until all such managers and assistant managers have successfully completed any training programs offered by us for such managers and assistant managers.

Under our current training programs, the duration of the required training for your managers and assistant managers is as follows:

<u>Position</u>	<u>Duration</u>
On Site General Manager	10 – 12 weeks
Kitchen Manager	6 – 8 weeks
Assistant Kitchen Manager	2 – 3 weeks
Dining Room Manager	2 – 3 weeks

The failure of your managers to successfully complete the training programs offered by us will delay the opening of your Restaurant.

In addition to the training provided by us, you are required to hire four to six additional trainers who are employed by us or other Green Mill franchisees and who have been certified by us to assist in the training of your management and other employees (the “Opening Team”) during the two-week period before and two week period after the opening of your Green Mill Restaurant. In addition to reimbursing the employer of the Opening Team in an amount equal to the fully burdened labor rate of such trainers, you are required to reimburse the Opening Team members for their actual employment related travel, lodging and meal expenses incurred in connection with the training of your employee (the “Opening Team Expenses”).

We require you to have on duty at all times while your Green Mill Restaurant is open for business, at least one employee who has been Serv-Safe® certified as to the food safety aspects of handling food.

Although not required by the Franchise Agreement, we will also assist you in providing on-the-job training of your employees on your Green Mill Restaurant premises at the time of the Restaurant opening. We will provide one person who will assist you in training your Green Mill Restaurant personnel in the preparation of the restaurant for opening and one person who will assist in methods of preparation and serving menu items. Such management training assistance may take from five to fifteen days. Such training requires approximately forty hours of each employee's time. Although not required to do so by the Franchise Agreement, our management personnel may also assist you in training additional personnel, or in providing refresher courses to existing personnel at the time of periodic visits. Such refresher courses will not be mandatory and will be at no cost to you other than costs associated with the attending employees.

You must comply with the applicable provisions of the wage and hour laws applicable to your employees while they are being trained by us, including those provisions requiring the payment of overtime wages.

ITEM 12 **TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from restaurants that we or our affiliates own, or from other channels of distribution such as retail sales of product or competitive brands that we control. You do, however, receive a protected area which is usually delineated by boundary streets or highways, as described further below (the “Designated Territory”). Before your execution of your Franchise Agreement, a map of the Designated Territory will be attached as

an exhibit to your Franchise Agreement. While the Franchise Agreement remains in effect, we will not establish either a company-owned or franchised Green Mill Restaurant franchise within your Designated Territory or modify your Designated Territory without your written permission, although the consumer service area, trade area or designated territory of another Green Mill Restaurant franchise may overlap with your Designated Territory.

The criteria used for determining the boundaries of the Designated Territory may include any or all of the following: the population base; density of population; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; restaurant co-tenants, traffic generators, and driving times; proximity to lodging facilities; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas. As a result of these considerations, a Designated Territory will have a general trade area with a population base of, or anticipated population growth to, approximately 15,000 to 40,000.

You may only operate your Green Mill Restaurant from the specific location within your Designated Territory approved by us and specified in your Franchise Agreement. You may not relocate your Green Mill Restaurant either within or outside of your Designated Territory or establish more than one Green Mill Restaurant either within and/or outside of your territory without our prior consent.

We and our affiliates have the right to operate and the right to franchise others to operate Green Mill Restaurants, as well as restaurants under different marks, which sell competing products and/or services anywhere outside of your Designated Territory, all without compensation to you or any franchisee. We also expressly reserve the right to operate and franchise others to operate other restaurant concepts under different marks in your Designated Territory even if they sell similar and competing menu items.

Special Sites are excluded from the Designated Territory and we and our affiliates have the right to develop, license or franchise the following Special Site locations: (1) military bases, (2) public transportation facilities, including airports and other transportation terminals, (3) sports facilities, including race tracks, (4) student unions or other similar buildings on college or university campuses, (5) amusement and theme parks, and (6) community and special events.

Our affiliate HF has the sole and exclusive right to offer for sale and sell food products bearing one or more of the GREEN MILL[®] trademarks or service marks at grocery stores, supermarkets, and other similar locations both within and outside of your Designated Territory. All rights to offer for sale and sell products and services associated with the Green Mill trademarks and franchise system on the Internet, via online stores and catalogs and through other electronic means, including to customers located within your Designated Territory, are exclusively reserved to us.

We are not required to pay you if we or our affiliate exercises any of the rights specified above inside your Designated Territory.

The Franchise Agreement provides that without our prior written consent, you may not sell pizzas or related food products for delivery to locations outside of your Designated Territory. Similarly, our other franchisees and we are prohibited from selling pizzas and related food products for delivery to locations inside of your Designated Territory.

You are not prohibited or otherwise restricted under the Franchise Agreement from advertising your Green Mill Restaurant outside of your Designated Territory. Similarly, our other franchisees and we are not prohibited or otherwise restricted from advertising their Green Mill Restaurants within your Designated Territory.

The continuation of your Designated Territory under the Franchise Agreement is not dependent upon achievement of any certain sales volume or market participation. However, should you breach any of the material terms of the Franchise Agreement, the agreement may be terminated or other sanctions may be imposed against you.

Except for the restaurants operated by certain of our officers, and the Crooked Pint Ale House concept and its related marks (Sweet Pea's and Harriet's), neither we nor our affiliates currently operate or franchise the operation of any restaurant or business similar to or competitive with Green Mill Restaurants under a different trade name or trademark, but we reserve the right to do so both within the Designated Territory or otherwise.

ITEM 13 **TRADEMARKS**

We have entered into an Amended and Restated Service Mark License Agreement (the "License Agreement") with our affiliate HF, dated June 20, 2017. We have been granted the exclusive right in the License Agreement to grant franchises to use the Green Mill trade name and service marks in connection with the operation of Green Mill Restaurants in the States of Minnesota, Nebraska, North Dakota, South Dakota, Wisconsin, Kansas, Iowa and Illinois.

Under the Franchise Agreement, you will be granted the right to use the GREEN MILL® trade name and service mark and any other proprietary marks, trade names, logos, and the like ("Proprietary Marks"). You shall not represent in any manner that you have acquired any ownership rights in the Proprietary Marks, and you shall not use any of the Proprietary Marks or any marks, names, or indicia which are, or may be confusingly similar, in your own entity or business name. You must obtain a fictitious or assumed name registration if required by your state or local law. All goodwill associated with the franchise system and identified by the Proprietary Marks shall inure directly and exclusively to our benefit.

In addition to our common-law rights to the Proprietary Marks, the below Marks are registered with the U.S. Patent and Trademark Office ("USPTO") as follows:

Mark	Serial/Registration No.	Registration Date
GREEN MILL	Registration No. 1,440,264	May 19, 1987
GREEN MILL	Registration No. 3,997,508	July 19, 2011
	Registration No. 6,944,265	January 3, 2023
	Registration No. 2,451,087	May 15, 2001

GREEN MILL ON THE GO	Serial No. 90845947	Pending Registration Filed July 23, 2021
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You must use the service marks in full compliance with the Franchise Agreement and any rules periodically adopted by us. You may not use the service marks as part of any corporate or partnership name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed by us to you).

There are no presently effective determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board or the trademark administrator in any state or court, no pending interference, opposition or cancellation proceeding, no pending material litigation involving the trademarks which have limited or restricted the use of our trademarks, trade names, service marks or commercial symbols in any state. Similarly, except for the License Agreement, there are no agreements currently in effect which significantly limit our rights to use or license the service marks in any manner material to the franchise.

Under the Franchise Agreement, you must give us prompt written notice of any infringement of or claims or complaints made against you with respect to the Green Mill service marks and related design and to cooperate with us and HF in any court or other proceedings involving such service marks or designs.

We are not obligated by the Franchise Agreement to protect your right to use the Green Mill service marks and related design and/or to defend or indemnify you against, or to reimburse you for, any damages for which you may be held liable in any proceeding arising out of your use of the service marks or for any costs you incurred in defense of any such claim. We and HF have the right to control and conduct any litigation or other proceedings relating to the Green Mill trade name and service marks.

In the event a third party claims that its rights to the Green Mill name or service marks are superior to ours, and if we determine that such claim is meritorious, then the Franchise Agreement gives us the right to require you, at your expense, to immediately cease using the Green Mill trade name, service marks and related design or to use such substitutions, alternatives or modifications as we may require. The Franchise Agreement does not require us to compensate you in any manner for any costs or expenses which you may incur in complying with this obligation.

We have the right to terminate the Franchise Agreement if you commit any act or omission which damages the goodwill associated with such service marks. There are no infringing uses of or superior prior rights to the service marks actually known to us or HF which could materially affect your use of the service marks or other related rights in any state.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any rights in or to any patents, patent applications, or copyrights which are material to the franchise. However, we and/or HF own certain proprietary rights in the Green Mill Academy, including the specifications, standards, process, procedures, methods, systems, recipes, and other items, to be provided to you by us following execution of the Franchise Agreement. You must agree and acknowledge in the Franchise Agreement that all such information is confidential and proprietary information of ours and/or HF, and you must agree not to disclose any of such information to any person, except for such disclosure to your employees as may be necessary in the course of their employment. Pursuant to the Franchise Agreement, you must require your on-site managers, as a condition to their employment, to sign a non-disclosure and non-competition agreement with us in such form as we may reasonably require.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to all copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Under the Franchise Agreement, you must personally serve as the on-site general manager of your Green Mill Restaurant or, if an entity buys the Green Mill Restaurant franchise, an owner of the entity must serve as the on-site general manager of your Green Mill Restaurant unless this requirement is waived by us in our sole business judgment. Although your on-site general manager must be one of your owners if you are an entity, there is no minimum amount of equity interest that such on-site general manager must have. The person who serves as the on-site general manager for your Green Mill Restaurant, and any successor on-site general managers, must attend and successfully complete our training program. All on-site general managers must be approved by us.

Except as noted above with respect to the on-site general manager, restaurant managers do not need to have an ownership interest in franchisees which use corporations, partnerships or other entities to own and operate their Green Mill Restaurants. Pursuant to the Franchise Agreement, you must require your on-site general managers, as a condition to their employment, to sign a non-disclosure and non-competition agreement with us in such form as we may reasonably require. All owners of the franchise (including all owners of the franchisee entity, if applicable) must execute the form of personal guarantee attached to the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchise Agreement prohibits you from selling any food or beverage products other than those on our standard menu without first obtaining our written approval, which approval may be withheld in our business judgment. We require a minimum three week notice to approve or deny any proposed new product. We reserve the right in the Franchise Agreement to periodically add or delete food and/or beverage products from our standard menu and in all instances, you must offer our full standard menu of food and beverage products, unless an exception is granted in writing by us. There are not any limits on our right to make changes in the food and/or beverage products contained in our standard menu. Your menu may also be limited by the terms of your lease for your franchised location. You are not limited as to the customers you

may serve at your Green Mill Restaurant. However, you may not sell food or beverage products for home delivery outside of your Designated Territory.

Except as expressly authorized by us in writing, you may not offer or sell any food items in a “buffet” manner of service.

You may not permit any video or electronic games, dart games, pool or billiard tables or other tavern-type games to be used or located on the premises of your Green Mill Restaurant without our prior written approval. In addition, you may not offer for sale at or near your Green Mill Restaurant any pull tabs, card games, lottery tickets or other tickets, pools, chances or raffles without our prior written approval. You may not permit any other forms of entertainment such as, but not limited to, live music, Karaoke or disc jockeys without our prior written consent.

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

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

THE FRANCHISE RELATIONSHIP			
	Provision	Section in Franchise or other Agreement	Summary
a.	Length of the Franchise term	Paragraph 4	The initial term is for 20 years from the date of your Franchise Agreement.
b.	Renewal or Extension of the Term	Paragraph 5	You may renew the license granted under your Franchise Agreement for one additional 10 year term, provided you meet certain terms and conditions.
c.	Requirements for Franchisee to Renew or Extend	Paragraph 5	You must (1) give us notice of your intent to renew your Franchise Agreement at least 6 months and not more than 12 months prior to the end of the initial term; (2) not be in default or violation of the Franchise Agreement or with any agreement with a creditor of or supplier to your restaurant and have substantially complied with the Franchise Agreement terms throughout the initial term; (3) have timely met your monetary obligations to us throughout the initial term; (4) be able to maintain possession of your restaurant site or secure and develop a suitable alternative site approved by us; (5) sign our then current Franchise Agreement which may then contain materially different terms and conditions than your original Franchise Agreement; (6) sign a release of claims. At our determination, you may be required to refurbish your restaurant within 12 months. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement, such as different fees and

THE FRANCHISE RELATIONSHIP			
	Provision	Section in Franchise or other Agreement	Summary
			termination rights.
d.	Termination by Franchisee	Paragraph 14	You may terminate the Franchise Agreement if we violate any material term of condition of the Franchise Agreement, and fail to correct the alleged violation within 60 days of receiving your written notice of violation. Your termination will be effective 10 days after you notify us of your intention to terminate because of our failure to timely cure the alleged violation.
e.	Termination by Franchisor Without Cause	None	Not applicable.
f.	Termination by Franchisor With Cause	Paragraphs 1 and 15	We may terminate the Franchise Agreement if you cause or permit certain events to occur.
g.	"Cause" Defined - Curable Defaults	Paragraph 15	Curable defaults include: (1) violation by you of any provision of the Franchise Agreement or any specification, standard, or operating procedure prescribed by us; (2) your permitting or suffering the termination, cancellation or expiration of the lease for your restaurant site, or your failure to maintain possession of the site; (3) you fail to obtain a liquor license within 6 months of entering into the Franchise Agreement, or fail to maintain the license; (4) you fail to maintain the insurance coverages required under paragraph 21; (5) an audit by us discloses an understatement of royalties and/or advertising fees and you fail to pay these amounts plus interest after being notified by us to do so; (6) you fail to pay any amounts due to us or to any creditor or supplier of the restaurant; (7) you fail to comply with any applicable state or federal law, or pay any local, state or federal taxes when due; (8) you or any of your affiliates default in payment or performance of any of your or their respective obligations to us under any agreement, or we terminate any such agreement; or (10) you fail to spend the amounts for approved local media advertising, marketing and promotions at the time required by paragraph 8 of the Franchise Agreement. We will give you written notice and 30 days to cure any of these defaults.
h.	"Cause" Defined - Non-Curable Defaults	Paragraphs 1 and 15	Non-curable defaults include if (1) you fail to open and commence operations of your Green Mill Restaurant within nine months after signing the Franchise Agreement, unless such failure resulted from causes outside of your control; (2) you voluntarily abandon the franchise relationship or your restaurant, or fail to continuously and actively operate the restaurant; (3) there is a conviction or entry of a plea of guilty or no contest by you or any of your principals to a charge of violating any law relating to your Green Mill

THE FRANCHISE RELATIONSHIP			
	Provision	Section in Franchise or other Agreement	Summary
			Restaurant or to a felony charge (regardless of the nature of the charges); (4) you voluntarily file, or have involuntarily filed against you a bankruptcy petition or any pleading seeking reorganization, liquidation, or other settlement with your creditors and this is not dismissed within 30 days, or you admit or fail to contest any such pleading, or a receiver or other custodian is appointed for all or a substantial part of your assets; (5) there is an assignment of your assets for the benefit of your creditors, or in a similar manner you dispose of all or substantially all of your assets in the restaurant, or you admit an inability to pay the obligations of your restaurant business as they come due; (6) you commit any act which, in our reasonable judgment, impairs the good will associated with the GREEN MILL names and/or logos or impairs or tends to impair the reputation of you or any of your owners; (7) you make a material misrepresentation in your franchise application; (8) if your Green Mill Restaurant is located in or immediately adjacent to a hotel or motel which is being operated pursuant to a franchise or license agreement, such franchise or license agreement expires or is terminated; (9) your Green Mill Restaurant is ordered closed by any state or local authorities for health or safety reasons; (10) you use the Licensed Property (including confidential information provided by us to you for the purpose of operating the restaurant) in an unauthorized manner; (11) you commit an unauthorized transfer or assignment in violation of the Franchise Agreement; (12) on three or more occasions in any consecutive 12-month period, you fail to submit when due reports or financial statements or fail to make any payments due to us or any supplier of the restaurant whether or not such prior failures are cured after notice; or (13) you intentionally underreport the royalties and/or Advertising Fees payable pursuant to the franchise agreement.
i.	Franchisee's Obligations On Termination/Non-Renewal	Paragraph 13	You must (1) immediately discontinue all use of the Green Mill trademarks, trade names and logos; (2) remove from public display any signs, literature, products or accessories bearing the Green Mill trademarks, trade names and logos; (3) return within 10 days all bulletins, manuals, and other materials supplied to you by us; (4) immediately cease operating the restaurant using all or any part of our licensed property; (5) immediately pay us all amounts due and owing under the Franchise Agreement, which includes all outstanding balance on gift cards and Be Our Guest cards, unless we otherwise agree; and (6) promptly alter, modify and change both the interior and exterior appearance and

THE FRANCHISE RELATIONSHIP			
	Provision	Section in Franchise or other Agreement	Summary
			trade dress of your restaurant so that it will be easily distinguished from the standard appearance and trade dress of a Green Mill Restaurant.
j.	Assignment of Contract by Franchisor	Paragraph 17	There are no restrictions on our right to assign.
k.	“Transfer” By Franchisee - Defined	Paragraph 17	Includes transfers of the Franchise Agreement, or the assets or properties associated with your Green Mill Restaurant and changes in your ownership.
l.	Franchisor Approval of Transfer by Franchisee ¹	Paragraph 17	We have the right to approve all transfers, but may not unreasonably withhold our approval. Transfers of shares of capital stock, partnership interests or other equity interests to persons who as of the date of the Franchise Agreement hold stock, partnership interests or other equity interests in the franchisee, and which in aggregate do not represent a majority of the voting power represented by such interests, do not require our approval.
m.	Conditions for Franchisor Approval of Transfer	Paragraph 17	The transferee and you must comply with certain conditions imposed by us, including: (1) you must pay all of your monetary obligations to us and you must not otherwise be in default under the Franchise Agreement; (2) the transferee must have been approved by us and shall have demonstrated to us that he/she/it meets our managerial, financial, and business standards for new franchisees, possesses a good business reputation and credit rating, and has the aptitude and ability to operate the restaurant; (3) transferee must sign our then-current form of Franchise Agreement; (4) prior to the transfer the transferee or its on-site general manager must successfully complete any required training; (5) the transferee must pay us a nonrefundable assignment fee equal to 20% of our then-current initial franchise fee plus the cost of any required training; and (6) you must sign a release of claims.
n.	Franchisor’s Right of First Refusal to Acquire Franchisee’s Business	Paragraph 18	You may not sell, assign or transfer in any way your rights in (1) the Franchise Agreement; (2) the real estate or leasehold interest for your Green Mill Restaurant; (3) the fixtures, equipment or other assets of the restaurant; (4) or any stock, partnership interest or other equity interest in a franchisee which is a corporation, partnership or other entity, without first giving us the right of first refusal to purchase such property or interest on comparable terms and conditions offered to the proposed buyer. We will have 30 days from receiving all the material terms of the transaction in which to decide.
o.	Franchisor’s Option to	Paragraph 18	See Item 17 (n) above.

THE FRANCHISE RELATIONSHIP			
	Provision	Section in Franchise or other Agreement	Summary
	Purchase Franchisee's Business		
p.	Death or Disability of Franchisee	Paragraph 19	Subject to compliance with the conditions set forth in Item 17(m) above, your Franchise Agreement may be transferred or bequeathed by you to any immediate family member upon your death or permanent disability. If you were the on-site general manager for the restaurant or if your heirs adopt new management, the new management must complete our training program, and pay the required fees.
q.	Non-Competition Covenants During the Term of the Franchise	Paragraph 16	Neither you nor any personal guarantors of your obligations under the Franchise Agreement may directly or indirectly own, operate, engage in, have any interest in, or assist any person or entity engaged in any other restaurant business which offers products or services that are similar to or competitive with the pizza and related food products contained on our then-current standard menu. You must require your on-site general managers, as a condition of their employment, to sign a non-competition agreement in a form reasonably required by us to protect our licensed property.
r.	Non-Competition Covenants After the Franchise is Terminated or Expires	Paragraph 16	Neither you nor any personal guarantors of your obligations under the Franchise Agreement may, for a period of 1 year after the expiration or termination of the Franchise Agreement, directly or indirectly own, operate, engage in, have any interest in, or assist any person or entity engaged in any restaurant business which (1) offers products or services that are similar to or competitive with the pizza and related food products contained on our then-current standard menu, and (2) is located within the same metropolitan statistical area as was your Green Mill Restaurant. Your on-site managers will be bound by the agreements described in Item 17 (q) above.
s.	Modification of the Agreement	Paragraphs 7, 10 and 27	The Franchise Agreement may only be modified by written agreement signed by you and us. However, we may unilaterally amend operating procedures and practices, our artwork, promotional and advertising materials, and other written materials.
t.	Integration/Merger Clause	Paragraph 27	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable.
u.	Dispute Resolution by Arbitration or Mediation	None.	Not applicable.

THE FRANCHISE RELATIONSHIP			
	Provision	Section in Franchise or other Agreement	Summary
v.	Choice of Forum	Paragraph 24	Disputes must be commenced and maintained in the applicable state or federal court in Minnesota, subject to applicable state law.
w.	Choice of Law	Paragraph 24	The laws of the state in which your Green Mill Restaurant is located apply, subject to applicable state law.

ITEM 18 **PUBLIC FIGURES**

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

ITEM 19 **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations, either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our CEO, Paul Dzubnar, at 1342 Grand Avenue, St. Paul, Minnesota, 55105 (651) 203-3100, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 **OUTLETS AND FRANCHISEE INFORMATION**

Table No.1
Systemwide Outlet Summary
For years 2021 to 2023¹

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	23	19	-4
	2022	18	17	-1
	2023	17	16	-1
Company-Owned	2021	0	0	0
	2022	0	0	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2023	0	0	0
Total	2021	19	18	-1
	2022	18	18	0
	2023	17	16	-1

¹As of December 31, 2021, 2022, and 2023. The Green Mill Restaurants owned by certain of our officers are operated pursuant to franchise agreements with us, and as such, are included in Table 3 and the corresponding list of franchised locations in **Exhibit C**.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2021 to 2023¹

State ²	Year	Number of Transfers
Minnesota	2021	0
	2022	0
	2023	0
Wisconsin	2019	1
	2020	0
	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

¹ As of December 31, 2021, 2022, and 2023. States not listed had no activity to report.

Table No. 3
Status of Franchised Outlets
For Years 2021 to 2023¹

State ²	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
Kansas	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Minnesota	2021	16	0	1	0	0	0	15
	2022	15	0	1	0	0	0	14
	2023	14	0	0	1	0	0	13
Wisconsin	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State ²	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Total	2021	19	0	1	0	0	0	18
	2022	18	0	1	0	0	0	17
	2023	17	0	0	1	0	0	16

¹ As of December 31, 2021, 2022, and 2023.. States not listed had no activity to report.

Table No. 4
Status of Company-Owned Outlets
For Years 2021 to 2023¹

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

¹ As of December 31, 2021, 2022, and 2023. The Green Mill Restaurants owned by certain of our officers are operated pursuant to franchise agreements with us, and as such, are included in Table 3 and the corresponding list of franchised locations in **Exhibit C**.

Table No. 5
Projected Openings as of December 31, 2023

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

Included in this Disclosure Document as **Exhibit D** is a list of all operational Green Mill franchised locations as of December 31, 2023. Also included in **Exhibit D** is a list of the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the past three fiscal years, some franchisees have signed confidentiality clauses with us. In some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experiences with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Except for the advertising council and the FAC referenced in Item 11, we have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the Green Mill franchise system. The contact information for the advertising council and the FAC is the same as our contact information. In

addition, no independent franchisee organization has asked us to be included in our Disclosure Document.

ITEM 21 **FINANCIAL STATEMENTS**

Our fiscal year ends on December 31. Attached as **Exhibit C** are the combined audited financial statements for us and GMR, Inc. for the years ended December 31, 2023, 2022 and 2021. Also attached to **Exhibit C** is a guarantee of performance of GMR, Inc.

ITEM 22 **CONTRACTS**

Attached as **Exhibit B** is a copy of our Franchise Agreement. You should review this agreement carefully since it is the binding document which controls your business relationship with us. While it is important and helpful to crosscheck the information in the Franchise Agreement with the various Items in this Disclosure Document, that is no substitute for a careful review of the Franchise Agreement by you and an attorney, accountant or other competent business advisor. We encourage you to retain the services of an attorney, accountant, architect and/or other professional advisor in connection with the acquisition of a Green Mill Restaurant franchise and the construction of your restaurant.

Exhibit F is a copy of our current form of General Release Agreement.

Exhibit G is a copy of our Third Party Supplier Agreements (Ingage I.T. and Restaurant 365).

The Franchise Agreement, General Release Agreement and Third Party Supplier Agreements are samples only and are not for signing.

ITEM 23 **RECEIPTS**

Attached to this Disclosure Document as **Exhibit I** is a detachable acknowledgement of receipt.

EXHIBIT A
LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 (651) 296-4026	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capital Fifth Floor, Bismarck, North Dakota 58505 Telephone: (701) 328-4712	North Dakota Securities Department 600 East Boulevard Avenue State Capital Fifth Floor, Bismarck, North Dakota 58505 Telephone: (701) 328-4712
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501
WISCONSIN	Commission of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-0448	Wisconsin Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-0448

EXHIBIT B
FRANCHISE AGREEMENT

GREEN MILL RESTAURANTS, LLC

FRANCHISE AGREEMENT

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State Addenda

GREEN MILL FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is made and entered into as of the ____ day of _____, 20__ (“Effective Date”), by and between Green Mill Restaurants, LLC, a Minnesota limited liability company, whose principal place of business is at 1342 Grand Avenue, St. Paul, Minnesota 55105 (“Franchisor”), and _____ (“Franchisee”).

WHEREAS, Hightop Foods, LLC, a Minnesota company (“Licensor”), has developed and/or owns certain recipes, operating and training materials, operating procedures, processes, methods, systems, decor, menus and know-how for use in connection with the operation of restaurants featuring pizza under the trade name GREEN MILL® (the “Operating System”);

WHEREAS, the Licensor has registered (1) the GREEN MILL® service mark with the United States Patent and Trademark Office as a service mark for use in connection with restaurant services, (2) the GREEN MILL® service mark and related design with the United States Patent and Trademark Office as a service mark for use in connection with restaurant services featuring eat-in dining, carry out and home delivery, and (3) the GREEN MILL® service mark and related design with the Minnesota Secretary of State as a service mark for use in connection with restaurant services (collectively, the “Service Marks” or “Marks”);

WHEREAS, the Licensor has granted the Franchisor a license which permits the Franchisor to grant franchises to use the Operating System and Service Marks (collectively the “Licensed Property”) in connection with the operation of restaurants featuring pizza;

WHEREAS, the Franchisee has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and has had sufficient time and opportunity to evaluate and investigate the business concept and the procedures and financial requirements associated with the operation of a business using the Licensed Property as well as the competitive market in which it will operate; and

WHEREAS, the Franchisor desires to grant to the Franchisee and the Franchisee desires to obtain from the Franchisor the right to use the Licensed Property in connection with the operation of a restaurant featuring pizza at the location described in Paragraph 1 of this Agreement on the terms and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants herein contained, the parties agree as follows:

1. Grant of Franchise; Franchised Location. Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee a non-exclusive and terminable right and license to use the Licensed Property in the operation of a restaurant featuring pizza and other required menu items at the following location:

(“Franchised Location”). Franchisee hereby undertakes the obligation to use the Licensed Property in the operation of its restaurant featuring pizza and other required menu items at the Franchised Location (“Franchised Business”) in strict compliance with the terms and conditions of this Agreement. The rights and privileges granted to Franchisee under this Agreement are applicable only to the Franchised Location, are personal in nature, and may not be used elsewhere or at any other location by Franchisee. Franchisee shall not have the right to subfranchise or sublicense any of its rights under this Agreement. Franchisee

shall not use the Franchised Location for any purposes other than the operation of the Franchised Business. Franchisor's grant of the license to Franchisee includes the right and license to use: (a) the Licensed Property in connection with the operation of the Franchised Business at the Franchised Location as Franchisor may prescribe and authorize from time to time; (b) Franchisor's recipes and methods of preparation of food products; (c) Franchisor's merchandising and business techniques and programs; and (d) Franchisor's business concept of featuring pizza and other standard menu items under the Service Marks.

Franchisee must develop and open the Franchised Business for business by the Required Open Date. Franchisee is exclusively responsible for its own decision in selecting the Franchised Location, even if Franchisor at any time provides advice or assistance to Franchisee regarding the selection thereof and even though Franchisor must approve such Franchised Location. Franchisor shall have no liability of any kind to Franchisee (whether for negligence or otherwise) if the Franchised Location is for any reason disadvantageous to Franchisee. Franchisor's approval of a Franchised Location shall not be deemed to be a representation or promise that Franchisee will be successful at such Franchised Location. No restaurant owned or operated by Franchisee shall be located on any site other than the Franchised Location without the prior written approval of Franchisor and without the entry by the parties into a separate Franchise Agreement for such restaurant in the form then used by Franchisor; provided, however, that nothing herein contained shall require Franchisor to enter into any such additional agreements.

The Franchisee will not purchase, lease or otherwise acquire the Franchised Location until the Franchised Location has been approved by the Franchisor. The Franchisor will have the right to require the Franchisee to obtain, at the Franchisee's expense, an economic feasibility study for the Franchised Location.

Any lease entered into by Franchisee for the Franchised Location shall include provisions substantially as follows:

a. "Notwithstanding anything contained in this lease to the contrary, Lessor agrees that without its consent, this lease and the right, title and interest of the Lessee thereunder, may be assigned by the Lessee to Green Mill Restaurants, LLC, or its designee."

b. "Lessee hereby agrees that Lessor may, upon the written request of Green Mill Restaurants, LLC, disclose to Green Mill Restaurants, LLC all reports, information or data in Lessor's possession respecting sales made in, upon or from the leased premises."

c. "Lessor shall give written notice to Green Mill Restaurants, LLC (concurrently with the giving of such notice to Lessee) of any default by Lessee under this lease, and Green Mill Restaurants, LLC shall have the right, in its sole business judgment, to cure any such default. Such notice shall be sent to Green Mill Restaurants, LLC, 1342 Grand Avenue, St. Paul, Minnesota 55105, or such other address as Green Mill Restaurants, LLC may, from time to time, specify in writing to Lessor."

Such lease shall in all respects be satisfactory in form and substance to the Franchisor and the Franchisor has the right, but not the obligation, to approve such lease, a true and correct copy of which shall be delivered to the Franchisor at least fifteen (15) days before its execution by Franchisee.

In the event Franchisor cures any default by Franchisee under its lease for the Franchised Location, the total amount of all costs, expenses and payments incurred by Franchisor in effecting such a cure shall be immediately due and owing by Franchisee to Franchisor. At the request of Franchisor, Franchisee shall execute and deliver to Franchisor a promissory note in such form as Franchisor may reasonably require providing for the payment by Franchisee of an amount equal to all costs, expenses and payments incurred

by Franchisor in curing a default by Franchisee together with interest at the lesser of the maximum rate permitted by law or 18% per annum. Notwithstanding any provision of this Agreement to the contrary, Franchisor shall be under no obligation to cure any default by Franchisee under the terms of its lease.

In the event that the Franchised Business is not operational within nine (9) months from the date of this Agreement (the “Required Opening Date”), other than by reason of an event of “Force Majeure” (as hereinafter defined), Franchisor shall have the right to terminate this Agreement and any other agreement between Franchisor and Franchisee relating to the Franchised Business. In the event the Franchisor terminates this Agreement as a result of the Franchised Business not being operational by the Required Opening Date, Franchisor shall be entitled to retain that portion of the initial franchise fee paid by Franchisee pursuant to paragraph 2 hereof, which is equal to the costs and expenses incurred by Franchisor in approving Franchisee as a franchisee and in performing its duties and obligations under and pursuant to this Agreement. The balance of such initial franchise fee in such circumstances shall be refunded to Franchisee.

As used herein, the term “Force Majeure” means acts of God, strikes, lockouts, or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of any State or any of their departments, agencies, or officials or of any civil or military authority; insurrections or riots; landslides, earthquakes, fires, storms, droughts, floods, or explosions; the failure to receive materials necessary to the operation of the Franchised Business provided that such materials were timely ordered; and/or any other cause or event not reasonably within the control of the Franchisee.

2. Initial Franchise Fee. Franchisee shall pay to Franchisor an initial franchise fee of Forty-Five Thousand Dollars (\$45,000), which is payable in full upon execution of this Agreement. Except as provided in paragraph 1 hereof in reference to the termination of this Agreement as a result of the Franchised Business not being operational within nine (9) months of the date of this Agreement, the initial franchise fee is not refundable under any circumstances. Any deposit or application fee paid by Franchisee to Franchisor in order to obtain the franchise granted hereby shall be credited against the initial franchise fee, it being understood that Franchisor shall have no obligations and Franchisee shall have no rights under this Agreement, until such initial franchise fee is paid in full.

3. Royalties. Franchisee shall pay Franchisor an ongoing royalty fee equal to four percent (4%) of the Net Sales (as hereinafter defined) of the Franchised Business each accounting period during the Initial Term of this Agreement. The ongoing royalty payable under this paragraph for a particular accounting period shall be payable within fifteen (15) days after the close of such period. Any unpaid royalties shall bear interest at the lesser of the maximum rate permitted by law or 18% per annum. As used in this Agreement, the term “Net Sales” shall mean and include the total actual gross charges by Franchisee for all products sold and services provided to customers of the Franchised Business, for cash or credit, whether such sales are made at or from the premises of the Franchised Business or any other location, less: (a) sales, use, service or excise taxes collected from customers and paid to the appropriate taxing authority and (b) customer refunds and adjustments.

4. Term. This Agreement and the license granted hereby shall have an initial term of twenty (20) years commencing on the date first above written (the “Initial Term”).

5. Renewal of Franchise. Franchisee may, at its option, renew the license granted hereby for one additional ten (10) year term upon the expiration of the Initial Term, provided that:

a. Franchisee and its affiliates is/are not then in default under or in violation of any provision of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or its subsidiaries or affiliates, or pursuant to any agreement with any other creditor or

supplier of the Franchised Business, and has substantially complied with all the terms and conditions of this Agreement and such other agreements during the terms hereof and thereof;

b. Franchisee and its affiliates have satisfied all monetary obligations owed by Franchisee or any of its affiliates to Franchisor and its subsidiaries and affiliates and has timely met these obligations throughout the Initial Term of this Agreement;

c. Franchisee is able to maintain possession of the Franchised Location or to secure and develop a suitable alternative site approved by Franchisor for such renewal term;

d. Franchisee gives Franchisor written notice of its election to renew the license granted hereby not less than six (6) months nor more than twelve (12) months prior to the end of the Initial Term;

e. Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may differ materially from this Agreement, as further described below;

f. Comply with all refurbishing requirements, if any, Franchisor specifies for the Franchised Business; and

g. You and your personal guarantors execute a general release of claims in a form we prescribe.

If Franchisee fails to satisfy any of the conditions set forth above in this paragraph, Franchisor may, in its sole business judgment, refuse to renew the license granted hereby.

Renewal of the license granted hereby shall be effected by the execution by Franchisor and Franchisee of Franchisor's then-current form of franchise agreement and all other agreements then customarily used by Franchisor in the grant of franchises, which may provide for a higher royalty fee and for greater expenditures for advertising and promotion than are provided for in this Agreement. Franchisee will not be required to pay an additional initial franchise fee or a renewal fee upon renewal. Failure or refusal by Franchisee to execute the necessary agreements within thirty (30) days after their delivery to Franchisee shall be deemed an election by Franchisee not to renew the license granted hereby.

Upon renewal of the license granted hereby, Franchisor may, in its sole business judgment, require Franchisee, at its sole expense, to effect such refurbishing, within twelve (12) months of its receipt of notice from the Franchisor, of the Franchised Business (in addition to regular maintenance and repair) as the Franchisor may require to maintain or improve the appearance and efficient operation of the Franchised Business and/or increase its sales potential or to comply with the Franchisor's then current requirements with respect to design, decor and equipment. Refurbishing may include: (i) replacement of worn out or obsolete equipment, fixtures, furniture and signs; (ii) the substitution or addition of new or improved equipment, fixtures, furniture and signs; (iii) redecorating; (iv) repair of the interior and exterior of the premises and repair and resurfacing of parking facilities; and (v) structural modifications and remodeling of the premises.

6. **Training.** Prior to the opening of the Franchised Business, Franchisee, or the on-site general manager of the Franchised Business if Franchisee is not a natural person, shall attend Franchisor's training program in Minneapolis-St. Paul, Minnesota (or in such other more convenient location as Franchisor may, in its sole business judgment, establish) for the period of time, not less than ten (10) weeks in duration, such training is then generally required of on-site general managers of Franchisor-owned or other franchised businesses. If Franchisee is a natural person, the Franchisee must serve as the on-site

general manager of the Franchised Business unless the Franchisor agrees to waive this requirement in writing in its sole business judgment. If Franchisee is an entity, one of the owners of the Franchisee must serve as the on-site general manager of the Franchised Business unless the Franchisor agrees to waive this requirement in writing in its sole business judgment. Approximately six (6) to eight (8) weeks prior to opening its Franchised Business, Franchisee will hire its kitchen manager, assistant kitchen manager, and dining room manager, and place them in the Franchisor's management training program. Franchisor shall provide such training program for the Franchisee's initial on-site general manager, kitchen manager, assistant kitchen manager, and dining room manager, at no charge to Franchisee. Upon any change in the on-site general manager, kitchen manager, assistant kitchen manager, and dining room manager of the Franchised Business, the succeeding manager or assistant manager shall attend Franchisor's training program. Franchisee agrees to pay Franchisor a fee, at Franchisor's then-prescribed rates, for the Franchisee's second and all subsequent managers or assistant manager who attend Franchisor's training program. Franchisee shall be responsible for the travel, lodging, meals and other expenses incurred by Franchisee and its managers and assistant managers (including Franchisee's initial managers and assistant managers) in traveling to and attending Franchisor's training programs. Franchisor shall have the right to approve the on-site general managers, and each such manager must successfully complete Franchisor's training program provided for in this paragraph.

Any training Franchisor provides to any of Franchisee's employees will be limited to training or guidance regarding the delivery of approved products and services to customers in a manner that reflects the customer service standards of the System. Franchisee is, and will remain, the sole employer of its employees at all times, including during all training programs, and Franchisee is solely responsible for all employment decisions and actions related to its employees. Franchisee is solely responsible for ensuring that its employees receive adequate training.

Franchisee or the on-site general manager and such other managers and assistant managers of the Franchised Business as may be designated by Franchisor from time to time shall, at Franchisee's expense, attend such additional regional sales, training or orientation seminars as Franchisor may reasonably request.

The Franchisee shall also engage four (4) to six (6) trainers as designated by Franchisor who are employed by us or other Green Mill franchisees (the "Opening Team") to assist the franchisee with the training of its management and other employees during the two (2) week period before and two (2) week period after the grand opening of the Franchised Business. The Franchisee shall be responsible for reimbursing the employer of such Opening Team for all labor costs (including salary, wages, benefits and payroll taxes) incurred by the employer of such Opening Team in making such trainers available to the Franchisee. In addition, Franchisee shall be responsible for the travel, lodging, meals and other expenses incurred by such Opening Team in traveling to and assisting Franchisee with the training.

7. Other Services. Franchisor agrees to provide to Franchisee during the Initial Term of this Agreement: (a) assistance in selecting the equipment, furniture and fixtures for the Franchised Business; (b) a first draft of a proposed layout for the Franchised Business; (c) assistance in opening Franchisee's Franchised Business and training initial personnel; (d) advice regarding proper maintenance and marketing methods relating to the Franchised Business; (e) confidential operating materials relating to preparation of food items, operations and other matters and any updates to the materials; and (f) advertising and promotional artwork or representative copies of Franchisor's promotional and advertising materials.

Franchisor reserves the right to impose a reasonable charge for providing copies of artwork and promotional and advertising materials. Similarly, Franchisor reserves the right to make changes from time to time to such artwork and promotional and advertising materials.

At Franchisee's request, the Franchisor may assist the Franchisee in identifying prospective manager and assistant manager candidates for the Franchised Business, with the Franchisee retaining all decision-making and control over whether any such candidates ultimately hired by Franchisee (and, if so, on what terms). The Franchisee shall pay the Franchisor its then standard fee for such referral service within thirty (30) days of receiving the Franchisor's invoice with respect to such services.

All other services that Franchisor may at any time make available to its franchisees shall be made available to Franchisee at the fees published by Franchisor for such services from time to time. Franchisee shall have the right to accept or decline any such other services if Franchisor offers them at any additional cost.

8. Advertising and Promotion. Franchisee agrees to actively promote its Restaurant, to abide by all of Franchisor's advertising requirements and to comply with the following provisions:

a. Advertising Fees and Expenditures. Franchisee must pay at least two percent (2%) of its Net Sales on advertising. Of the two percent (2%), an Advertising Fee of one and one-half percent (1 1/2%) must be paid to Franchisor for deposit in an Advertising Fund. The Advertising Fee is paid on the 15th day of each month. The balance of the two percent (2%) must be spent on approved local advertising.

Franchisor reserves the right to increase the combined total amount of advertising payments (Advertising Fees and required local expenditures) from two percent (2%) of Net Sales to three percent and one-half (3 1/2%) of Net Sales upon sixty (60) days written notice and further reserves the right to allocate the additional one and one-half percent (1 1/2%) between the Advertising Fee and required local advertising expenditures. Any increase will not exceed one-half percent (1/2%) at one time.

b. Advertising Fund. All Advertising Fees will be placed in an Advertising Fund that Franchisor owns and manages. The Advertising Fund is not a trust or escrow account, and Franchisor has no fiduciary obligation to franchisees with respect to the Advertising Fund; provided, however, Franchisor will make a good faith effort to expend such fees in a manner that it determines is in the general best interests of the System. Franchisor has the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, Franchisor is not required to spend a prorated amount on each Restaurant or in each advertising market. Franchisor has the right to make disbursements from the Advertising Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the Advertising Fund, including accounting expenses and salaries and benefits paid to employees engaged in the advertising functions. If requested, Franchisor will provide Franchisee an annual unaudited statement of the financial condition of the Advertising Fund.

c. Required Local Expenditures. Franchisee must use its best efforts to promote and advertise the Restaurant and participate in any local marketing and promotional programs Franchisor establishes from time to time. Upon Franchisor's request, Franchisee must provide Franchisor with itemization and proof of marketing and an accounting of the monies that Franchisee spent for approved local marketing. If Franchisee fails to make the required expenditures, Franchisor has the right to collect and contribute the deficiency to the Advertising Fund or otherwise use the money to promote Franchisee's Restaurant.

d. Advertising Standards. All advertising and promotion by Franchisee shall be completely factual, dignified and shall conform to the highest standards of ethical advertising and to policies, if any, prescribed from time to time by the Franchisor. Franchisee shall obtain Franchisor's prior approval for all promotions, special events, sales promotion materials and advertising used by Franchisee (including,

without limitation, direct mail, newspaper, radio and television advertising, advertising by third parties at the Restaurant or at any other location if in connection with the Restaurant and online presences, electronic mediums and social networking sites such as LinkedIn®, Twitter®, Facebook®, or YouTube. Any discussions about or promotion of the Restaurant by Franchisee or its employees or agents via the Internet (including social media websites or platforms) are subject to Franchisor's approval). Franchisor shall be deemed to have approved any advertisements and promotional materials submitted to it unless it notifies Franchisee of its disapproval within ten (10) days of its receipt of the same. Franchisee agrees not to use any advertisements or promotional materials unless they have been approved by Franchisor. Any coupon published or otherwise distributed by the Franchisee must bear a code number provided by the Franchisor or its advertising agency.

In the event that Franchisee desires to operate or maintain a home page or other presence on the Internet or on or through any similar medium (collectively, "Electronic Presence"), and Franchisor approves such Electronic Presence, Franchisee acknowledges and agrees that Franchisee shall not be permitted to use any of the Service Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Service Marks, in any such Electronic Presence without Franchisor's prior, express written consent which may be granted or denied in Franchisor's sole business judgment. In addition, Franchisor may require that Franchisee include in any such Electronic Presence a hypertext or other direct link to any Electronic Presence maintained by Franchisor. Franchisee's Electronic Presence, including with respect to current and future forms of social media networks and platforms, must at all times comply with Franchisor's written specifications, restrictions and policies, as modified from time to time.

e. **Grand Opening Advertising.** At least thirty (30) days prior to the opening of the Franchised Business for business, the Franchisee shall pay to the Franchisor the sum of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) (the "Grand Opening Allowance"). The Franchisor shall utilize the Grand Opening Allowance solely for the purpose of providing and conducting an advertising, public relations and promotional program in connection with the grand opening of the Franchised Business. The Franchisor in its sole business judgment, shall determine when, where and how to expend the Grand Opening Allowance on the Franchisee's behalf. Within thirty (30) days after the grand opening of the Franchised Business, the Franchisor shall provide to the Franchisee an accounting as to the expenditure of the Grand Opening Allowance and shall refund to the Franchisee any portion of the Grand Opening Allowance not expended by the Franchisor. It shall be a material default under this Agreement if the Franchisee fails to timely pay the Grand Opening Allowance to the Franchisor.

9. Accounting Reports and Inspection. Franchisor acknowledges and agrees that Franchisee shall have the right to advertise and sell its products at whatever prices Franchisee determines. Franchisee acknowledges and agrees that the successful development of its Franchised Business requires Franchisee to strictly adhere to Franchisor's accounting system, including, without limitation, the maintenance of proper controls for inventory, cost of goods, labor and fixed expenses; and utilization of accounting policies consistent with other Franchisor-owned and franchised Green Mill restaurants. Franchisee further acknowledges and agrees that it is in its own best interests to strictly adhere to such policies. In accordance therewith, Franchisee agrees that it shall supply to Franchisor: (a) a weekly report of sales, labor, cost of goods sold and inventory which shall be in such form and contain such information as the Franchisor may require from time to time, including information sufficient to permit Franchisor to calculate Franchisee's Net Sales for the prior week (which report shall be transmitted to the Franchisor electronically or by facsimile transmission by 11:00 a.m. on the following Monday); (b) an unaudited balance sheet at the end of each accounting period and a profit and loss statement for the period then ended within fifteen (15) days of the end of each accounting period, and (c) a balance sheet at December 31 of each year with statements of profit and loss and cash flow for the year then ended within ninety (90) days after each accounting period year end prepared on a "compilation" basis by Franchisee's independent public accountants. Each such report and statement shall be prepared in accordance with generally accepted

accounting principles applied on a basis consistent with past practices and shall be provided on forms as may from time to time be prescribed by, or in any other manner from time to time reasonably requested by, Franchisor. Franchisee shall also supply to Franchisor copies of all data and reports furnished to the lessor of the Franchised Location, mall operator or maintenance contractor at the time of transmission to such parties and copies of its state and federal income tax returns at the time of filing. In order to assure accurate and consistent reporting, Franchisee shall maintain its chart of accounts and general ledger, and shall prepare its financial statements, in the manner prescribed from time-to-time by Franchisor. Franchisor is currently using the 4-4-5 accounting period method. Franchisor also requires the use of Restaurant 365, our approved Accounting and Inventory Software system.

Franchisor, its representatives, agents and employees shall be allowed at all times during Franchisee's regular business hours, with or without prior notice to Franchisee, to inspect and audit the books and records of Franchisee and to receive copies of Franchisee's invoices, payments and receipts and other documentation that might be required by a certified public accountant in conducting such an audit. Franchisor shall pay all of the costs and expenses which it incurs in connection with any such audit, except as provided hereinafter. In the event that any audit by Franchisor of Franchisee's books and records discloses an understatement by Franchisee in its sales reports or other documents used to determine the royalties, Advertising Fees and Local Advertising Expenditures, marketing and promotion based upon Franchisee's Net Sales hereunder, Franchisee shall pay Franchisor any royalties and Advertising Fees due as a result of such understatement and shall deposit with the Franchisor the difference between what it actually spent and what it was required to spend for approved Local Advertising Expenditures, in each case, together with interest thereon at the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum from the date such payment(s) should have been made. If any such understatement is determined to be three percent (3%) or more for any period or periods, Franchisee shall, in addition to reimbursing Franchisor for the royalties and/or Advertising Fees due plus interest and depositing with the Franchisor any deficiency in its required Local Advertising Expenditures, plus interest, reimburse Franchisor for the cost of such audit, including, but not limited to, the fees and expenses of Franchisor's agents, employees and/or independent accountants.

10. Quality Control. In order to protect the goodwill associated with the Licensed Property, Franchisee shall comply with all reasonable standards and specifications of product quality and of restaurant maintenance and appearance established from time to time by Franchisor. In addition, Franchisee shall comply with all reasonable operating procedures and practices established by Franchisor from time-to-time. Franchisee shall permit Franchisor's representatives a free right of inspection and sampling necessary to determine whether Franchisee is in compliance with such standards, specifications, procedures and practices. Samples in reasonable amounts taken by Franchisor for this purpose shall be furnished by Franchisee without cost to Franchisor. Franchisor may charge Franchisee a reasonable fee for its inspection and testing of products, ingredients, materials and suppliers. Without limiting the generality of the foregoing, Franchisee agrees, in particular, to:

- a. Purchase soft drink syrup, beer, ale, spice blends, certain breads, dough blends, cheese, tomato sauce and sauce blends, and other products and services as Franchisor may from time to time specify, from such source or sources as may be designated from time to time by Franchisor, with the express understanding that certain products and services may be available from one source only (and that Franchisor or its affiliates may be that source). Franchisee further agrees that Franchisee will pay the then-current price for all products and services purchased from Franchisor or its affiliates;
- b. Maintain the Franchised Business and equipment in a neat, clean and sanitary condition;

- c. Conform at all times with standards published by Franchisor with respect to design and decor of the Franchised Location and employees' apparel, as the same may be amended or supplemented from time to time by Franchisor;
- d. Observe and maintain strictly the standards published by Franchisor for food products sold at the Franchised Business and conform to the specifications for their preparation, as such standards and specifications may be amended or supplemented from time to time by Franchisor;
- e. Use the Franchised Location only for the operation of the Franchised Business and not for any other business or purpose;
- f. Refrain from marketing or selling any products or services at or from the Franchised Location without the prior written consent of Franchisor other than those contained in Franchisor's standard menu, as such menu may be amended or supplemented by Franchisor from time to time;
- g. Offer and sell all of the menu items, including beer and ale, contained in Franchisor's standard menu, as the same may be amended or supplemented by Franchisor from time to time;
- h. Use such foods, ingredients, supplies and materials as meet Franchisor's standards and specifications, as the same may be amended or supplemented by Franchisor from time to time, or as may be otherwise approved by Franchisor in writing;
- i. Have at all times in its employ a full-time, on-site general manager (which must be Franchisee if Franchisee is a natural person or must be an owner of Franchisee if Franchisee is an entity, unless this requirement is waived by the Franchisor in writing in its sole business judgment) who has been approved by Franchisor and is knowledgeable in the operation and management of the Franchised Business and who has completed Franchisor's training program;
- j. Employ a sufficient number of adequately trained, competent and courteous employees to insure efficient service to Franchisee's customers. No employee of Franchisee will be deemed to be an employee of Franchisor for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from Franchisee to Franchisor. Franchisee alone is responsible for hiring, firing, training, setting hours for and supervising all employees;
- k. Use only such equipment in the preparation and handling of food products sold at or from the Franchised Business as conform to the specifications for equipment provided by Franchisor, as such specifications may be amended or supplemented by Franchisor from time to time or as may be otherwise approved by Franchisor in writing;
- l. Take good care of and make all necessary repairs to the Franchised Location and the fixtures and equipment therein and, upon the reasonable request of Franchisor, replace or refurbish such fixtures or equipment;
- m. Comply with all reasonable operating standards, procedures and practices adopted by the Franchisor from time-to-time. Any required standards exist to protect Franchisor's interests in the Green Mill System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. The required standards generally

will be set forth in written materials, and will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. Franchisee may follow the recommendations or guidelines or some other suitable alternative, provided Franchisee meets and complies with the required standards. In other instances, no suitable alternative may exist. In order to protect Franchisor's interests in the System and Marks, Franchisor reserves the right to determine if Franchisee is meeting a required standard and whether an alternative is suitable to any recommendations or guidelines;

n. Purchase and use in the operation of the Franchised Business a point-of-sale register system which has been approved by Franchisor;

o. Purchase and use in the operation of the Franchised Business Restaurant 365 accounting and inventory software;

p. Purchase and use in the operation of the Franchised Business a Kitchen Display System which has been approved by Franchisor;

q. At all times when the Franchised Business is open for business, the Franchisee shall have at least one employee on duty who has been ServSafe® certified;

r. Refrain from offering or selling any food items in a "buffet" style of serving except as may be expressly authorized from time to time by the Franchisor in writing;

s. Participate in all gift certificate and gift card programs now or at any time hereafter sponsored by Franchisor;

t. Participate at its expense in all programs now or at any time hereafter sponsored by the Franchisor to promote and reward the frequent and regular customers of GREEN MILL restaurants;

u. Maintain at its expense such number of telephone lines dedicated for such uses in each case as Franchisor may require from time to time; and

v. Refrain from installing a popcorn machine and selling or offering complimentary popcorn at the Franchised Business.

TO PROMOTE UNIFORMITY AMONG RESTAURANTS EMPLOYING THE LICENSED PROPERTY AND, THUS, TO ENHANCE THE GOODWILL AND VALUE OF THE LICENSED PROPERTY TO ALL FRANCHISEES, FRANCHISEE SHALL AT ALL TIMES MAKE AVAILABLE AT FRANCHISEE'S FRANCHISED BUSINESS THE FRANCHISOR'S FULL STANDARD MENU OF FOOD AND BEVERAGE PRODUCTS (AS THE SAME MAY BE AMENDED OR SUPPLEMENTED BY FRANCHISOR FROM TIME TO TIME), WITH SUCH REGIONAL OR LOCAL VARIATIONS FOR FRANCHISEE AS MAY BE APPROVED BY FRANCHISOR IN WRITING.

Franchisor reserves the right to add food products to or delete food products from the standard menu at any time and, if such additions or deletions are made by Franchisor, Franchisee shall upon Franchisor's request modify its menu to conform to all such revisions. Franchisee shall not sell any food products other than those contained on Franchisor's standard menu without first obtaining the written approval of Franchisor, which approval Franchisor may in its absolute discretion withhold.

Franchisee agrees that all ideas, concepts, techniques and materials relating to a Green Mill business, including customer data and food products, whether or not constituting protectable intellectual property, and whether created by or on behalf of Franchisee or its owners, will be promptly disclosed to Franchisor, deemed to be Franchisor's sole and exclusive property and part of the Operating System, and deemed to be works made for hire for us. Franchisee and each of its owners agree to sign whatever assignment or other documents Franchisor may request from time to time to evidence Franchisor's ownership or to assist Franchisor in securing intellectual property rights in such ideas, concepts, techniques and materials.

To protect the goodwill associated with the Licensed Property, Franchisor has entered into an agreement with Service Management Group (SMG). SMG will provide Franchisees with quantitative surveys collecting structured and unstructured customer feedback about single location-level experiences. Franchisee shall pay Franchisor a predetermined annual fee for this service.

The Franchisor shall have the right to receive marketing allowances, royalties, commissions, rebates and/or other payments or consideration from approved suppliers and vendors in connection with the sale of goods and services to the Franchisor's franchisees, including the Franchisee.

11. Compliance with Law; Payment of Liabilities. Franchisee shall secure and maintain in force all required licenses, permits and certificates and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including without limitation all government regulations relating to occupational hazards and health, consumer protection, unfair and deceptive practices, trade regulation, workmen's compensation, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes and sales, use and property taxes. Franchisee shall adhere to, and cause any service provider of third party-provided payment applications to adhere to cardholder data security standards according to the then current PCI (Payment Card Industry) Data Security Standards. Franchisee shall be responsible for any costs related to compliance with such standards and/or related audits and shall provide Franchisor with evidence of such compliance at Franchisor's request. Franchisee shall also provide prompt notice to Franchisor of any potential or actual data security breach relating to cardholder data. In addition, notwithstanding any provision of this Agreement or any of Franchisor's plans and/or specification to the contrary, Franchisee shall be solely responsible for ensuring that the Franchised Business and the Franchised Location are designed, constructed, repaired, refurbished, remodeled and operated in full compliance with the Americans with Disabilities Act of 1990, as amended, and the provisions of similar state and local laws and regulations. Franchisee agrees to timely pay all of its debts, liabilities and obligations due and payable to Franchisor, suppliers and creditors.

12. Ownership and Use of Licensed Property. Franchisee hereby acknowledges the validity of the Franchisor's right to grant the license provided for herein. Any and all improvements by Franchisee relating to the Licensed Property shall become the sole and absolute property of Franchisor or its designee who shall have the exclusive right to register and protect all such improvements in its name. Franchisee's right to use and identify with the Licensed Property shall exist concurrently with the Initial Term of this Agreement and only so long as Franchisee is in complete compliance with all of the terms and conditions of this Agreement. During the Initial Term of this Agreement and thereafter, without limitation, Franchisee agrees to refrain from doing any act that directly or indirectly would infringe upon, harm, mislead or contest the rights of Franchisor and/or Licensor in and to the Licensed Property or any part thereof.

Franchisee agrees that its nonexclusive, personal right and license to use the Licensed Property, including the right and license to use the name "Green Mill" as the name of the Franchised Business, applies only to the Franchised Location and only so long as Franchisee shall fully perform and comply with all of the conditions, terms and covenants of this Agreement. Franchisee shall not have or acquire any rights in

or to any of the Licensed Property other than the limited right of use provided for in this Agreement. Franchisee shall have the right to use the Licensed Property only in the manner prescribed, directed and approved by Franchisor in writing. If, in the judgment of Franchisor, the acts or omissions of Franchisee infringe upon or demean the goodwill, standards or uniformity or quality, or business standing associated with all or any part of the Licensed Property, then Franchisee shall immediately upon written notice from Franchisor, modify its use of the Licensed Property in the manner prescribed by Franchisor in writing.

During the Initial Term of this Agreement, Franchisee will operate its Franchised Business so that it is clearly identified and advertised as a Green Mill restaurant. However, the style, form, and use of the Service Marks or other Licensed Property in any advertising, written materials or supplies must have the prior written approval of Franchisor. Franchisee will use the Service Marks and the other marks which now or hereafter may form a part of the Licensed Property on all paper supplies, uniforms, furnishings, advertising materials, signs or other articles in the identical combination and manner as may be prescribed by Franchisor from time to time in writing. Franchisee will, at its expense, comply with all notices of registration required by Franchisor and will, at its expense, comply with all trademark, trade name, service mark, copyright or patent notice marking requirements.

Franchisee shall not use the words “Green Mill” in its corporate or partnership name. In addition, Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name containing any of the Service Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Service Marks. Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a license from Franchisor.

If there is a claim by any party that its rights to use all or any part of the Licensed Property are superior to Franchisor’s and if Franchisor determines that such claim is legally meritorious, then upon receiving written notice from Franchisor, Franchisee, at its expense, will immediately make such changes and amendments to the Licensed Property or its use thereof as may be reasonably required by Franchisor. Franchisee will not make any changes or amendments whatsoever in or to the use of the Licensed Property unless so directed by Franchisor in writing.

Franchisee will have no obligation to and shall not, without the written consent of Franchisor, defend or enforce the Franchisor’s rights in or to any or all of the Licensed Property in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for or against any other allegation. However, Franchisee must give Franchisor prompt and timely written notice of any infringement of or claims or complaints made against Franchisee with respect to the Licensed Property and will, at Franchisor’s expense, cooperate in all respects with Franchisor and/or Licensor in any court or other proceedings involving all or any part of the Licensed Property. The cost and expense of all litigation incurred by Franchisor and/or Licensor, including attorneys’ fees, specifically relating to the Licensed Property shall be paid by Franchisor and/or Licensor. Franchisor’s and/or Licensor’s legal counsel shall have the absolute right to control and conduct any litigation or other proceedings relating to the Licensed Property.

13. Rights on Termination. Upon the expiration of the Initial Term or renewal term or upon termination of this Agreement by either party for any reason, Franchisee shall have no interest in the Licensed Property and shall (a) immediately discontinue all use of the Licensed Property; (b) shall remove from public display any signs, literature, products or accessories bearing any of the Service Marks; (c) shall return, within ten (10) days, all bulletins, and other materials which were supplied by Franchisor to Franchisee; (d) shall immediately cease operating the Franchised Business using all or any part of the Licensed Property; (e) immediately pay Franchisor all amounts due and owing hereunder, including any balance due on outstanding gift cards and Be Our Guest cards (or anything similar), unless Franchisor and Franchisee agree in writing to other arrangements; (f) promptly alter, modify and change both the exterior

and interior appearance and trade dress of the Franchised Business as required by Franchisor so that it will be easily distinguished from the standard appearance and trade dress of a Green Mill restaurant.

14. Termination by Franchisee. If Franchisee is in compliance with this Agreement and Franchisor breaches any material term or condition of this Agreement and fails to cure such breach within sixty (60) days after written notice setting forth the nature of such breach is delivered by Franchisee to Franchisor, Franchisee may terminate this Agreement and the license granted hereby effective ten (10) days after delivery by Franchisee to Franchisor of a written notice of such failure to cure. Any termination or attempted termination of this Agreement and the license granted hereby by Franchisee other than as provided above shall be deemed a material breach of the provisions of this Agreement by Franchisee. Franchisee's termination of this Agreement under this Paragraph will not release or modify the post-termination obligations applicable to Franchisee and the Personal Guarantors under Paragraph 16 of this Agreement.

15. Termination by Franchisor. Franchisor may terminate this Agreement and the license granted hereby effective upon delivery of written notice to Franchisee setting forth the reasons for the termination if:

a. Franchisee fails to open the Franchised Business for business by the Required Open Date set forth in Paragraph 1 above;

b. Franchisee voluntarily abandons the franchise relationship or the Franchised Business, or fails to continuously and actively operate the Franchised Business;

c. Franchisee files a voluntary bankruptcy petition or any pleading seeking reorganization, liquidation or other settlement with creditors under any law which is not dismissed within thirty (30) days, or Franchisee admits or fails to contest any such pleading filed against it or Franchisee is adjudicated as bankrupt or insolvent, or a receiver or other custodian is appointed for all or any substantial part of the assets of Franchisee;

d. Franchisee assigns for the benefit of creditors or in a similar manner disposes of all or any substantial part of the assets of the Franchised Business or admits an inability to pay the obligations of the Franchised Business as they become due;

e. Franchisee or any of its owners is convicted or enters a plea of guilty or no contest to any charge of violating any law relating to the Franchised Business or to any felony (regardless of the nature of the charges);

f. Franchisee commits any act which, in the reasonable judgment of Franchisor, impairs the goodwill associated with the Licensed Property or impairs or tends to impair the reputation of Franchisee or any owner;

g. Franchisee or any of its owners make any material misrepresentation on its franchise application.

h. The Franchised Restaurant is ordered closed by any state or local authorities for health or public safety reasons;

i. Franchisee uses the Licensed Property (including confidential information provided by Franchisor to Franchisee for the purpose of operating the Franchised Business) in an unauthorized manner;

j. Franchisee commits an unauthorized transfer or assignment in violation of Paragraph 17 of this Agreement;

k. Franchisee, on three (3) or more occasions within any period of twelve (12) consecutive months, fails to submit when due reports or financial statements or fails to make any payments due to Franchisor or any supplier of the Franchised Business whether or not such failure is corrected after notice thereof; or

l. It reasonably appears to Franchisor that Franchisee has intentionally under reported the royalties and/or Advertising Fees payable by Franchisee pursuant to this Agreement for any period.

In addition to the above rights of termination, Franchisor may terminate this Agreement and the license granted hereby after giving written notice to the Franchisee setting forth the reasons for the termination thirty (30) days in advance of termination if:

a. Franchisee suffers termination or cancellation of or fails to renew or extend the lease or sublease of the Franchised Location or otherwise fails to maintain possession of the Franchised Location unless Franchisee can relocate its Franchised Business within a reasonable time to a new location acceptable to Franchisor in its sole business judgment;

b. Franchisee fails to obtain a liquor license for the Franchised Business within six (6) months of the date of this Agreement or if Franchisee loses its liquor license for any reason;

c. Franchisee violates paragraph 21 of this Agreement by failing to maintain the required insurance coverage and does not correct such failure within thirty (30) days after receiving written notice thereof from Franchisor;

d. Franchisor's audit discloses an understatement of royalties and/or Advertising Fees payable by Franchisee pursuant to this Agreement and Franchisee fails to pay to Franchisor the royalties and/or Advertising Fees and interest due thereon after notice of such understatement;

e. Franchisee fails to pay when due any amounts payable to Franchisor pursuant to the provisions of this Agreement or any other Agreement with Franchisor or payable to any creditor or supplier of the Franchised Business, and Franchisee fails to make such payments after notice of such failure to pay;

f. Franchisee fails to comply with any applicable state or federal law or fails to pay any local, state or federal taxes when due;

g. Franchisee fails to comply with any other provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor and Franchisee does not correct such failure within thirty (30) days after receiving notice thereof from Franchisor;

h. Franchisee or any of its affiliates default in the payment or performance of any of their respective obligations to Franchisor arising under any other agreement between Franchisee or such affiliate and Franchisor or any such agreement is terminated by Franchisor;

i. Franchisee fails to spend the amounts for approved local advertising, marketing and promotions at the times required by paragraph 8 hereof; or

j. Any franchise agreement or license agreement applicable to any hotel, motel or other lodging property in which Franchised Business is located or which is immediately adjacent to the Franchised Business expires or is terminated.

16. Secrecy and Covenants Not to Compete. Franchisee acknowledges and agrees that Franchisor and/or Licensor is/are the owner(s) of the Licensed Property and that such Licensed Property shall remain the sole and exclusive property of Franchisor and/or Licensor at all times. Franchisee further acknowledges and agrees that the Licensed Property, including the recipes, processes and methods provided or disclosed by Franchisor to Franchisee hereunder contain confidential and proprietary information of Franchisor and/or Licensor. Accordingly, Franchisee agrees that it shall keep the recipes, processes and methods provided or disclosed by Franchisor to Franchisee pursuant to this Agreement secret and shall not divulge, disclose, or reveal such information to any person except for such disclosure to Franchisee's employees as may be reasonably necessary in the course of their employment. In addition, Franchisee shall require its on-site managers, as a condition to their employment, to sign a non-disclosure and non-competition agreement with Franchisor in such form as Franchisor may reasonably require to protect Franchisor's and/or Licensor's rights in and to the Licensed Property.

Franchisee and the Personal Guarantors under this Agreement hereinafter provided for (the "Personal Guarantors"), will not, during the term of this Agreement, directly or indirectly own, operate, engage in, have any interest in, or assist any person or entity engaged in any other restaurant business which offers products or services that are similar to or competitive with the pizza and/or food products contained on our then-current standard menu.

Neither the Franchisee nor the Personal Guarantors will, for a period of one year after the expiration or termination of this Agreement, directly or indirectly as an individual, owner, sole proprietor, founder, associate, promoter, partner, joint venturer, member, shareholder, officer, director, trustee, manager, employer, employee, licensor, licensee, principal, agent, representative, investor or otherwise, own, operate, engage in, have any interest in or assist any person or entity engaged in any restaurant business which (1) offers products and services that are similar to or competitive with the pizza and related food products contained on our then-current standard menu, and (2) is located within the same metropolitan statistical area as the Franchised Location. Franchisee and the Personal Guarantors hereby expressly agree that the one year period and the geographic area of the foregoing restrictive covenants are reasonable and necessary to protect Franchisor if this Agreement expires or is terminated for any reason. In the event that any of the restrictive covenants contained in this Agreement shall be found by a court of competent jurisdiction to be unreasonable by reason of its extending for too great a period of time or over too great a geographic area or by reason of its being too extensive in any other respect, then such restrictive covenant shall be deemed modified to the minimum extent necessary to make it reasonable and enforceable under the circumstances.

Franchisee and the Personal Guarantors, if any, agree that damages alone cannot adequately compensate Franchisor if there is a violation or threatened violation of any of the restrictive covenants contained in this Agreement and that injunctive relief is essential for the protection of Franchisor. Franchisee and the Personal Guarantors therefore agree that in case of any violation or threatened violation of any of the restrictive covenants contained in this Agreement by her/it/them, Franchisor shall have the right to seek injunctive relief without posting any bond or security whatsoever, in addition to all other remedies that may be available to Franchisor hereunder or at equity or law.

17. Assignment. Franchisor may assign freely this Agreement, including any interest therein, to any third party. The parties further acknowledge that one of the inducements to Franchisor to enter into this Agreement is Franchisor's reliance upon the ability and integrity of Franchisee or its shareholders, partners or other owners. Accordingly, Franchisee agrees that it shall not sell, assign or otherwise transfer,

in whole or in part, this Agreement or Franchisee's rights or obligations hereunder or the assets and properties comprising the Franchised Business without first obtaining the written consent of Franchisor for such sale, assignment or other transfer. If Franchisee is a corporation, partnership or other entity, the stockholders, partners or equity owners of Franchisee shall not directly or indirectly sell, assign or otherwise transfer (in a single transaction or in a series of transactions) shares of capital stock, partnership interests or other equity interests in the Franchisee representing a majority of the voting power represented by the issued and outstanding shares of capital stock, partnership interests or other equity interests in Franchisee to persons or entities other than those holding stock, partnership interests or other equity interests in Franchisee as of the date of this Agreement without Franchisor's prior written consent. Franchisor shall not unreasonably withhold its consent to any such sale, assignment or other transfer, subject to Franchisee's compliance with any or all of the conditions set forth below which Franchisor may, in its sole business judgment, impose. The conditions which Franchisor may impose prior to the time of sale, assignment or other transfer, including any transfer by a trustee in bankruptcy or transfer upon death or disability, are as follows:

- a. All of Franchisee's accrued monetary obligations to Franchisor shall have been satisfied, and Franchisee shall not be in default under this Agreement.
- b. The purchaser, assignee or transferee shall have been approved by Franchisor and shall have demonstrated to Franchisor's satisfaction that she/he/it meets Franchisor's managerial, financial, and business standards for new franchisees, possesses a good business reputation and credit rating, and has the aptitude and ability to operate the Franchised Business;
- c. Prior to the date of transfer, the purchaser, assignee or transferee or his/its on-site general manager shall have successfully completed any training prescribed by Franchisor.
- d. The purchaser, assignee or transferee shall have paid to Franchisor a nonrefundable assignment fee equal to twenty percent (20%) of Franchisor's then-current initial franchise fee, plus the cost of any required training of the purchaser, assignee or transferee or his/its on-site general manager, as determined by the Franchisor.
- e. The purchaser, assignee or transferee must execute the Franchisor's then-current form of franchise agreement and such other ancillary agreements as Franchisor may require.
- f. Franchisee, and each of its owners and Personal Guarantors, must sign a general release of all claims arising out of or relating to this Agreement, the Franchised Business or the parties' business relationship, in the form designated by Franchisor, releasing Franchisor and its affiliates.

18. Right of First Refusal and First Option. Neither Franchisee nor its owners shall sell, assign or otherwise transfer Franchisee's rights in (a) this Agreement; (b) the real estate or leasehold interest applicable to the Franchised Location; (c) the fixtures, equipment or other assets of the Franchised Business; or (d) Franchisee (if Franchisee is a corporation, partnership or other entity) without first giving Franchisor a right of first refusal to purchase such property or rights (or stock, partnership or other equity interest) on comparable terms and conditions offered by Franchisee (or the stockholder, partners or equity owners of the Franchisee) to another or offered by a bona fide buyer and acceptable to Franchisee (or the stockholder, partners or equity owners of the Franchisee). This right of first refusal shall be offered to Franchisor in a written notice containing all material terms and conditions, giving Franchisor thirty (30) days from its receipt of the notice to elect whether or not to accept such offer. If Franchisor does not exercise its rights under this paragraph 18, Franchisee shall remain subject to the conditions contained in paragraph 17 and

shall have sixty (60) days within which to consummate the transaction on the terms and conditions set forth in the notice to Franchisor.

19. Death or Incapacity of Franchisee. If Franchisee dies and his or her personal representative does not desire to sell the Franchised Business and Franchisee's interest herein and if, under controlling local law, the Franchised Business and Franchisee's interest in this Agreement is distributable to heirs or legatees who are members of Franchisee's immediate family and who otherwise would qualify as assignees under paragraph 17 hereof, then an assignment of the Franchised Business and Franchisee's interest in this Agreement by operation of law or a will shall not be deemed in violation of this Agreement, provided such heirs or legatees assume all of the Franchisee's duties and obligations under this Agreement and execute the Franchisor's then-current form of franchise agreement. Similarly, if Franchisee is incapacitated, an assignment of the Franchised Business and Franchisee's interest in this Agreement to a conservator, guardian or other legal representative will not be deemed in violation of this Agreement if such conservator, guardian or other legal representative assumes all of the Franchisee's duties and obligations hereunder and executes the Franchisor's then-current form of franchise agreement. If such a personal representative, heir, legatee, conservator, guardian or other legal representative attempts to sell, assign or otherwise dispose of the Franchised Business or Franchisee's interest herein, such a sale, assignment or disposition will be subject to the restrictions on assignment and the rights of first refusal contained in this Agreement. In the case of either the death or incapacity of Franchisee, if Franchisee acted as the on-site general manager of the Franchised Business or if the heirs, legatees or personal representative of Franchisee adopt new management, the new management will be required to complete Franchisor's management training program and pay any fees imposed by Franchisor for the program.

20. Failure to Enforce. Failure of Franchisor to enforce any of the terms or conditions of this Agreement shall not constitute a waiver of Franchisor's right to subsequently enforce such provisions.

21. Indemnification and Insurance. Franchisee and the Personal Guarantors hereby jointly and severally covenant and agree to pay and perform and indemnify and hold Franchisor, together with its officers, directors, employees, agents, representatives and affiliates and each of their respective heirs, personal representatives, successors and assigns, harmless from, against and in respect of any and all losses, costs, expenses (including without limitation, reasonable attorneys' fees and disbursements of counsel), liabilities, damages, fines, penalties, charges, judgments, settlements, claims, and causes of action that any of them may at any time suffer, sustain, incur or become subject to, arising out of, based upon or resulting from or on account of the design, construction and/or operation of the Franchised Business by or on behalf of Franchisee, and/or the failure of the design, construction and/or operation of the Franchised Business to comply with all applicable laws, regulations and ordinances, including, but not limited to, the Americans With Disabilities Act of 1990 (the "ADA").

Franchisee shall at all times during the term of this Agreement maintain in force and at its sole expense comprehensive general liability insurance with a minimum limit of \$1,000,000 (including but not limited to coverage for personal injury, products and contractual liability), motor vehicle liability insurance (including, but not limited to, hired and non-owned coverage) property insurance (including, but not limited to, fire, extended coverage, vandalism and malicious mischief), worker's compensation insurance as required by applicable law, umbrella insurance with a minimum limit of \$3,000,000 that is required to sit over automobile liability, employer's liability, liquor liability, and general liability, dram shop insurance as required by applicable law and such other insurance as Franchisor may from time to time reasonably require, under one or more policies of insurance containing coverage, from time to time prescribed by Franchisor. Franchisee's insurance coverage shall also be in compliance at all times with the terms of the Franchisee's lease for its Franchised Location. All such insurance policies shall be issued by an insurance carrier rated A or better by Alfred M. Best & Company, Inc. All comprehensive general liability and motor vehicle liability insurance policies shall name Franchisor as an additional insured and shall provide that

Franchisor shall receive thirty (30) days prior written notice of termination, expiration, cancellation, modification or reduction in coverage of any such policy. All liability policies and workers compensation insurance must include a waiver of subrogation. Franchisee shall submit to Franchisor annually a copy of the certificate of or evidence of the renewal or extension of each such insurance policy or any modification to any such insurance policy.

If Franchisee at any time fails or refuses to maintain in effect any insurance coverage required by Franchisor or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may obtain such insurance coverage on behalf of Franchisee, and Franchisee shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to Franchisor on demand any costs and premiums incurred by Franchisor in connection therewith. Franchisee's obligation to obtain and maintain the insurance described herein shall not be limited in any way by reason of any insurance maintained by Franchisor.

22. Designated Territory; Reservation of Rights. During the term of this Agreement, Franchisor shall not, so long as Franchisee is in full compliance with the terms and conditions of this Agreement, operate or grant others the right to operate a Green Mill Restaurant at any location within the geographical area outlined on the map attached hereto as Exhibit A (the "Territory"). Franchisee covenants and agrees that, without the prior written consent of Franchisor, it will not directly or indirectly sell pizza or related food products from the Franchised Business for delivery to a location outside of the Territory.

Franchisor retains all rights that are not expressly granted to Franchisee under this Agreement. Further, Franchisor may, among other things, on any terms and conditions Franchisor deems advisable, without compensation to any franchisee, and without granting Franchisee any rights therein:

- a. establish and/or license others to establish franchised or company-owned Restaurants at any location outside the Territory regardless of the proximity of such Restaurants to the Territory;
- b. merge with, acquire or become associated with ("Merger/Acquisition Activity") any businesses or stores of any kind under other systems and/or marks, which businesses and Restaurants may convert to or operate under the Service Marks and may offer or sell menu items, products and services that are the same as or similar to the menu items offered at or from the Restaurant and which Restaurant may be located anywhere inside or outside of the Territory;
- c. operate or license others to operate restaurants using different marks than the Service Marks which may feature similar or competitive menu items anywhere within or outside of the Territory; and
- d. offer, sell and distribute for itself and/or license others to offer, sell and distribute through franchised businesses or any other method of distribution, both inside and outside the Territory, menu items the same as or different from the menu items offered under the System and which are offered and distributed under the marks different from the Service Marks through any distribution channels or methods. The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries or the Internet (or any other existing or future form of electronic commerce).

Franchisee acknowledges and agrees that certain locations within and outside the Territory are by their nature unique and separate in character from sites generally developed as Green Mill restaurants. As a result, Franchisee agrees that the following locations ("Special Sites") are excluded from the Territory

and Franchisor has the right to develop, license or franchise such locations: (1) military bases, (2) public transportation facilities, including, without limitation, airports and other transportation terminals, (3) sports facilities, including race tracks, (4) student unions or other similar buildings on college or university campuses, (5) amusement and theme parks, and (6) community and special events.

Without limiting the generality of the foregoing, the Franchisee acknowledges and agrees that the Franchisee shall not have the right to object to the establishment of any Franchisor-owned or other franchised restaurants featuring pizza and/or related food products at any location or locations outside of the Territory. However, if the Franchisee objects to the establishment of any such restaurant outside of the Territory, the Franchisor may require the Franchisee to obtain and submit to the Franchisor at the Franchisee's expense an economic impact study showing the effect of the proposed new restaurant on the Franchised Business. The Franchisor may, in its sole business judgment, take the results of such economic impact study into account in approving the location of the proposed new restaurant. Any such economic impact study shall be prepared by an expert mutually agreed upon by the Franchisor and the Franchisee.

23. Refurbishing the Franchised Business. Franchisee agrees to effect such refurbishing, within twelve (12) months of its receipt of notice from the Franchisor, of its Franchised Business (in addition to regular maintenance and repair) as the Franchisor from time to time reasonably requires to maintain or improve the appearance and efficient operation of the Franchised Business and/or increase its sales potential or to comply with the Franchisor's then current requirements with respect to design, decor and equipment. Refurbishing may include: (i) replacement of worn out or obsolete equipment, fixtures, furniture and signs; (ii) the substitution or addition of new or improved equipment, fixtures, furniture and signs; (iii) redecorating; (iv) repair of the interior and exterior of the premises and repair and resurfacing of parking facilities; and (v) structural modifications and remodeling of the premises. Franchisee will not be required to undertake a major refurbishing or upgrade of the Restaurant more than once every seven (7) years. Any such refurbishing/upgrade will be of Franchisee's sole cost and expenses in accordance with Franchisor's standards, which may be modified by Franchisor at any time. The standards for completing the major upgrade will be the standards then in effect. Franchisee acknowledges that the costs and expenses of such remodeling or upgrading, and for completing the major upgrade, are not capped or limited in any way.

24. Governing Law; Dispute Resolution; Venue for Disputes. Franchisor and Franchisee agree as follows:

(a) Except to the extent governed by federal law or regulation, including but not limited to the United States Trademark Act of 1946, 15 U.S.C. §§ 1050-1126, as amended, this Agreement shall be governed by the laws of the state in which the Franchised Location is located, as defined in paragraph 1 of this Agreement. If all or any portion of this Agreement shall be held to violate any law, regulation, or ordinance of the United States or of any state or municipality applicable to this Agreement, such provision shall be deemed to be of no force and effect, and the balance of this Agreement shall be enforced as if such provision had not been included herein. Franchisee waives, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Franchised Location is located. Except for mediation and arbitration proceedings under Section 24 (b), Franchisor and Franchisee expressly acknowledge and agree that any litigation between the parties related to this Agreement, the Franchised Business and/or the business relationship between Franchisor and Franchisee (including the Personal Guarantors) shall be commenced and maintained only in the applicable state or federal court in Minnesota.

(b) Mediation; Arbitration.

(i) Except for disputes that involve injunctive relief or specific performance actions covered under Section 24(c), prior to either party filing arbitration, the parties agree to mediate any dispute between Franchisee and Franchisor or any of our or your affiliates, including, without limitation, Franchisee's owners and guarantors, arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Franchised Business or Franchised Location, the parties' relationship, or the business generally. Mediation will be conducted in the county in which Franchisor's headquarters are then located (currently, St. Paul, Minnesota), or at such other place as may be mutually agreeable to the parties, by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, or if one party refuses to participate in mediation as outlined herein, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential. The parties agree that each party will pay fifty percent (50%) of the total of mediation fees and all costs associated with mediation.

(ii) Except as provided in subparagraph 12.B., all disputes between Franchisee and Franchisor or any of our or your affiliates, including, without limitation, Franchisee's owners and guarantors, that are not resolved through mediation as provided above must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration will be heard by a single arbitrator with at least three years' experience in franchising or franchise law and must take place in the county in which our headquarters are then located (currently, St. Paul, Minnesota), or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties. The arbitrator must follow the law and not disregard the terms of this Agreement. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrators may not, under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award that extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any court of competent jurisdiction.

(c) Injunctive Relief. Notwithstanding Section 24(b) above, Franchisee recognizes that the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to Franchisor and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by either party, the non-breaching party shall be relieved of its obligation to mediate and arbitrate under Section 24(b) and will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the court. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, Franchisor and its affiliates shall be relieved of the obligation to mediate and arbitrate under Section 24(b) and shall have right to commence a civil action against Franchisee or take other appropriate action for the following reasons: to collect sums of money due to Franchisor; to compel Franchisee's compliance with trademark standards and requirements to protect the goodwill of the Trademarks; to compel Franchisee to compile and submit required reports to Franchisor; or to permit evaluations or audits authorized by this Agreement.

25. Notices. Any notice required by the terms of this Agreement shall be deemed to have been sufficiently given if sent postage prepaid, registered or certified mail, or by reputable overnight delivery courier, addressed in the following manner:

Franchisor: Green Mill Restaurants, LLC
1342 Grand Avenue
St. Paul, Minnesota 55105
Attn: Mr. Paul Dzubnar

Franchisee: _____

or to such other address as may be provided by either party upon written notice to the other party.

26. Receipt of Offering Materials. Franchisee acknowledges that the grant of the license contained hereby may be governed by various federal or state laws, rules and regulations and acknowledges that (a) Franchisee has received Franchisor's Franchise Disclosure Document ("FDD") required under such laws, rules and regulations, and (b) that Franchisee has had an opportunity to review such FDD and to obtain from Franchisor's representatives any additional information Franchisee deemed necessary in order to evaluate its decision to execute this Agreement. Franchisee further acknowledges that no information received by her/him/it materially differed (except for updated data of information given as of a certain date in the FDD) from the information contained in the FDD and that no representation inconsistent with or in addition to the information contained in the FDD has been made to induce Franchisee to enter into this Agreement.

27. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, except for any sublease or other ancillary agreement which may be entered into with respect to the Franchised Location (into which all prior negotiations, commitments, representations, and undertakings are merged), and no modification or amendment of this Agreement shall be binding upon the parties unless executed in writing by all the parties hereto. Nothing in this Agreement or in any related agreement is intended to disclaim the representations Franchisor made in the FDD that was furnished to you.

28. Attorneys' Fees. In the event of an actual or threatened breach or violation by Franchisee of any of the terms or conditions of this Agreement, Franchisee agrees to pay all costs, expenses and reasonable attorney's fees incurred by Franchisor in pursuing any of its rights or remedies with respect to such actual or threatened breach or violation, in addition to the actual damages sustained by the Franchisor as a result thereof.

29. Marketing. Prior to the completion of the training of Franchisee's on-site general manager, Franchisee shall furnish Franchisor with a marketing plan for the first six (6) periods of operations of the Franchised Business in the format then approved by Franchisor. On or before November 30 of each year during the Initial Term, the Franchisee shall submit to the Franchisor a marketing plan for the Franchised Business for the ensuing calendar year. Each such marketing plan must be in such form as the Franchisor may reasonably require and shall be revised as reasonably requested by the Franchisor prior to implementation.

30. Operating Budget. Prior to purchasing or signing a lease for the Franchised Location, Franchisee shall furnish Franchisor with a 4-4-5 accounting period operating budget or pro forma financial statement for the Franchised Business in the format then approved by Franchisor. In addition, on or before December 15 of each year during the Initial Term, the Franchisee shall provide the Franchisor with an annual budget for the ensuing calendar year in such form as the Franchisor may reasonably require.

31. Computerized Point of Sale and Other Systems. Franchisee must purchase and use any computer system that Franchisor develops or selects for the Franchised Business, including all future updates, supplements and modifications (the “Computer System”). The Computer System may include all hardware and software used in the operation of the Franchised Business, including electronic point-of-sale cash registers and back office programs used to record, analyze and report sales, labor, inventory and tax information. The computer software package developed for use in the Franchised Business may include proprietary software. Franchisee may be required to license the proprietary software from Franchisor, an affiliate or a third party and Franchisee also may be required to pay a software licensing or user fee in connection with Franchisee’s use of the proprietary software. Franchisor’s approved accounting and inventory software is Restaurant 365. With this system Franchisor is following the 4-4-5 period accounting method. All right, title and interest in the software will remain with the licensor of the software. The computer hardware component of the Computer System must conform to specifications Franchisor develops. Franchisor reserves the right to designate a single source from whom you must purchase the Computer System. Franchisee must enroll in the Ingage Infinity Service Program, the sole technology provider for Franchisee’s POS, Merchant Services, Gift Processing, MSP, Online Ordering, Wi-Fi, Kitchen Display System (KDS), Loyalty, and all other connected services, all in accordance with the then current Ingage I.T. Agreement.

Franchisee will at all times permit the Franchisor to access the records and information on the Franchisee’s computerized point of sale system and other computer systems, either by direct access, by telephonic modem access, by providing disk copies or by such other means as may be prescribed from time to time by the Franchisor. Franchisee will, at its sole expense, obtain and maintain at all times during the term of this Agreement, such other computer or information processing equipment as may from time to time be required by the Franchisor for use in the Franchised Business, including, but not limited to, a Kitchen Display System (KDS). All such computer equipment, both hardware and software, must meet then-current standards and specifications established by the Franchisor. Franchisee will, at its sole expense, obtain and maintain at all times during the term of this Agreement, electronic telephone facsimile (“fax”) equipment, electronic mail equipment, and such other telecommunications or information processing equipment as may from time to time be required by the Franchisor for use in the operation of the Franchised Business. All such telecommunications equipment must meet then-current standards and specifications established by the Franchisor. Franchisee will, at its sole expense, obtain and maintain at all times during the term of this Agreement, such security system equipment and services as may from time to time be required by the Franchisor for the protection of the Franchised Business and the Franchisee’s employees and customers. All security system equipment and services must meet then-current standards and specifications established by the Franchisor. Franchisee will, at its sole expense, obtain and maintain at all times during the term of this Agreement, such accounting and inventory software as may from time to time be required by the Franchisor. Our current required accounting and inventory software is Restaurant 365.

32. Compliance with Plans and Specifications. The Franchised Business must be developed, constructed, renovated, furnished and equipped (collectively the “Construction Work”) in strict compliance with: (1) the Franchisor’s then-current approved standard plans and specifications consisting of conceptual drawings, including floor plans and general details for the development of working drawings for the Franchised Business (the “Then-Current Standard Plans”); (2) any minimum design standards and specifications adopted from time to time by the Franchisor (the “Minimum Design Standards”); (3) the Detailed Plans (as hereinafter defined); and (4) all applicable laws, regulations and ordinances, including, but not limited to, the ADA. The Franchisor will provide to the Franchisee a copy of the Franchisor’s Then-Current Standard Plans and any Minimum Design Standards and the Franchisee will, at its sole cost and expense, diligently cause complete and detailed building plans and specifications for the Construction Work, including, but not limited to, site plans, civil engineering plans, structural, mechanical and electrical plans, and the Franchisee’s proposed furnishings, fixtures, equipment, signs, furniture and building furnished (collectively, the “Detailed Plans”), to be prepared and certified by a licensed architect approved in writing by Franchisor. The Franchisee shall cause its architect to provide the Franchisor with copies of

all preliminary and final Detailed Plans for the Franchised Business for review and approval by the Franchisor. Within fifteen (15) days of receipt of such Detailed Plans, the Franchisor will review the same to determine if they are consistent with the Franchisor's Then-Current Standard Plans and whether they comply with the Franchisor's Minimum Design Standards, if any, and will provide the Franchisee with written comments and a list of any recommended and/or required changes. In the event the Franchisor requires the Franchisee to make changes to its Detailed Plans, the Franchisee shall prepare or cause to be prepared revised, Detailed Plans to incorporate such required changes. The Franchisee shall submit a copy of such revised Detailed Plans to the Franchisor and the Franchisor will, within fifteen (15) days of receipt thereof, review the same and provide the Franchisee with any further written comments and recommended and/or required changes which it may have. The Franchisee shall not commence the Construction Work until its Detailed Plans have been reviewed and approved by the Franchisor in writing. Franchisee's architect shall accept this Agreement as Franchisee's consent, authorization and instruction for such architect to provide copies of the preliminary and final Detailed Plans to the Franchisor and to discuss the same with the Franchisor's employees or other representatives. All variances from the Then-Current Standard Plans, the Minimum Design Standards, if any, and the Franchisee's Detailed Plans which have been approved by the Franchisor must have the prior written approval of the Franchisor, which approval shall not be unreasonably withheld. Any such variances approved by Franchisor shall only apply with respect to the Franchised Business at the Franchised Location and in no event may the Franchisee incorporate any such variances into any future franchised business which it may construct pursuant to a separate Franchise Agreement with the Franchisor, unless such variance is again approved by the Franchisor pursuant to such Franchise Agreement. Any unauthorized variance from the Then-Current Standard Plans, the Minimum Design Standards, if any, or the Detailed Plans which have been approved by the Franchisor will be a material breach of this Agreement.

33. Construction Work. Prior to the commencement of the Construction Work, Franchisee shall submit to Franchisor the resume of the general contractor and/or any major subcontractors for the Construction Work and such additional information concerning their experience and financial responsibility as Franchisor shall reasonably request. The Construction Work, including the ordering of furniture, fixtures and/or equipment, shall not commence until Franchisor has approved such contractors in writing. Franchisee will be solely responsible for ascertaining that the Construction Work is in compliance with the Then-Current Standard Plans, any Minimum Design Standards, the Detailed Plans approved in writing by Franchisor, and all applicable laws, regulations and ordinances, including, but not limited to, the ADA. The Franchisee will be solely responsible for complying with all laws and for acquiring, at its expense, all licenses and building permits required in connection with the Construction Work. The Franchisor may, at its expense, view the Franchised Business during the performance of the Construction Work at such times as it deems necessary for the purpose of determining the progress of the Construction Work and to ascertain whether the interior and exterior of the Franchised Business conform to the Then-Current Standard Plans and any Minimum Design Standards. Neither the Franchisor's approval of the Detailed Plans, nor the Franchisor's viewing of the Franchised Business during the performance of the Construction Work will be for the purpose of determining that the Construction Work is being performed according to the approved Detailed Plans, in a good workmanlike manner or in compliance with any applicable laws, regulations or ordinances, including the ADA. Accordingly, the Franchisor will have no responsibility to the Franchisee or any other person if the Construction Work is not performed by the contractor (1) in compliance with the Detailed Plans which have been approved by the Franchisor, (2) in compliance with applicable laws, regulations or ordinances, including, but not limited to, the ADA, or (3) in a good workmanlike manner. The Franchisee agrees to promptly replace or change at its expense any Construction Work which does not comply with the Then-Current Standard Plans, any Minimum Design Standards, the Detailed Plans approved by Franchisor and/or applicable laws, regulations or ordinances, including, but not limited to, the ADA.

34. Pre-Opening Inspection. Franchisee shall not display any “Green Mill” signage at the Franchised Location or open the Franchised Business and commence initial business operations until (i) the Franchisor has inspected the Franchised Business and has given the Franchisee written approval to open for business, (ii) the Franchisor has completed the Franchisor’s pre-opening inspection checklist with respect to the Franchised Location, and (iii) the Franchisee’s licensed architect who certified the Detailed Plans or general contractor who constructed the Franchised Business certifies to the Franchisor in a form reasonably acceptable to the Franchisor that the Franchised Business complied with the ADA. In the event the Franchisor’s inspection or such certification reveals that the Franchised Business is not in compliance with the Then-Current Standard Plans, any Minimum Design Standards, the Detailed Plans approved by the Franchisor, the ADA or is otherwise not ready to open for business, the Franchisee agrees to diligently remedy any such deficiencies communicated by the Franchisor to the Franchisee in writing. Franchisee shall not open the Franchised Business for business until such deficiencies have been remedied to the reasonable satisfaction of Franchisor and Franchisor has given the Franchisee its written approval to open for business. Franchisee agrees to open the Franchised Business for business within fifteen (15) days after the Franchisor provides its authorization, but in no event later than the Required Opening Date.

35. Reimbursement of Franchisor for Taxes. Franchisee will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on Franchisor as a result of our receipt or accrual of the Initial Franchise Fee, the Royalty Fee, the Advertising Fee, and other fees that are referenced in Franchisee’s agreements with us, whether assessed against Franchisee through withholding or other means or whether paid by Franchisor directly. In either case, Franchisee will pay to Franchisor (and to the appropriate governmental authority) such additional amounts as are necessary to provide Franchisor, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that Franchisor would have received or accrued had such withholding or other payment, whether by Franchisee or by Franchisor, not been required. The Franchisee will be notified in writing when the Franchisor is entitled to reimbursement for the payment of such taxes and, in that event, the Franchisee will pay the Franchisor the amount specified within ten (10) days of receipt by the Franchisee of written notice from the Franchisor. The provisions of this Paragraph 35 do not apply to any federal or Minnesota income tax Franchisor has to pay.

36. Gaming Machines; Tickets, Entertainment. The Franchisee will not permit any video or electronic games, dart games, pool or billiards tables, or machines (including pinball and slot machines) to be used on the premises of the Franchised Business other than those approved by the Franchisor in writing. The Franchisee will not keep or offer for sale or allow employees to offer for sale at or near the Franchised Business any tickets, subscriptions, pools, chances or raffles, lottery, tickets or pull tabs without the Franchisor’s prior written approval. The Franchisee will not permit live music, Karaoke, disc jockeys or any other form of entertainment within its Franchised Business without the prior written consent of the Franchisor.

37. Electronic Funds Transfer. All amounts due and payable to Franchisor hereunder shall be made via electronic funds transfer (“EFT”) initiated by Franchisor upon the bank account designated by Franchisee for such transactions. Franchisee shall execute the authorization attached as Exhibit B contemporaneous with the execution of this Agreement. Franchisee shall have sufficient funds in its account for the EFT withdrawal on each payment due date and shall advise Franchisor in advance of any change in its bank, financial institution or account.

38. Personal Guarantors. All persons owning any interest in Franchisee (if Franchisee is an entity), or all individual owners of the Franchised Business, must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement meets the ownership requirements set forth in the preceding sentence must execute the form of undertaking and guarantee at the end of this Agreement within 10 days from the date that such person or entity acquires

such ownership interest. Before approving and entering into any transaction that would result in the change of ownership in Franchisee, Franchisee must notify such person or entity about the contents of this Paragraph and otherwise comply with the transfer conditions outlined elsewhere in this Agreement.

39. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

- A. Franchisor's Rights. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the Operating System and Marks in any manner that is not specifically precluded by the provisions of this Agreement.
- B. Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises Reasonable Business Judgment in making its decision or exercising its rights. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision is intended, in whole or significant part, to promote or benefit the Green Mill franchise system generally even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit the franchise system include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the Operating System.

40. Jury Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

41. Waiver of Punitive Damages. Franchisee and its affiliates and Franchisor and its affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

42. Relationship of the Parties. Franchisor and Franchisee are independent contractors. Neither party is the agent, legal representatives, partner, subsidiary, joint venture or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. Without limiting the generality of the foregoing, Franchisor shall have no liability in connection with or related to the products and services rendered to you by any third party, even if Franchisor required, approved or consented to the product or serviced or designated or approved supplier.

43. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical or in the best interest of the Green Mill franchise system. Accordingly, Franchisor has the right to vary the menu items and other standards, specifications and requirements for any franchised restaurant or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade

area population, existing business practice, competitive circumstance or any other condition that Franchisor deems to be of importance to the operation of such restaurant or business, franchisee's business or franchise system generally. Franchisor is not required to grant to you (Franchisee) a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee. Franchisee acknowledges that it is aware that Franchisor's other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from Franchisee's rights and obligations under this Agreement.

44. Notice of Potential Profit. Franchisor and/or its affiliates may from time to time make available to Franchisee or require Franchisee to purchase goods, products and/or services for use in the Franchised Business on the sale of which Franchisor and/or its affiliates may make a profit. Further, Franchisor and/or its affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to Franchisee or in consideration of services rendered or rights licensed to such persons. Franchisee agrees that Franchisor and/or its affiliates are entitled to said profits and/or consideration.

45. Effective Date. The Effective Date of this Agreement is the date referenced in the first paragraph of this Agreement. If no Effective Date is designated in the first paragraph of this Agreement, the Effective Date is the date on which we sign this Agreement.

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

FRANCHISOR:

Green Mill Restaurants, LLC

By: _____

Printed Name: _____

Its: _____

Date Signed: _____, 20____

FRANCHISEE:

By: _____

Printed Name: _____

Its: _____

Date Signed: _____, 20____

PERSONAL GUARANTEE

The undersigned individuals represent and warrant that they are all of the shareholders, partners or equity owners of _____ (the "Franchisee") or otherwise have a direct or indirect beneficial interest in the success of the Franchisee. Accordingly, to induce Green Mill Restaurants, LLC, a Minnesota corporation (the "Franchisor"), to enter into the Franchise Agreement dated , 20__, by and between the Franchisor and the Franchisee (the "Franchise Agreement") and grant the license to Franchisee provided for therein, each of the undersigned individuals hereby jointly and severally guarantees the payment and performance of all of the debts, liabilities and obligations of the Franchisee under the Franchise Agreement and each of the undersigned individuals hereby jointly and severally agrees to be bound by all of the provisions of the Franchise Agreement.

Each of the undersigned hereby forever waives:

- A. Acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- B. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and
- C. Protest and notice of default as to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed.

Each of the undersigned consents and agrees that:

- A. His/her direct and immediate liability under this guaranty shall be joint and several.
- B. He/she shall make or render any payment or performance required under the Franchise Agreement upon demand by Franchisor if Franchisee fails or refuses punctually to do so;
- C. The liability of the undersigned under this guaranty shall not be extinguished, diminished, relieved or otherwise affected by any extension of time, credit, waiver or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance or the compromise or release of any rights, remedies or claims; insolvency, the bankruptcy or reorganization of Franchisee; the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement; or the amendment or extension of the Franchise Agreement with or without notice to the undersigned or any of them; none of which shall in any way modify, amend or release or diminish the liability of the undersigned under this guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement and any extensions and renewals thereof; and
- D. The undersigned will pay or reimburse the Franchisor for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Franchisor in connection with the protection, defense, or enforcement of this Personal Guarantee in any arbitration, litigation, bankruptcy or insolvency proceedings.

Dated: _____, 20__.

Shareholder/Partner/Equity Owner

Dated: _____, 20__.

Shareholder/Partner/Equity Owner

Dated: _____, 20__.

Shareholder/Partner/Equity Owner

Dated: _____, 20__.

Shareholder/Partner/Equity Owner

Dated: _____, 20__.

Shareholder/Partner/Equity Owner

EXHIBIT A

Description of Designated Territory
(Paragraph 22)

EXHIBIT B

Electronic Transfer of Funds Authorization

Franchisee: _____

Location: _____

Date: _____

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes Green Mill Restaurants, LLC or any affiliated entity (collectively, "GMR"), to initiate weekly and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Advertising Fees or other amounts that become due and payable by the undersigned to GMR. The dollar amount to be debited per payment and credited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by GMR.

This authorization is binding and will remain in full force and effect until ninety (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 and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit 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 and credit entries.

*** We also need a VOIDED Check ***

Sincerely yours,

Bank Name

Branch

Street Address

City State Zip Code

Bank Telephone Number

Bank's Account Number

Customer's Account Number

Account Name

Street Address

City State Zip Code

Telephone Number

By

Its

Date

EXHIBIT C
ACKNOWLEDGMENT ADDENDUM TO
GREEN MILL FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of a GREEN MILL franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*.

1. Do you understand that the franchise granted is for the right to develop and operate the Restaurant at a single location within the Designated Territory, and that we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Designated Area using any trademarks; (ii) inside your Designated Territory using any trademarks other than the Green Mill Trademarks; and (iii) inside the Designated Territory using the Green Mill Trademarks, for facilities at Special Sites? Check one: (☐) Yes (☐) No. If no, please comment: _____

2. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the GREEN MILL brand and trademarks and to assist you in the operation of your Business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check One: (☐) Yes (☐) No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

APPROVED ON BEHALF OF
GREEN MILL RESTAURANTS, LLC

Signed: _____

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

ADDENDUM TO THE
GREEN MILL® FRANCHISE AGREEMENT
REQUIRED BY THE MINNESOTA FRANCHISE LAW

This Addendum is entered into this ____ day of _____, _____ by and between Green Mill Restaurants, LLC (“Franchisor”) and _____ (“Franchisee”). The parties hereby agree as follows:

WHEREAS, the parties are parties to that certain Franchise Agreement dated the date hereof (“Franchise Agreement”), and the parties desire to amend the Franchise Agreement in accordance with Minnesota Statutes Sec. 80C.1, et seq. (“Minnesota Franchise Law”).

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

- 1.) Section 5 of the Franchise Agreement, under the heading “Renewal of Franchise,” shall be amended by inserting the following language

With respect to franchises governed by Minnesota Franchise Law, Franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days’ notice for non renewal of this Franchise Agreement.

- 2.) Section 12 of the Franchise Agreement, under the heading “Ownership and Use of Licensed Property” shall be supplemented by the addition of the following paragraph:

The Minnesota Department of Commerce requires that Franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the Franchisee’s use of Franchisor’s Service Marks infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee’s use of Franchisor’s Service Marks but Franchisor shall indemnify Franchisee for claims against Franchisee solely as it relates to Franchisee’s use of the Marks in accordance with the requirements of the Franchise Agreement and Franchisor’s standards. As a further condition to indemnification, the Franchisee must provide notice to Franchisor of any such claim immediately and tender the defense of the claim to Franchisor. If Franchisor accepts tender of defense, Franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

- 3.) Section 5 of the Franchise Agreement under the heading “Renewal of Franchise” and Section 17 of the Franchise Agreement under the heading “Assignment” each shall be supplemented by the addition of the following language:

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

- 4.) Section 15 of the Franchise Agreement, under the heading “Termination by Franchisor,” shall be supplemented by the addition of the following language:

With respect to franchises governed by Minnesota Franchise Law, Franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days’ notice of termination (with 60 days to cure). Termination of the

Franchise by the Franchisor shall be effective immediately upon receipt by Franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the Franchisee; (2) the conviction of the Franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the Franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the Franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the Franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

5.) Section 24 of the Franchise Agreement under the heading "Governing Law; Venue for Disputes" is amended by adding the following at the end of the first paragraph:

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, this Section shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of Franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR:
GREEN MILL RESTAURANTS, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ADDENDUM TO THE
GREEN MILL FRANCHISE AGREEMENT
REQUIRED BY THE WISCONSIN FAIR DEALERSHIP LAW

This Addendum is entered into this ____ day of _____, _____ by and between Green Mill Restaurants, LLC (“Franchisor”) and _____ (“Franchisee”). The parties hereby agree as follows:

WHEREAS, the parties are parties to that certain Franchise Agreement dated the date hereof (“Franchise Agreement”), and the parties desire to amend the Franchise Agreement in accordance with the Wisconsin Fair Dealership Law.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Section 15 of the Agreement, under the heading “Termination by Franchisor,” shall be supplemented by the addition of the following paragraph:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

FRANCHISOR:
GREEN MILL RESTAURANTS, LLC

FRANCHISEE:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

EXHIBIT C
FINANCIAL STATEMENTS



CliftonLarsonAllen LLP
121 West Bridge Street
Owatonna, MN 55060-2917

phone 507-446-7100 fax 507-446-7150
claconnect.com

INDEPENDENT AUDITORS' ACKNOWLEDGMENT

Green Mill Restaurants, LLC
St. Paul, Minnesota

We agree to the inclusion in the Franchise Disclosure Document dated August 2, 2024, issued by Green Mill Restaurants, LLC ("Franchisor") of our report dated August 13, 2024 on our audit of the financial statements of Franchisor as of December 31, 2023 and 2022, and for the years then ended, and our report dated April 18, 2023 on our audit of the financial statements of Franchisor as of December 31, 2022 and 2021 and for the years then ended.

CliftonLarsonAllen LLP

Owatonna, Minnesota
August 13, 2024

**GREEN MILL RESTAURANTS, LLC
AND GMR, INC.**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Governors and Directors
Green Mill Restaurants, LLC and GMR, Inc.
St. Paul, Minnesota

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Green Mill Restaurants, LLC and GMR, Inc., which comprise the combined balance sheets as of December 31, 2023 and 2022, and the related combined statements of operations, owners' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Green Mill Restaurants, LLC and GMR, Inc. as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Combined Financial Statements

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

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

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(1)

Board of Governors and Directors
Green Mill Restaurants, LLC and GMR, Inc.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

In performing an audit in accordance with GAAS, we:

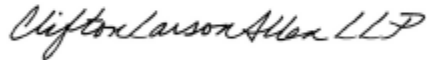
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures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

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

Board of Governors and Directors
Green Mill Restaurants, LLC and GMR, Inc.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined schedules of operating expenses are presented for the purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.



CliftonLarsonAllen LLP

Owatonna, Minnesota
August 13, 2024

(3)

**GREEN MILL RESTAURANTS, LLC AND GMR, INC.
COMBINED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022**

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,173,321	\$ 1,065,390
Ad Council Assets	269,257	248,829
Accounts Receivable (Including Related Parties - see Note 7)	358,826	354,410
Due from Related Parties	236,618	234,593
Notes Receivable	850	850
Prepaid Expense	<u>23,996</u>	<u>26,326</u>
Total Current Assets	2,062,868	1,930,398
PROPERTY AND EQUIPMENT		
Office Equipment and Furniture	50,000	50,000
Less: Accumulated Depreciation	<u>(50,000)</u>	<u>(50,000)</u>
Total Property and Equipment, Net	-	-
OTHER ASSETS		
Goodwill - Net	2,040,000	2,295,000
Intangible Assets, Net	114,172	124,168
Right of Use Assets - Operating	1,262,659	1,332,774
Cash Value of Life Insurance	<u>193,297</u>	<u>10,007</u>
Total Other Assets	3,610,128	3,761,949
Total Assets	<u>\$ 5,672,996</u>	<u>\$ 5,692,347</u>
LIABILITIES AND OWNERS' EQUITY		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 183,000	\$ 176,000
Current Portion of Lease Liability - Operating	63,432	59,768
Accounts Payable - Trade	6,514	10,516
Due to Related Parties	156,258	138,758
Ad Council Liabilities	374,050	325,433
Licensing Fees Payable	73,518	89,030
Accrued Expenses	<u>66,204</u>	<u>73,763</u>
Total Current Liabilities	922,976	873,268
LONG-TERM LIABILITIES		
Long-Term Debt (Less Current Maturities)	2,233,976	2,415,672
Long-Term Lease Liability - Operating	1,222,021	1,285,453
Deferred Compensation	234,802	10,007
Deferred Franchise Fees	<u>41,533</u>	<u>50,433</u>
Total Long-Term Liabilities	3,732,332	3,761,565
Total Liabilities	4,655,308	4,634,833
OWNERS' EQUITY		
Common Stock - 613,000 Shares Authorized, 670 Outstanding	670	670
Members' Equity	1,567,552	1,567,552
Retained Deficit	<u>(550,534)</u>	<u>(510,708)</u>
Total Owners' Equity	1,017,688	1,057,514
Total Liabilities and Owners' Equity	<u>\$ 5,672,996</u>	<u>\$ 5,692,347</u>

See accompanying Notes to Combined Financial Statements.

(4)

**GREEN MILL RESTAURANTS, LLC AND GMR, INC.
COMBINED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
REVENUES		
Royalty and Franchise Fees	\$ 1,646,381	\$ 1,803,512
Management Fees	101,000	381,500
Administrative Allowance	1,010,146	873,517
Training Fees and Miscellaneous	(301)	9,819
Total Revenues	<u>2,757,226</u>	<u>3,068,348</u>
OPERATING EXPENSES	<u>2,480,812</u>	<u>2,847,441</u>
INCOME FROM OPERATIONS	276,414	220,907
OTHER INCOME (EXPENSE)		
Interest Expense	(98,474)	(105,761)
Interest Income	32,234	8,500
Other Income	-	589,010
Total Other Income (Expense)	<u>(66,240)</u>	<u>491,749</u>
NET INCOME	<u>\$ 210,174</u>	<u>\$ 712,656</u>

See accompanying Notes to Combined Financial Statements.

(5)

**GREEN MILL RESTAURANTS, LLC AND GMR, INC.
COMBINED STATEMENTS OF OWNERS' EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Common Stock	Members' Equity	Retained Deficit	Total Owners' Equity
BALANCE - DECEMBER 31, 2021	\$ 670	\$ 1,567,552	\$ (873,364)	\$ 694,858
Net Income	-	-	712,656	712,656
Distributions	-	-	(350,000)	(350,000)
BALANCE - DECEMBER 31, 2022	670	1,567,552	(510,708)	1,057,514
Net Income	-	-	210,174	210,174
Distributions	-	-	(250,000)	(250,000)
BALANCE - DECEMBER 31, 2023	<u>\$ 670</u>	<u>\$ 1,567,552</u>	<u>\$ (550,534)</u>	<u>\$ 1,017,688</u>

See accompanying Notes to Combined Financial Statements.

(6)

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 210,174	\$ 712,656
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Amortization	264,996	264,996
Noncash Lease Expense	10,347	12,447
Deferred Franchise Fee Amortization	(8,900)	(8,900)
Net Increase in Cash Value of Life Insurance	(183,290)	-
Deferred Compensation	224,795	-
Gain on PPP Loan Forgiveness	-	(417,400)
(Increase) Decrease in Current Assets:		
Accounts Receivable	(4,416)	(88,721)
Ad Council	(20,428)	-
Other Receivables	-	95,163
Due from Related Parties	(2,025)	66
Prepaid Expenses	2,330	(2,975)
Increase (Decrease) in Current Liabilities:		
Accounts Payable - Trade	(4,002)	(50,897)
Ad Council	48,617	-
Licensing Fees Payable	(15,512)	34,953
Due to Related Parties	17,500	114,258
Accrued Expenses	(7,559)	6,001
Net Cash Provided by Operating Activities	532,627	671,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments Received on Notes Receivable	-	110,363
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(174,696)	(167,409)
Distributions Paid to Members	(250,000)	(350,000)
Net Cash Used by Financing Activities	(424,696)	(517,409)
NET INCREASE IN CASH AND CASH EQUIVALENTS	107,931	264,601
Cash and Cash Equivalents - Beginning of Year	1,065,390	800,789
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,173,321</u>	<u>\$ 1,065,390</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	<u>\$ 98,474</u>	<u>\$ 105,761</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Office Space Received in Exchange for Operating Leases	<u>\$ -</u>	<u>\$ 1,401,481</u>

See accompanying Notes to Combined Financial Statements.

(7)

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Green Mill Restaurants, LLC (the Company) owns the exclusive rights to sell franchises to operate Green Mill restaurants in Minnesota, Wisconsin, North Dakota, South Dakota, Iowa, Nebraska, Kansas, Illinois, and Island of Curacao – Netherlands Antilles. The Company also services some franchised restaurants. Additionally, the Company has a first right of refusal to purchase the exclusive right to sell franchises in most other states.

GMR, Inc., owned through common ownership, provides management and administrative services for Green Mill Restaurants, LLC.

The Company has transactions with various entities who share common ownership. Significant related party transactions include revenue from franchised stores that share common ownership, management fee income from related entities and license fees paid to related entities. See Note 7 for all related party transactions.

Principles of Combination

The combined financial statements include the accounts of Green Mill Restaurants, LLC and GMR, Inc. (the Companies). All intercompany accounts and transactions have been eliminated in combined financial statements.

Adoption of New Accounting Standards

At the beginning of 2023, the Company adopted FASB ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's combined financial statements but did change how the allowance for credit losses is determined.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Companies consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Substantially all cash is deposited in one financial institution. At times, amounts on deposit may be in excess of the Federal Deposit Insurance Corporation insurance limit.

Restricted Cash

The Companies have custody of advertising and promotion funds designated for their franchisees. The account is funded by payments from franchisees pursuant to an agreement by all participants. These funds then pay for advertising that benefits the group and special promotions that are intended to be utilized by all franchisees. The funds are maintained in a custodial account and the Companies have no claim to the funds. The Companies make deposits and write checks on behalf of the group. A corresponding liability has been recorded for the same amount in the combined financial statements. The cash is included in Ad Council Assets on the combined balance sheets.

**GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Companies provide an allowance for credit losses using the allowance method, which is based on management judgment considering historical information. The allowance represents an estimate of expected credit losses based upon specific review of all significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided at differing rates, based upon the age of the receivable, historical experience and current and expected future economic conditions. Services are sold on an unsecured basis. Payment is required up to 30 days after receipt of the invoice. Accounts past due more than 90 days are individually analyzed for collectability. When all collection efforts have been exhausted, the accounts are written off against the related allowance. There was no allowance for credit losses at December 31, 2023 and 2022.

Notes Receivable

Notes receivable include amounts due from officers and bear interest at 1.69%. Notes are repaid over a 5-year period. Each note is analyzed for collectability on a regular basis and placed on nonaccrual of interest status if more than three monthly payments are missed. As of December 31, 2023 and 2022, management expected full collectability of notes.

Property and Equipment

Property and equipment are recorded at cost. Major additions and improvements are capitalized, while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Office Equipment	5 Years
Furniture and Fixtures	7 Years

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating on the combined balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the combined balance sheets.

**GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Company has utilized the risk-free rate for computing the present value of lease liabilities.

The Company has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Goodwill and Definite Lived Intangible Assets

Goodwill is recognized as a result of a business combination when the price paid for the acquired business exceeds the fair value of its identified net assets. Identifiable intangible assets are recognized at their fair value when acquired. Effective January 1, 2022, the Company has elected to amortize Goodwill over 10 years. Goodwill and intangible assets with indefinite useful lives such as restaurant development concepts are reviewed for potential impairment if a triggering event occurs that indicated the company's fair value may be below its carrying value. When impairment is likely, the Company calculates goodwill impairment as the amount the Company's carrying value, including goodwill, exceeds its fair value.

Intangible assets with definite lives, which relate to the acquisition of franchise development rights, are amortized on a straight-line basis over their useful lives as follows:

Franchise Development Rights	11 Years
Exclusive Territory Rights	20 Years
Noncompete Agreement	5 Years

Income Taxes

The Companies, with the consent of its equity holders have elected to be taxed under sections of the federal and state income tax laws which provide that, in lieu of corporate income taxes, the Companies' income, deductions, and credits are reported by its members and stockholders. Accordingly, no provision is made for income taxes in the combined financial statements. The Companies evaluated its tax positions and determined they have no uncertain tax positions as of December 31, 2023.

Cash Value of Life Insurance

The Company is the beneficiary of life insurance policies for key employees. The cash surrender values of the life insurance policies are recorded at contract value, which approximates fair value.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue from contracts with customers consist primarily of royalties, advertising fund contributions, and initial, transfer and renewal franchise fees. Our performance obligations under franchise agreements consist of a) a franchise license, b) pre-opening services, such as training, and c) ongoing services, such as management of the advertising fund, development of training materials and menu items and restaurant monitoring. These performance obligations are highly interrelated so we do not consider them to be individually distinct and, therefore, account for them under ASC 606 as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the term of each franchise agreement.

Royalties, including franchisee contributions to the advertising fund, are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee prior to the restaurant opening or at the time of a renewal of an existing franchise agreement. Our franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized as franchise sales occur. Additionally, under ASC 606, initial, transfer and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement. The administrative allowance represents volume rebates from certain suppliers to the franchised restaurants. These amounts are recognized when earned.

The timing of revenue recognition, billings, and cash collections results in receivables and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and were \$254,033, \$277,806, and \$189,085 at December 31, 2023, 2022, and 2021, respectively. The Company receives advances from customers on franchise fees that exceed costs incurred and revenue earned to date, resulting in contract liabilities. Contract liabilities were \$41,533, \$50,433, and \$59,333 at December 31, 2023, 2022, and 2021, respectively.

Revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of each year was \$8,900.

Advertising Costs

The Companies administer the Green Mill Restaurants Advertising Fund (the Ad Fund) for which a percentage of gross sales is collected from Green Mill franchisees to be used for various forms of advertising for the Green Mill brand. The Companies administer and direct the development of all advertising and promotion programs in the Ad Fund for which it collects advertising contributions, in accordance with the provisions of its franchise agreements.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs (Continued)

The Companies have a contractual obligation with regard to these advertising contributions. The Companies consolidate and report all assets and liabilities of the Ad Fund as restricted assets of the Ad Fund and restricted liabilities of the Ad Fund within current assets and current liabilities, respectively in the combined balance sheets. The assets and liabilities of the Ad Fund consist primarily of cash, receivables, accrued expenses, and any cumulative surplus related to the Ad Fund. Pursuant to the Companies' franchise agreements, use of Ad Fund contributions is restricted to advertising, public relations, merchandising, and administrative expenses to increase sales and further enhance the public reputation of the brand.

Ad Fund contributions and expenditures are reported on a gross basis in the combined statement of operations, which are largely offsetting and, therefore, do not impact our reported net income. The Companies incurred advertising costs of \$477,893 and \$436,869 for the years ended December 31, 2023 and 2022, respectively.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Companies' services are provided to franchises in the upper Midwest for which royalty fees and training fees are due to the Companies on a continuing basis. The Companies grant credit to its customers on an unsecured basis, in accordance with the terms of their contract agreement. The Companies' customers are highly concentrated within the restaurant industry. The amount of accounting loss should the restaurant industry experience a significant decline is not determinable at this time.

Subsequent Events

In preparing these combined financial statements, the Companies have evaluated events and transactions for potential recognition or disclosure through August 13, 2024, the date the combined financial statements were available to be issued.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 GOODWILL

Goodwill consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Goodwill	\$ 2,550,000	\$ 2,550,000
Accumulated Amortization	(510,000)	(255,000)
Total	<u>\$ 2,040,000</u>	<u>\$ 2,295,000</u>

Future amortization expense of goodwill is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 255,000
2025	255,000
2026	255,000
2027	255,000
2028	255,000
Thereafter	765,000
Total	<u>\$ 2,040,000</u>

NOTE 3 INTANGIBLES

Intangibles consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Franchise Development Rights	\$ 2,778,816	\$ 2,778,816
Exclusive Territory Rights	200,000	200,000
Restaurant Development Concepts	50,000	50,000
Noncompete Agreement	50,000	50,000
Accumulated Amortization	(2,964,644)	(2,954,648)
Total	<u>\$ 114,172</u>	<u>\$ 124,168</u>

Amortization expense was \$9,957 and \$9,996 for the years ended December 31, 2023 and 2022, respectively.

Future amortization expense of intangibles is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 10,000
2025	10,000
2026	10,000
2027	10,000
2028	10,000
Thereafter	64,211
Total	<u>\$ 114,211</u>

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 LONG-TERM DEBT

Long-term debt consists of the following as of December 31:

<u>Description</u>	<u>2023</u>	<u>2022</u>
<u>Community Bank</u>		
Note Payable with a fixed interest rate of 4.125%. Note is payable in monthly installments of \$11,741 through July 2025, at which time all unpaid principal and interest is due. Secured by substantially all Company assets, mortgage, and guarantees of certain members.	\$ 1,246,433	\$ 1,336,537
 Note Payable with a fixed interest rate of 4.125%. Note is payable in monthly installments of \$11,024 through July 2025, at which time all unpaid principal and interest is due. Secured by substantially all Company assets, mortgage, and guarantees of certain members.	 1,170,543	 1,255,135
Total Long-Term Debt	2,416,976	2,591,672
Less: Current Maturities	183,000	176,000
Net Long-Term Debt	<u>\$ 2,233,976</u>	<u>\$ 2,415,672</u>

Scheduled principal payments on the long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 183,000
2025	2,233,976
Total	<u>\$ 2,416,976</u>

On January 29, 2021, the Company received a loan from Pioneer Bank in the amount of \$417,400 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Companies fail to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 LONG-TERM DEBT (CONTINUED)

The Company is following ASC 470, *Debt*, to account for the initial receipts related to the PPP loans. On March 8, 2022, the SBA processed the Company's second PPP loan forgiveness application, and notified the bank the PPP loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on these dates. Therefore, the Company was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in other income during the year ended December 31, 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Companies' financial position.

NOTE 5 OPERATING LEASES – ASC 842

The Company leases office space for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029 and provide for renewal options of ten years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Additionally, the agreements generally require the Company to pay insurance and repairs.

The following table provides quantitative information concerning the Company's leases:

	2023	2022
Lease Cost		
Operating Lease Cost	\$ 100,575	\$ 100,575
Other Information		
Cash Paid for Amounts Included in the		
Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	90,228	88,128
Right-of-Use Assets Obtained in Exchange for New		
Operating Lease Liabilities:	-	1,401,481
Weighted-Average Remaining Lease Term -		
Operating Leases	15.3 Years	16.3 Years
Weighted-Average Discount Rate - Operating Leases	2.33%	2.33%

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 OPERATING LEASES – ASC 842 (CONTINUED)

The Company classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 92,400
2025	94,632
2026	96,948
2027	99,312
2028	101,760
Thereafter	1,040,448
Undiscounted Cash Flows	1,525,500
Less: Imputed Interest	(240,047)
Total Present Value	<u>\$ 1,285,453</u>
Short-Term Lease Liabilities	\$ 63,432
Long-Term Lease Liabilities	1,222,021
Total	<u>\$ 1,285,453</u>

Operating lease payments in the table above include approximately \$1,042,000 related to options to extend lease terms that are reasonably certain to be exercised.

NOTE 6 COMMITMENTS AND CONTINGENCIES

Employee Benefit Plans

The Companies have a Simplified Employee Pension (SEP) available to all employees meeting certain age and service requirements. Employees become eligible after one year of service and are fully vested upon entering the Plan. Contributions to the plan up to limits established by the Internal Revenue Code are made at the discretion of the Companies' board of directors. There were no discretionary contributions during 2023 and 2022.

Buy-Sell Agreement

The Companies have a buy-sell agreement with its members and shareholders in the event of a death. The agreement gives existing members and shareholders the first option to purchase shares from an estate. In the event that not all stock is purchased by existing members and shareholders, the agreement requires the Companies to purchase any remaining shares of stock at a purchase price determined by a formula in the agreement.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 RELATED PARTY TRANSACTIONS

Revenue and Receivables

As discussed in Note 5, the Companies lease office space and other facilities from an entity that shares common membership with the majority owners of Green Mill Restaurants, LLC. Lease related expense was \$18,000 for the years ended December 31, 2023 and 2022.

There are Green Mill Restaurants related through common ownership. Total royalty revenues from these restaurants were \$92,757 and \$87,925 for the years ended December 31, 2023 and 2022, respectively. Total accounts receivable from these restaurants was \$14,420 and \$9,210 at December 31, 2023 and 2022, respectively.

The Companies have a support services contract with Crooked Pint, LLC, a company that shares common membership with the majority owners of Green Mill Restaurants, LLC. Service fees earned from Crooked Pint during the years ended December 31, 2023 and 2022 totaled \$77,000 and \$363,000, respectively. The Companies have similar contracts with other entities that share common membership. Service fees earned from these entities during the years ended December 31, 2023 and 2022 totaled \$24,000 and \$18,000, respectively.

Amounts borrowed and due from related parties totaled \$297,000 and \$289,000 at December 31, 2023 and 2022, respectively and are recorded in due from related parties if finance related or accounts receivable if service related. Amounts borrowed to related parties totaled \$156,258 and \$138,758 at December 31, 2023 and 2022, respectively.

Management has determined that all related party receivables are collectible and therefore, have not recorded an allowance for uncollectible amounts.

Licensing Fees

Effective June 1, 2017, Hightop Brands, LLC (a related party) holds the licensing rights that the Companies sell under the Green Mill franchise name. Prior to June 1, 2017, the license was held by an unrelated party. A licensing fee is paid upon receipt of a franchise fee based upon a predetermined schedule. The license holder also shares in royalties collected from the operating franchises in the form of a licensing fee also based on predetermined percentages. The Companies incurred licensing fee expense of \$330,737 and \$328,449 for the years ended December 31, 2023 and 2022, respectively. The Company owed \$73,518 and \$89,030 for licensing fees at December 31, 2023 and 2022, respectively.

NOTE 8 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. The Company complied with the conditions of Employee Retention Credit (ERC) funding from the federal government in the amount of \$171,610 in compliance with the program.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 EMPLOYEE RETENTION CREDIT (CONTINUED)

Grants related to this program are classified as other income and other receivable until received. The Company recognized \$171,610 of other income related to performance requirements being met and costs being incurred in compliance with the program during the year ended December 31, 2022.

The Internal Revenue Service may review funding eligibility and usage of funds for compliance with the program requirements based on dollar thresholds and other factors. The amount of the liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
COMBINED SCHEDULES OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	2023	2022
Salaries	\$ 862,410	\$ 1,250,454
Payroll Taxes	55,348	85,611
Employee Benefits	173,566	170,124
Advertising and Promotion	477,893	436,869
Amortization	264,996	264,996
Donations	-	125
Insurance	31,200	26,400
Legal and Accounting	60,526	56,596
Licensing Fees	330,737	328,449
Recruitment	6,623	7,533
Meeting Expense	1,935	2,432
Menu Development	25,465	17,643
Office Expense	17,218	25,196
Office Supplies	2,873	2,872
Repairs and Maintenance	7,709	9,579
Rent	100,575	100,575
Telephone	9,919	11,731
Training	13,204	8,828
Travel	5,286	2,187
Vehicle Expense	33,329	39,241
Total Operating Expenses	<u>\$ 2,480,812</u>	<u>\$ 2,847,441</u>



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INDEPENDENT AUDITORS' ACKNOWLEDGMENT

Green Mill Restaurants, LLC
St. Paul, Minnesota

We agree to the inclusion in the Franchise Disclosure Document dated April 21, 2023, issued by Green Mill Restaurants, LLC ("Franchisor") of our report dated April 18, 2023 on our audit of the financial statements of Franchisor as of December 31, 2022 and 2021, and for the years then ended, and our report dated April 18, 2022 on our audit of the financial statements of Franchisor as of December 31, 2021 and 2020 and for the years then ended.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Owatonna, Minnesota
April 21, 2023

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**GREEN MILL RESTAURANTS, LLC
AND GMR, INC.**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2022 AND 2021



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GREEN MILL RESTAURANTS, LLC AND GMR, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Governors and Directors
Green Mill Restaurants, LLC and GMR, Inc.
St. Paul, Minnesota

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Green Mill Restaurants, LLC and GMR, Inc., which comprise the combined balance sheets as of December 31, 2022 and 2021, and the related combined statements of operations, owners' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Green Mill Restaurants, LLC and GMR, Inc. as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the Company adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

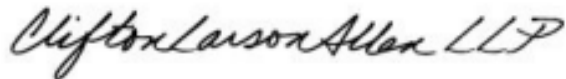
In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combined schedules of operating expenses are presented for the purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Owatonna, Minnesota
April 18, 2023

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
COMBINED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,065,390	\$ 800,789
Ad Council Assets	248,829	302,013
Accounts Receivable (Including Related Parties - see Note 6)	354,410	189,085
Due from Related Parties	234,593	234,659
Employee Retention Credit Receivable	-	95,163
Notes Receivable	850	850
Prepaid Expense	26,326	23,351
Total Current Assets	<u>1,930,398</u>	<u>1,645,910</u>
PROPERTY AND EQUIPMENT		
Office Equipment and Furniture	50,000	50,000
Less: Accumulated Depreciation	<u>(50,000)</u>	<u>(50,000)</u>
Total Property and Equipment, Net	-	-
OTHER ASSETS		
Goodwill - Net	2,295,000	2,550,000
Intangible Assets, Net	124,168	134,164
Right of Use Assets - Operating	1,332,774	-
Investments	10,007	-
Notes Receivable	-	110,363
Total Other Assets	<u>3,761,949</u>	<u>2,794,527</u>
Total Assets	<u>\$ 5,692,347</u>	<u>\$ 4,440,437</u>
LIABILITIES AND OWNERS' EQUITY		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 176,000	\$ 368,765
Current Portion of Lease Liability - Operating	59,768	-
Accounts Payable - Trade	10,516	61,413
Due to Related Parties	138,758	24,500
Ad Council Liabilities	325,433	302,013
Licensing Fees Payable	89,030	54,077
Accrued Expenses	73,763	67,762
Total Current Liabilities	<u>873,268</u>	<u>878,530</u>
LONG-TERM LIABILITIES		
Long-Term Debt (Less Current Maturities)	2,415,672	2,807,716
Long-Term Lease Liability - Operating	1,285,453	-
Deferred Compensation	10,007	-
Deferred Franchise Fees	50,433	59,333
Total Long-Term Liabilities	<u>3,761,565</u>	<u>2,867,049</u>
Total Liabilities	4,634,833	3,745,579
OWNERS' EQUITY		
Common Stock - 613,000 Shares Authorized, 670 Outstanding	670	670
Members' Equity	1,567,552	1,567,552
Retained Deficit	<u>(510,708)</u>	<u>(873,364)</u>
Total Owners' Equity	<u>1,057,514</u>	<u>694,858</u>
Total Liabilities and Owners' Equity	<u>\$ 5,692,347</u>	<u>\$ 4,440,437</u>

See accompanying Notes to Combined Financial Statements.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
COMBINED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Royalty and Franchise Fees	\$ 1,803,512	\$ 1,639,613
Management Fees	381,500	269,630
Administrative Allowance	873,517	770,320
Training Fees and Miscellaneous	9,819	33,783
Total Revenues	<u>3,068,348</u>	<u>2,713,346</u>
OPERATING EXPENSES	<u>2,847,441</u>	<u>2,581,033</u>
INCOME FROM OPERATIONS	220,907	132,313
OTHER INCOME (EXPENSE)		
Interest Expense	(105,761)	(121,937)
Interest Income	8,500	2,558
Other Income	589,010	393,263
Total Other Income (Expense)	<u>491,749</u>	<u>273,884</u>
NET INCOME	<u>\$ 712,656</u>	<u>\$ 406,197</u>

See accompanying Notes to Combined Financial Statements.

**GREEN MILL RESTAURANTS, LLC AND GMR, INC.
COMBINED STATEMENTS OF OWNERS' EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Common Stock	Members' Equity	Retained Deficit	Total Owners' Equity
BALANCE - DECEMBER 31, 2020	\$ 670	\$ 1,567,552	\$ (1,279,561)	\$ 288,661
Net Income	-	-	406,197	406,197
Distributions	-	-	-	-
BALANCE - DECEMBER 31, 2021	670	1,567,552	(873,364)	694,858
Net Income	-	-	712,656	712,656
Distributions	-	-	(350,000)	(350,000)
BALANCE - DECEMBER 31, 2022	<u>\$ 670</u>	<u>\$ 1,567,552</u>	<u>\$ (510,708)</u>	<u>\$ 1,057,514</u>

See accompanying Notes to Combined Financial Statements.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 712,656	\$ 406,197
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Amortization	264,996	115,258
Noncash Lease Expense	12,447	-
Deferred Franchise Fee Amortization	(8,900)	(9,921)
Gain on PPP Loan Forgiveness	(417,400)	(298,100)
(Increase) Decrease in Current Assets:		
Accounts Receivable	(88,721)	10,491
Other Receivables	95,163	(95,163)
Due from Related Parties	66	108,717
Prepaid Expenses	(2,975)	1,817
Increase (Decrease) in Current Liabilities:		
Accounts Payable - Trade	(50,897)	44,154
Licensing Fees Payable	34,953	(5,270)
Due to Related Parties	114,258	-
Accrued Expenses	6,001	21,972
Net Cash Provided by Operating Activities	<u>671,647</u>	<u>300,152</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments Received on Notes Receivable	110,363	11,252
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Long-Term Debt	-	417,400
Payments on Long-Term Debt	(167,409)	(304,233)
Distributions Paid to Members	(350,000)	-
Net Cash Provided (Used) by Financing Activities	<u>(517,409)</u>	<u>113,167</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	264,601	424,571
Cash and Cash Equivalents - Beginning of Year	<u>800,789</u>	<u>376,218</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,065,390</u>	<u>\$ 800,789</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	<u>\$ 105,761</u>	<u>\$ 121,937</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Office Space Received in Exchange for Operating Leases	<u>\$ 1,401,481</u>	<u>\$ -</u>

See accompanying Notes to Combined Financial Statements.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Green Mill Restaurants, LLC (the Company) owns the exclusive rights to sell franchises to operate Green Mill restaurants in Minnesota, Wisconsin, North Dakota, South Dakota, Iowa, Nebraska, Kansas, Illinois, and Island of Curacao – Netherlands Antilles. The Company also services some franchised restaurants. Additionally, the Company has a first right of refusal to purchase the exclusive right to sell franchises in most other states.

GMR, Inc., owned through common ownership, provides management and administrative services for Green Mill Restaurants, LLC.

The Company has transactions with various entities who share common ownership. Significant related party transactions include revenue from franchised stores that share common ownership, management fee income from related entities and license fees paid to related entities. See Note 7 for all related party transactions.

Principles of Combination

The combined financial statements include the accounts of Green Mill Restaurants, LLC and GMR, Inc. (the Companies). All intercompany accounts and transactions have been eliminated in combined financial statements.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Company has elected to adopt the package of practical expedients available in the year of adoption.

The standard had a material impact on the balance sheets but did not have a material impact on the income statements, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022 a lease liability of \$1,401,481, which represents the present value of the remaining operating lease payments of \$1,703,856, discounted using the risk free rate of 2.33%, and a right-of-use asset of \$1,401,481.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Companies consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Substantially all cash is deposited in one financial institution. At times, amounts on deposit may be in excess of the Federal Deposit Insurance Corporation insurance limit.

Restricted Cash

The Companies have custody of advertising and promotion funds designated for their franchisees. The account is funded by payments from franchisees pursuant to an agreement by all participants. These funds then pay for advertising that benefits the group and special promotions that are intended to be utilized by all franchisees. The funds are maintained in a custodial account and the Companies have no claim to the funds. The Companies make deposits and write checks on behalf of the group. A corresponding liability has been recorded for the same amount in the combined financial statements. The cash is included in Ad Council Assets on the combined balance sheets.

Accounts Receivable

The Companies provide an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Services are sold on an unsecured basis. Payment is required up to 30 days after receipt of the invoice. Accounts past due more than 90 days are individually analyzed for collectibility. An allowance is provided for accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. There was no allowance for bad debts at December 31, 2022 and 2021.

Notes Receivable

Notes receivable include amounts due from officers and bear interest at 1.69%. Notes are repaid over a 5-year period. Each note is analyzed for collectibility on a regular basis and placed on nonaccrual of interest status if more than three monthly payments are missed. As of December 31, 2022 and 2021, management expected full collectibility of notes.

Property and Equipment

Property and equipment are recorded at cost. Major additions and improvements are capitalized, while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Office Equipment	5 Years
Furniture and Fixtures	7 Years

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating on the combined balance sheets.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the combined balance sheets.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Company has utilized the risk-free rate for computing the present value of lease liabilities.

The Company has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Goodwill and Definite Lived Intangible Assets

Goodwill is recognized as a result of a business combination when the price paid for the acquired business exceeds the fair value of its identified net assets. Identifiable intangible assets are recognized at their fair value when acquired. Effective January 1, 2022, the Company has elected to amortize Goodwill over 10 years. Goodwill and intangible assets with indefinite useful lives such as restaurant development concepts are reviewed for potential impairment if a triggering event occurs that indicated the company's fair value may be below its carrying value. When impairment is likely, the Company calculates goodwill impairment as the amount the Company's carrying value, including goodwill, exceeds its fair value.

Intangible assets with definite lives, which relate to the acquisition of franchise development rights, are amortized on a straight-line basis over their useful lives as follows:

Franchise Development Rights	11 Years
Exclusive Territory Rights	20 Years
Noncompete Agreement	5 Years

Income Taxes

The Companies, with the consent of its equity holders have elected to be taxed under sections of the federal and state income tax laws which provide that, in lieu of corporate income taxes, the Companies' income, deductions, and credits are reported by its members and stockholders. Accordingly, no provision is made for income taxes in the combined financial statements. The Companies evaluated its tax positions and determined they have no uncertain tax positions as of December 31, 2022.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue from contracts with customers consist primarily of royalties, advertising fund contributions, and initial, transfer and renewal franchise fees. Our performance obligations under franchise agreements consist of a) a franchise license, b) pre-opening services, such as training, and c) ongoing services, such as management of the advertising fund, development of training materials and menu items and restaurant monitoring. These performance obligations are highly interrelated so we do not consider them to be individually distinct and, therefore, account for them under ASC 606 as a single performance obligation, which is satisfied by providing a right to use our intellectual property over the term of each franchise agreement.

Royalties, including franchisee contributions to the advertising fund, are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee prior to the restaurant opening or at the time of a renewal of an existing franchise agreement. Our franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized as franchise sales occur. Additionally, under ASC 606, initial, transfer and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement. The administrative allowance represents volume rebates from certain suppliers to the franchised restaurants. These amounts are recognized when earned.

The timing of revenue recognition, billings, and cash collections results in receivables and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and were \$277,806, \$189,085, and \$199,576 at December 31, 2022, 2021, and 2020, respectively. The Company receives advances from customers on franchise fees that exceed costs incurred and revenue earned to date, resulting in contract liabilities. Contract liabilities were \$50,433, \$59,333, and \$69,254 at December 31, 2022, 2021, and 2020, respectively.

Advertising Costs

The Companies administer the Green Mill Restaurants Advertising Fund (the Ad Fund) for which a percentage of gross sales is collected from Green Mill franchisees to be used for various forms of advertising for the Green Mill brand. The Companies administer and direct the development of all advertising and promotion programs in the Ad Fund for which it collects advertising contributions, in accordance with the provisions of its franchise agreements.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs (Continued)

The Companies have a contractual obligation with regard to these advertising contributions. The Companies consolidate and report all assets and liabilities of the Ad Fund as restricted assets of the Ad Fund and restricted liabilities of the Ad Fund within current assets and current liabilities, respectively in the combined balance sheets. The assets and liabilities of the Ad Fund consist primarily of cash, receivables, accrued expenses, and any cumulative surplus related to the Ad Fund. Pursuant to the Companies' franchise agreements, use of Ad Fund contributions is restricted to advertising, public relations, merchandising, and administrative expenses to increase sales and further enhance the public reputation of the brand.

Ad Fund contributions and expenditures are reported on a gross basis in the combined statement of operations, which are largely offsetting and, therefore, do not impact our reported net income. The Companies incurred advertising costs of \$436,869 and \$420,302 for the years ended December 31, 2022 and 2021, respectively.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Companies' services are provided to franchises in the upper Midwest for which royalty fees and training fees are due to the Companies on a continuing basis. The Companies grant credit to its customers on an unsecured basis, in accordance with the terms of their contract agreement. The Companies' customers are highly concentrated within the restaurant industry. The amount of accounting loss should the restaurant industry experience a significant decline is not determinable at this time.

Subsequent Events

In preparing these combined financial statements, the Companies have evaluated events and transactions for potential recognition or disclosure through April 18, 2023, the date the combined financial statements were available to be issued.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 GOODWILL

Goodwill consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Goodwill	\$ 2,550,000	\$ 2,550,000
Accumulated Amortization	(255,000)	-
Total	<u>\$ 2,295,000</u>	<u>\$ 2,550,000</u>

Future amortization expense of goodwill is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 255,000
2024	255,000
2025	255,000
2026	255,000
2027	255,000
Thereafter	1,020,000
Total	<u>\$ 2,295,000</u>

NOTE 3 INTANGIBLES

Intangibles consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Franchise Development Rights	\$ 2,778,816	\$ 2,778,816
Exclusive Territory Rights	200,000	200,000
Restaurant Development Concepts	50,000	50,000
Noncompete Agreement	50,000	50,000
Accumulated Amortization	(2,954,648)	(2,944,652)
Total	<u>\$ 124,168</u>	<u>\$ 134,164</u>

Amortization expense was \$9,996 for the years ended December 31, 2022 and 2021.

Future amortization expense of intangibles is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 10,000
2024	10,000
2025	10,000
2026	10,000
2027	10,000
Thereafter	74,168
Total	<u>\$ 124,168</u>

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 LONG-TERM DEBT

Long-term debt consists of the following as of December 31:

<u>Description</u>	<u>2022</u>	<u>2021</u>
<u>Community Bank</u>		
Note Payable with a fixed interest rate of 4.125%. Note is payable in monthly installments of \$11,741 through July 2025, at which time all unpaid principal and interest is due. Secured by substantially all Company assets, mortgage, and guarantees of certain members.	\$ 1,336,537	\$ 1,422,883
Note Payable with a fixed interest rate of 4.125%. Note is payable in monthly installments of \$11,024 through July 2025, at which time all unpaid principal and interest is due. Secured by substantially all Company assets, mortgage, and guarantees of certain members.	1,255,135	1,336,198
SBA Paycheck Protection Loan. See Below	-	417,400
Total Long-Term Debt	2,591,672	3,176,481
Less: Current Maturities	176,000	368,765
Net Long-Term Debt	<u>\$ 2,415,672</u>	<u>\$ 2,807,716</u>

Scheduled principal payments on the long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 176,000
2024	183,000
2025	2,232,672
Total	<u>\$ 2,591,672</u>

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 LONG-TERM DEBT (CONTINUED)

On April 16, 2020, the Company received a loan from Pioneer Bank in the amount of \$298,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Companies fail to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date.

On January 29, 2021, the Company received a loan from Pioneer Bank in the amount of \$417,400 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Companies fail to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date.

The Company is following ASC 470, *Debt*, to account for the initial receipts related to the PPP loans. On April 27, 2021, the SBA processed the Company's first PPP loan forgiveness application, and notified the bank the PPP loan qualified for full forgiveness. On March 8, 2022, the SBA processed the Company's second PPP loan forgiveness application, and notified the bank the PPP loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on these dates. Therefore, the Company was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in other income during the years ended December 31, 2022 and 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Companies' financial position.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 OPERATING LEASES – ASC 840

The Companies lease certain facilities from related parties. Monthly rent is based on the lease agreements which expire through 2029. The Companies also lease various pieces of equipment under month-to-month leases. Total rent expense was \$86,170 for the year ended December 31, 2021.

A summary of noncancelable future minimum operating lease payments under these leases is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 88,000
2023	90,000
2024	92,000
2025	77,000
2026	79,000
Thereafter	251,000
Total	<u>\$ 677,000</u>

NOTE 6 OPERATING LEASES – ASC 842

The Company leases office space for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029 and provide for renewal options of ten years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Additionally, the agreements generally require the Company to pay insurance and repairs.

The following table provides quantitative information concerning the Company's leases:

Lease Cost	
Operating Lease Cost	\$ 100,575
Other Information	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	88,128
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	
Weighted-Average Remaining Lease Term - Operating Leases	16.3 Years
Weighted-Average Discount Rate - Operating Leases	2.33%

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 OPERATING LEASES – ASC 842 (CONTINUED)

The Company classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 90,228
2024	92,400
2025	94,632
2026	96,948
2027	99,312
Thereafter	<u>1,142,208</u>
Undiscounted Cash Flows	1,615,728
Less: Imputed Interest	<u>(270,507)</u>
Total Present Value	<u>\$ 1,345,221</u>
Short-Term Lease Liabilities	\$ 59,768
Long-Term Lease Liabilities	<u>1,285,453</u>
Total	<u>\$ 1,345,221</u>

Operating lease payments in the table above include approximately \$1,042,000 related to options to extend lease terms that are reasonably certain to be exercised.

NOTE 7 COMMITMENTS AND CONTINGENCIES

Employee Benefit Plans

The Companies have a Simplified Employee Pension (SEP) available to all employees meeting certain age and service requirements. Employees become eligible after one year of service and are fully vested upon entering the Plan. Contributions to the plan up to limits established by the Internal Revenue Code are made at the discretion of the Companies' board of directors. There were no discretionary contributions during 2022 and 2021.

Buy-Sell Agreement

The Companies have a buy-sell agreement with its members and shareholders in the event of a death. The agreement gives existing members and shareholders the first option to purchase shares from an estate. In the event that not all stock is purchased by existing members and shareholders, the agreement requires the Companies to purchase any remaining shares of stock at a purchase price determined by a formula in the agreement.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 RELATED PARTY TRANSACTIONS

Revenue and Receivables

As discussed in Note 5, the Companies lease office space and other facilities from an entity that shares common membership with the majority owners of Green Mill Restaurants, LLC. Lease related expense was \$18,000 and \$86,000 for the years ended December 31, 2022 and 2021, respectively.

There are Green Mill Restaurants related through common ownership. Total royalty revenues from these restaurants were \$87,925 and \$69,205 for the years ended December 31, 2022 and 2021, respectively. Total accounts receivable from these restaurants was \$9,210 and \$1,382 at December 31, 2022 and 2021, respectively.

The Companies have a support services contract with Crooked Pint, LLC, a company that shares common membership with the majority owners of Green Mill Restaurants, LLC. Service fees earned from Crooked Pint during the years ended December 31, 2022 and 2021 totaled \$363,000 and \$251,000, respectively. The Companies have similar contracts with other entities that share common membership. Service fees earned from these entities during the years ended December 31, 2022 and 2021 totaled \$18,000 and \$18,500, respectively.

Amounts borrowed and due from related parties totaled \$289,000 and \$277,319 at December 31, 2022 and 2021, respectively and are recorded in due from related parties if finance related or accounts receivable if service related. Amounts borrowed to related parties totaled \$138,758 and \$-0- at December 31, 2022 and 2021, respectively.

Management has determined that all related party receivables are collectible and therefore, have not recorded an allowance for uncollectible amounts.

Licensing Fees

Effective June 1, 2017, Hightop Brands, LLC (a related party) holds the licensing rights that the Companies sell under the Green Mill franchise name. Prior to June 1, 2017, the license was held by an unrelated party. A licensing fee is paid upon receipt of a franchise fee based upon a predetermined schedule. The license holder also shares in royalties collected from the operating franchises in the form of a licensing fee also based on predetermined percentages. The Companies incurred licensing fee expense of \$328,449 and \$302,397 for the years ended December 31, 2022 and 2021, respectively. The Company owed \$89,030 and \$54,077 for licensing fees at December 31, 2022 and 2021, respectively.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 9 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. The Company complied with the conditions of Employee Retention Credit (ERC) funding from the federal government in the amount of \$171,610 and \$95,163 in compliance with the program.

Grants related to this program are classified as other income and other receivable until received. The Company recognized \$171,610 and \$95,163 of other income related to performance requirements being met and costs being incurred in compliance with the program during the years ended December 31, 2022 and 2021, respectively.

The Internal Revenue Service may review funding eligibility and usage of funds for compliance with the program requirements based on dollar thresholds and other factors. The amount of the liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

GREEN MILL RESTAURANTS, LLC AND GMR, INC.
COMBINED SCHEDULES OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2022</u>	<u>2021</u>
Salaries	\$ 1,250,454	\$ 1,067,380
Payroll Taxes	85,611	68,509
Employee Benefits	170,124	186,729
Advertising and Promotion	436,869	420,302
Amortization	264,996	115,258
Donations	125	1,000
Franchise Expense	-	134,403
Insurance	26,400	12,542
Legal and Accounting	56,596	64,722
Licensing Fees	328,449	302,397
Recruitment	7,533	-
Meeting Expense	2,432	2,608
Menu Development	17,643	6,954
Office Expense	25,196	23,832
Office Supplies	2,872	4,193
Repairs and Maintenance	9,579	14,113
Rent	100,575	86,170
Telephone	11,731	17,622
Training	8,828	11,261
Travel	2,187	87
Vehicle Expense	39,241	40,951
Bad Debt Expense	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>\$ 2,847,441</u>	<u>\$ 2,581,033</u>

EXHIBIT D
LIST OF FRANCHISED LOCATIONS

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

List of Current Franchisees at December 31, 2022

Kinseth Hospitality Co., Inc. 878 Reeder Road Overland Park, KS 66214 (913) 492-1111	Kinseth Hospitality Co., Inc. 549 South Rock Road Wichita, KS 67207 (316) 687-6455
KRG, LLC 2215 East Main Street Albert Lea, MN 56007 (507) 377 – 3000	Edgewater Group 1025 Paul Bunyan Dr. S. Bemidji, MN 56601 (218) 444-1875
	MSP Restaurant Group LLC 1201 W. 94 th Street Bloomington, MN 55431 (952) 884-9898
PDMM, Inc. 340 Lake Ave. S. Duluth, MN 55802 (218) 727-7000	Torgerson Properties, Inc. P.O. Box 922 Fairmont, MN 56301 (507) 238-4700
PTJ Restaurants, Inc. 909 Vermillion Street Hastings, MN 55033 (651) 438-9191	KRG, LLC 17733 Kenwood Trail Lakeville, MN 55044 (952) 435-8100
BDH2-New Ulm, LLC 2101 S. Broadway New Ulm, MN 56073 (507) 359-5300	Metro Hospitality, Inc. 2205 Annapolis Lane Plymouth, MN 55447 (763) 553-9000
GM of St. Cloud Ventures, LLC c/o Kelly Inn Highway 23 and 4th Street St. Cloud, MN 56301 (320) 259-6455	*The Green Mill Inn, LLC 57 South Hamline Avenue St. Paul, MN 55105 Telephone: (651) 698-0353
BDH2-Shoreview, LLC 1000 Gramsie Road Shoreview, MN 55126 (651) 482-1600	Torgerson Properties, Inc. 2100 E. Highway 12 Willmar, MN 56201 (320) 231-2301
River Shore Hospitality, LLC 6025 Hudson Road Woodbury, MN 55125 (651) 735-1000	Badger Hospitality, Inc. 2410 Gateway Court Hudson, WI 54016 (715) 386-9900

*One or more officers of GMR own interests in this restaurant.

List of Franchisees Who Left The System in 2022

Calcutta Partners, LLC
4355 Pheasant Ridge Drive
Blaine, MN 55449
(763) 792-9400

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

EXHIBIT E
STATE ADDENDA TO DISCLOSURE DOCUMENT

ADDENDUM TO THE GREEN MILL FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1. ITEM 13 of the Disclosure Document is amended as follows:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the Proprietary Marks, so long as you were using the Proprietary Marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. The following is added to the end of the “Summary” sections of Item 17(c), entitled **“Requirements for franchisee to renew or extend,”** and Item 17(f), entitled **“Termination by franchisor with cause”**:

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

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

We will not require a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

4. The following is added to the end of the “Summary” section of Item 17(v), entitled **“Choice of forum”**:

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

ADDENDUM TO THE GREEN MILL FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20 ____, is by and between Green Mill Restaurants, LLC and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Agreement agree as follows:

- Sections 5 and 15 are amended to add that with respect to Franchises governed by Minnesota Law, Franchisor will comply with the Minnesota Franchise Law that requires, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.
- Sections 5 and 17 do not provide for a prospective general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
- Section 12 is amended to add that as required by Minnesota Franchise Act, Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee’s right to use the Proprietary Marks, so long as Franchisee was using the Proprietary Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
- Section 40 does not waive the party’s rights to trial by jury pursuant to Minn. Rule Part 2860.4400J
- Minn. Rule Part 2860.4400J prohibits Franchisee from waving its rights to consenting to liquidated damages, termination penalties or judgment notes. To the extent that the Agreement requires Franchisee to waive these rights, the Franchise Agreement will be considered amended to the extent necessary to comply with the Minnesota Rule.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

[Signature page follows]

[Signature Page to MN Addenda]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Green Mill Restaurants, LLC

Franchisee: _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

NORTH DAKOTA

ADDENDUM TO GREEN MILL FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF NORTH DAKOTA

1. ITEM 5 of the Disclosure Document is amended by the addition of the following language to the original language:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel the Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

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

No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under North Dakota Law.

3. The following is added to the end of the “Summary” sections of Item 17(r), entitled **“Non-competition covenants after the franchise is terminated or expired”**:

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

4. The following is added to the end of the “Summary” section of Item 17(v), entitled **“Choice of forum”**:

A provision requiring litigation to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.

5. The following is added to the end of the “Summary” section of Item 17(w), entitled **“Choice of law”**:

In the event of a conflict of laws, North Dakota Law will control.

**ADDENDUM TO GREEN MILL FRANCHISE AGREEMENT FOR
THE STATE OF NORTH DAKOTA**

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20 ____, is by and between Green Mill Restaurants, LLC and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51- 19-01 *et seq.* Such provisions in the Agreement are hereby amended as follows:

- Sections 5 and 17, the execution of a general release upon renewal or transfer shall be inapplicable to Franchises operating under the North Dakota Franchise Investment Law to the extent that such a release excludes claims arising under the North Dakota Franchise Investment Law.
- Section 16 is amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
- Section 24(a) is amended to state that litigation involving a Franchise purchased in North Dakota must be held either in North Dakota.
- Section 24(b) is amended to state that in the event of a conflict of laws, North Dakota Law shall prevail.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

[Signature page follows]

[Signature Page to ND Addenda]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Green Mill Restaurants, LLC

Franchisee: _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

WISCONSIN

ADDENDUM TO GREEN MILL FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF WISCONSIN

1. The following is added to the end of the “Summary” sections of Item 17(h), entitled “**Cause defined - non-curable defaults**”:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

**ADDENDUM TO [FRANCHISE NAME]'S FRANCHISE AGREEMENT FOR
THE STATE OF WISCONSIN**

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20 ____, is by and between Green Mill Restaurants, LLC and _____ and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 shall supersede any conflicting terms of the Franchise Agreement.

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

[Signature page follows]

[Signature Page to WI Addenda]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

Green Mill Restaurants, LLC

Franchisee: _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT F
FORM OF GENERAL RELEASE AGREEMENT

(Subject to Change)

GENERAL RELEASE
(Form subject to change.)

For and in consideration of the Agreements and covenants described below, Green Mill Restaurants, LLC (“GMR”) and _____ (“Franchisee”) enter into this Release of Claims (“Agreement”).

RECITALS

- A. GMR and Franchisee entered into a GREEN MILL® 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, GMR 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 Franchisee.** Except as may be prohibited by applicable law, and in consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for itself, 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”) release and forever discharge GMR, its predecessors, successors, assigns, affiliates, directors, officers, shareholders, and employees (collectively and individually referred to as the “Franchisor Parties”) of and 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 or the business relationship between the parties (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 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 you and Franchisor or your 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.

5. **Release of Claims by GMR.** Except as noted in this Section 5, and subject to your compliance with the terms and conditions of this Agreement, including the payment of \$_____ to GMR, Franchisor Parties hereby release and forever discharge Franchisee Parties 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 you and Franchisor or your 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 the Franchisee Parties from any Claims related to Franchisee's (i) indemnification obligations under Section ____ of the Franchise Agreement, (ii) non-disclosure obligations under Section ____ of the Franchise Agreement, and (iii) post-termination non-compete obligations under Section ____ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement.

6. **Acknowledgement.** The releases of Claims set forth in Section 4 and Section 5 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 claim 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.** GMR 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 that 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 or 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 attorneys' fees and costs incurred by reason of the breach.

[Signature page follows]

Dated: _____, 20__

GREEN MILL RESTAURANTS, LLC

By _____

Its _____

Dated: _____, 20__

FRANCHISEE: _____

By _____

Its _____

EXHIBIT G
THIRD PARTY SUPPLIER AGREEMENTS

EXHIBIT H
STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Minnesota	July 18, 2023
North Dakota	June 23, 2023
South Dakota	May 18, 2023
Wisconsin	May 18, 2023

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

EXHIBIT I
RECEIPTS

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 Green Mill Restaurants, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Green Mill Restaurants, LLC offers you a franchise in New York, we must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Green Mill Restaurants, LLC offers you a franchise in Iowa or Michigan,, we 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.

If Green Mill Restaurants, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Paul Dzubnar, 1342 Grand Avenue, St. Paul, MN 55105, (651) 203-3100; and Michael Drummer, 30 Map Drive, Mankato, MN 56001, (507) 386-1060.

Issuance Date: April 19, 2024

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April 19, 2024 (see State Effective Dates) that included the following Exhibits:

- A. LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
- B. FRANCHISE AGREEMENT
- C. FINANCIAL STATEMENTS
- D. LIST OF FRANCHISED LOCATIONS
- E. STATE ADDENDA
- F. FORM OF GENERAL RELEASE AGREEMENT
- G. THIRD PARTY SUPPLIER AGREEMENTS
- H. STATE EFFECTIVE DATES
- I. RECEIPTS

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

Please sign this copy of the receipt, date your signature, and keep this copy for your records.

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 Green Mill Restaurants, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Green Mill Restaurants, LLC offers you a franchise in New York, we must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Green Mill Restaurants, LLC offers you a franchise in Iowa or Michigan,, we 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.

If Green Mill Restaurants, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

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- G. THIRD PARTY SUPPLIER AGREEMENTS
- H. STATE EFFECTIVE DATES
- I. RECEIPTS

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

Please sign this copy of the receipt, date your signature, return the signed Receipt to: Green Mill Restaurants, LLC, 1342 Grand Avenue, St. Paul, Minnesota 55105, Attn: Mr. Paul Dzubnar.