FRANCHISE DISCLOSURE DOCUMENT

NARWHAL'S FRANCHISING, LLC, d/b/a
NARWHAL'S CRAFTED™
A Missouri Limited Liability Company
101 W. Argonne Dr., Suite #65
St. Louis, Missouri 63122
www.narwhalscrafted.com

The Franchisee will operate a Narwhal's Crafted™ Bar which will sell Specialty Beverages, which primarily includes made-from-scratch frozen cocktails, served by service-focused staff in an upscale yet casual bar setting.

The total investment necessary to begin operation of a Narwhal's Crafted™ Bar is $615,000 to $902,500. This includes approximately $20,000 that must be paid to the franchisor or affiliate for the initial franchise fee.

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

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 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: March 8, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit A.
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 for my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Narwhal's Crafted™ 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.
What's it like to be a Narwhal's Crafted™ franchisee?	Item 20 or Exhibit A 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 D.

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:

Out-of-State Dispute Resolution. The franchise agreement requires You to resolve disputes with the franchisor by litigation only in St. Louis County, Missouri. Out-of-state litigation may force You to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Missouri than in Your own state.

Spousal Liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse may have no ownership interest in the franchise. This guarantee may place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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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Reviewed Balance Sheet as of January 31, 2021

C. Franchise Agreement and the following Exhibits:
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   II. Form of Lease Rider
   III. Form of Confidentiality Agreement
   IV. Form of Non-Compete Agreement
   V. Unconditional Guaranty
   VI. State Addendum to the Franchise Agreement, if any

D. State Franchise Regulators and Agent for Service of Process

E. State Addenda to the Franchise Disclosure Document, if applicable

F. Sample Release

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

Narwhal's Franchising, LLC is a Missouri limited liability company. It was formed on August 13, 2020 and is a wholly owned subsidiary of 26H Holdings, LLC ("26H"). The principal business address of Narwhal's Franchising, LLC and 26H is 101 W. Argonne Dr., Suite #65, St. Louis, Missouri 63122. Narwhal's Franchising, LLC's agent for service of process in Your state, if any, is disclosed in Exhibit D.

Narwhal's Franchising, LLC currently does business under its legal name "Narwhal's Franchising, LLC.," and the following other names: "Narwhal's Crafted™" and "Narwhal's Crafted Urban Ice®." To simplify the language in this Disclosure Document "Narwhal's," "our" or "us" means Narwhal's Franchising, LLC, the Franchisor. "You" or "Your" means the person or entity and their owners who operate, or seek to operate, a Narwhal's Crafted™ Bar a Franchisee of our Franchise System.

Narwhal's Business and the Franchises Offered:

Narwhal's both develops and operates the Narwhal's Crafted Franchise System and franchises the right to operate a Narwhal's Crafted Bar (a "Narwhal's Crafted Bar" or "Bar"). A Narwhal's Crafted Bar is a bar specializing in the sale of "Specialty Beverages" -which is primarily frozen or blended alcoholic beverages (but specifically defined below) in a first rate, welcoming gathering place for its patrons. Bar patrons are served by knowledgeable, friendly staff in a quick-serve format. Bars do not serve their own food but do permit patrons to carry in food. Bars endeavor to be environmentally conscious to the extent reasonably possible by, among other things, using eco-friendly materials and recycling. Bars, where allowed, will be encouraged to be "dog-friendly".

"Specialty Beverages" means primarily frozen alcoholic beverages but specifically include: (1) premium and/or made-from-scratch alcoholic beverages in which spirits are combined with premium and/or made-in-house purees, syrups, solutions and/or tinctures, and expressly includes, without limitation, (a) heated alcoholic beverages; (b) barrel-aged alcoholic beverages; (c) infused alcoholic beverages; (d) kegged alcoholic beverages; and (e) carbonated alcoholic beverages; (2) frozen alcoholic beverages (regardless of the preparation process); (3) non-alcoholic "smoothies" (defined as cold beverage prepared with a blender or frozen beverage machine); and (4) bottled and canned made-in-house alcoholic beverages.

Narwhal's believes that all bars and restaurants that serve alcoholic beverages are potential competitors but those that specialize in frozen cocktails will be Your main competitors. Also, those businesses that serve alcohol infused ice cream products may also be competitors. You will have to compete with various channels of distribution that sell alcoholic beverages including bars, restaurants, liquor stores and markets. Such competitors could also include businesses that sell drink mixes for home use. Furthermore, such competitors could include Narwhal's Affiliates as described below. The regulation of the sale of alcohol is a state law issue. Accordingly, You will have to comply with all local and state liquor laws in operating the Bar. Narwhal's is not aware of any Federal laws or regulations applicable to the business of the Franchise other than general laws and regulations applicable to businesses in general.

Prior Experience of Narwhal's and Affiliates:

Narwhal's has been in the business of selling Narwhal's Crafted franchises since 2020. As of the date of this Disclosure Document, there are not any Bars operating under franchise agreements with Narwhal's. Through affiliates, as of the date hereof, there are two operating Narwhal's Crafted Bars. The first is operated by Midtown Mercantile Company, LLC, an affiliate of Narwhal's, and is located at 3906 Laclede Avenue, St. Louis, Missouri 63108 and has been in operation since September, 2016. The second Bar is operated by Longtooth Hospitality, LLC, an affiliate of Narwhal's, and is located at 1450 Beale Street, Suite 125, St. Charles, Missouri 63303 and has been in operation since July, 2019. Narwhal's has not previously offered franchises in any other lines of business.

No affiliates of Narwhal's offer franchises in any line of business or provide products or services to Narwhal's franchisees.

ITEM 2. BUSINESS EXPERIENCE

Brad Merten – Chief Executive Officer and Director. Mr. Merten co-founded and has been Chief Executive Officer and a Director of Narwhal's since its inception and has been involved in all aspects of the Narwhal's business with an emphasis on operations and training. For the last 5 years Mr. Merten has been the co-owner and Chief Executive Officer of 26H Holdings, LLC (26H), 101 W. Argonne Dr., Suite #65, St. Louis, Missouri 63122. 26H is Narwhal's parent company and also operates through other subsidiaries two Pickleman's Gourmet Café restaurants and Loaded, a fast casual gourmet nacho restaurant concept.

Brandon Holzhueter – Chief Financial Officer and Director. Mr. Holzhueter co-founded and has been Chief Financial Officer and a Director of Narwhal's since its inception and has been involved in all aspects of Narwhal's operations with an emphasis in purchasing, branding and finance. For the last 5 years Mr. Holzhueter has been the co-owner and Chief Financial Officer of 26H Holdings, LLC (26H), 101 W. Argonne Dr., Suite #65, St. Louis, Missouri 63122. 26H is Narwhal's parent company and also operates through other subsidiaries two Pickleman's Gourmet Café restaurants and Loaded, a fast casual gourmet nacho restaurant concept.

Matt Feldt – Director of Marketing. Mr. Feldt has been Narwhal's Director of Marketing since its inception. From November, 2017 through August, 2021, Mr. Feldt also served as the digital marketing specialist for Trileaf Designs. Also, from June, 2018 Mr. Feldt has served as the Director of Marketing for 26H.

David Schulenberg – Director of Technology. Mr. Schulenberg has been Narwhal's Technology Director since its inception. From March, 2007 to July, 2019 Mr. Schulenberg was self employed as a freelance multimedia design and installation consultant.

Allison McBee – Financial Controller and Human Resources Director. Ms. McBee has been Narwhal's Financial Controller and Human Resources Director since its inception. From 2016 to present Ms. McBee has also served as the Financial Controller and Human Resources Director for 26H.

Ann Stippec – Director of Operations and Director of Communications. Ms. Stippec has been Narwhal's Director of Operations since January 2022. From 2014 to 2021, Ms. Stippec served as the General Manager for various other concepts for 26H.

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

You must pay an initial franchise fee of $20,000. This initial franchise fee is payable after Franchisor's pre-opening obligations are complete. You will be advised as to when this fee will be due which in all events will be prior to You opening Your Bar. The initial franchise fee is non-refundable, except as provided below, and is payable in full in a lump sum upon Your execution of the Franchise Agreement.

The initial franchise fee once paid is nonrefundable. Narwhal's reserves the right to offer initial franchise fee discounts to franchisees that qualify in accordance with its guidelines from time to time for such discounts**.** The initial term of the Narwhal's Franchise Agreement will be 10 years.

Other than the payment of the initial franchise fee as described above, Narwhal's estimates that You will not be required to pay (or You must commit to pay) any money to Narwhal's or an Affiliate for goods and services received from Narwhal's or an Affiliate of Narwhal's prior to the opening of Your Bar.

Narwhal's reserves the right to change at any time the amount of fees it charges. Narwhal's reserves the right in its sole discretion based on all facts and circumstances to enter into agreements with an individual franchisee or group of franchisees that give the franchisee or group of franchisees special non-uniform terms that are not available to You, and which terms may be materially different than the terms stated in this Disclosure Document. For purposes of illustration of the immediately preceding sentence, Narwhal's may incentivize existing franchisees to purchase and open additional Narwhal's franchise(s) by offering special terms which could include a reduced initial franchise fee or other opening requirements, subsidized certain initial costs, etc. Further, for a limited time for certain qualified candidates and as an incentive to purchase a new franchise, Narwhal's, in its discretion, may offer incentives in the form of fee reductions or credits in areas such as marketing or training.

ITEM 6. OTHER FEES

OTHER FEES

Note: This information applies to all items listed in the table below. All fees are imposed by and payable to Narwhal's, except some fees that are directed to third party suppliers. All fees paid to Narwhal's are non-refundable. Narwhal's reserves the right to change at any time the amount of the fees it charges, provided that the royalty rate can only be changed at the time the franchise is renewed. See Items 8 and 9 for additional information. All other notes related to the table can be found at the end of the Item 6 Table.

Name of Fee	Amount	Due Date	Remarks
Royalty Fee (See Note 1 at end of this Table)	10% of Gross Sales ("Royalty Rate").	Weekly payable on Tuesday for the prior week ending the prior Sunday.	Gross Sales includes all amounts invoiced or otherwise charged by You for all goods and services sold by You and the value of all goods and merchandise received by You in trade for services or goods sold. Gross Sales includes both cash and credit sales regardless of collection but excludes sales and use taxes.

Name of Fee	Amount	Due Date	Remarks
			Payment of Royalty Fees shall be made by electronic funds transfer or as otherwise directed by Narwhal's from time to time.
Marketing	You must spend a minimum of $3,000 on the Grand Opening campaign of the Bar. After the Bar is open for business, You will be required to spend each calendar year on marketing a minimum of the greater of ($12,000 or (ii) two percent (2%) of Your Gross Sales.	Due when billed. .	You may spend additional amounts for marketing. This yearly amount is subject to change from time to time as may be provided in the Confidential Operations Manual.
System Branding Fund	During the initial term of Your franchise Agreement, Your required contribution to the System Branding Fund will be two percent of Your Gross Sales.	Weekly payable on Tuesday for the prior week ending the prior Sunday.	Narwhal's will monitor the System Branding Fund. The System Branding Fund will be used to cover the costs of marketing and promotional activities, including, without limitation, direct mail campaigns, marketing by radio, television, magazine and newspapers, marketing surveys, website development and maintenance, website marketing, social media advertising, applications development, billboard marketing, marketing and participation in trade shows, public relations activities, employing marketing agencies, market research, production of marketing material, media planning and placement, marketing personnel (which may include salaries of marketing staff of Franchisor or fees) and any other costs associated with the development, marketing and testing of marketing and the purchasing of marketing time, space or materials in national, regional or other marketing media.
Cooperative Marketing Payments	Not yet established.	Not yet established.	Narwhal's may form regional marketing cooperatives. Your cooperative, if formed, will include as members any franchisees in Your region. You must participate in and pay pro rata in any marketing program approved by a majority of the franchisees in such cooperative. Any Narwhal's owned Bars will also participate in and pay pro rata in any cooperative marketing program formed in any such Narwhal's owned Bar's region.
Site inspection fees	First site inspection is free. Visit to Bar for grand opening is free.	Due when billed.	You must reimburse Narwhal's for costs incurred in connection with Narwhal's inspection of Your site (after the first inspection) and any subsequent visits for the purpose of verifying Your compliance with all of Narwhal's standards and specifications.
Initial Training Fee	Initial training for up to 2 persons at no charge. Narwhal's requires the Principal	Due in advance.	You pay the travel and living expenses, including lodging, transport, meals and

Name of Fee	Amount	Due Date	Remarks
	and the General Manager must complete initial training prior to opening. For additional trainees, You must pay the then current fee (plus travel and living expenses).		compensation for all persons trained by Narwhal's for You (See Item 11).
Additional Training	Not to exceed $2,000 per year. In addition, if Narwhal's determines Your Bar is underperforming, Narwhal's may, but is not obligated to, offer special, intensive training for a fee. If offered, it would be mandatory and would not count toward the $2,000 cap above.	Due in advance.	You remain responsible for lodging, transportation, meals and compensation for attendees. Certain additional training classes will be mandatory and certain will be voluntary.
Meetings	Your Principal and General Manager will be required to attend if Narwhal's convenes a conference or meeting for its franchisees. You will be responsible for all costs incurred by You with respect to your attendance at each Meeting, including travel, lodging and meals.	Due when billed.	You and Your General Manager will be required to attend each Narwhal's Meeting,
Audit Fee	If underpayment of fees paid to Narwhal's is determined, cost of audit plus interest at lesser of 18% per annum or highest legal rate on underpayment. Also, You can be charged royalties and other fees at twice the amount paid by average franchisee if Your records are not adequate to calculate fees owed to Narwhal's.	Due when billed.	Narwhal's has right to audit Your books upon seven days prior written notice. Normally Narwhal's pays for the audit. You pay audit costs only if an audit shows an under-statement of at least 2% of Gross Sales for any month, or You cause the audit to be rescheduled because You are not ready, or Your monthly sales report is more than 15 days late.
Franchise Transfer Fee (Note 2)	$5,000-$7,500 or such greater amount as is necessary to reimburse Narwhal's for its reasonable costs and expenses associated with the application for Transfer	Prior to consummation of transfer.	Payable upon a transfer of Your franchise in accordance with Section 13.1 of Your Franchise Agreement.
Renewal Fee	Narwhal's costs and expenses incurred in connection with the renewal.	Prior to start of renewal term.	No renewal fee per se but You must reimburse Narwhal's for any out of pocket expenses incurred by Narwhal's in connection with Your successor term including costs incurred in verifying compliance with Section 10.2 of the Franchise Agreement.
Late Charge Fee	$50 per day for each day a Sales Report or Royalty payment or financial statement is late	Due when billed.	Applies to all payments or reports which You do not make on time
Interest	Lesser of 18% per annum or highest legal rate on late payments	Due when billed.	Applies to all payments to Narwhal's which You do not pay on time.

NOTE 1: Your annual Gross Sales shall be determined based upon our fiscal year ending December 31. Narwhal's reserves the right to offer a discounted Royalty Rate to franchisees which qualify in accordance with the guidelines or policies for such discounts as may be determined by Narwhal's from

time to time. Thus, the Royalty Rate paid by all franchisees may not be uniform. Examples of factors that may be considered in the determination of such discount guidelines or policies could include, but would not be limited to, the following: (i) if You owned and operated a Narwhal's Bar continuously since a date certain designated by Narwhal's; (ii) if You own more than one Narwhal's Franchise; or (iii) such other factors as may be determined by Narwhal's from time to time.

NOTE 2: Among other preconditions of our approval for a proposed transfer of Your franchise, You or Your transferee must pay us the applicable transfer fee before the transfer is effective. If the Transferee is an existing Narwhal's Franchisee the transfer fee is $5,000 or such greater amount as is necessary to reimburse Narwhal's for its reasonable costs and expenses associated with reviewing the application for transfer, including without limitation, legal and accounting fees. If the transferee is not an existing Narwhal's Franchisee the transfer fee is $7,500 or such greater amount as is necessary to reimburse Narwhal's for its reasonable costs and expenses associated with reviewing the application for transfer, including without limitation, legal and accounting fees.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee	$20,000	Lump Sum	Prior to Opening	Narwhal's
Real Estate Lease (See Note 1)	$9,000-$28,500	Set by Landlord	Set by Landlord	Landlord
Remodel/Buildout Expense (See Note 2)	$300,000-$460,000	Set by Supplier	Prior to Opening	Suppliers and Trades Person
Licenses and Permits (Note 3)	$2,000-$4,000	Lump Sum	Prior to Opening	Governmental Offices and professionals
Furniture & Equipment	$200,000-$265,000	Set by Supplier	Prior to Opening	Suppliers
Signage and Trade Dress / Graphics	$3,000-$12,000	Lump Sum	Prior to Opening	Narwhal's
Systems (See Note 4)	$7,000	Set by Supplier	Prior to and after Opening	Suppliers
Inventory (See Note 5)	$10,000-$15,000	Set by Supplier	Prior to Opening	Suppliers
Training (Your costs) (See Note 6)	$2,000-$4,000	Set by Supplier	Set by Supplier	Airlines, hotels, etc.
Additional Funds (3 months) (See Note 7)	$50,000-$70,000	Set by Supplier, and Narwhal's	During three months following Opening	Various suppliers and Narwhal's

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Marketing (See Note 8)	$9,000-$12,000	Multiple payments	Prior to Opening and during three months following opening	Suppliers and Narwhal's
Wages and withholding (pre-opening)	$3,000-$5,000	Biweekly	Biweekly	Employees
Total (See Note 9)	$615,000-$902,500			

No fees will be refundable to You. Narwhal's may in its discretion offer financing to You as described in Item 10.

(1) Narwhal's assumes you will lease the Bar premises. (If you purchase the premises for the Bar your costs may be much higher and Narwhal's cannot provide a credible estimate for such acquisition cost due to the many variables involved.) Narwhal's estimates that the rent for such premises would be approximately $3,000 to $9,500 per month. Your costs will vary as estimating such costs are challenging due to the variances between locations and markets. Narwhal's estimate is based on the following variable requirements: (A) preferably, the Bar would be located in a high density population area with good foot traffic in a nightlife and/or dining-heavy district or near a university; and (B) the size of the leased space should be a minimum of 2,500 square feet and up to 3,000 square feet (which includes the Bar area for patrons, bathrooms and back office space) plus an enclosable patio space of between 750 to 1,500 square feet. The amount shown in the table above assumes that You will not start paying rent until Your Bar opens for business.

(2) Remodel/Buildout Expense assumes You will lease space in a building in "vanilla box" condition with the following characteristics: (a) little to no demolition or removal of prior tenant's fixtures or improvements needed; (b) restrooms existing, code compliant, and only remodel needed; (c) building ADA compliant; (d) HVAC in working order and suitable for the Bar; and (e) sprinkler system in place and code compliant. Narwhal's anticipates that some remodeling expense will be borne initially by the landlord as tenant improvements. While You may be able to negotiate Your buildout costs to be amortized over the term of the lease, the costs noted above in the table are based on all upfront costs. Such tenant improvements are based on many factors and varies greatly. Narwhal's estimates that tenant improvements provided by landlord average $50 per square foot and sometimes are in the form of free rent. Such average tenant improvements provided by landlord are reflected in the Remodel/Buildout Expense listed in Item 7 table above. Narwhal's estimates Your Remodel/Buildout Expense will be between $100 to $120 per square foot for the interior space. In addition, Narwhal's estimates Remodel/Buildout Expense for the required enclosed patio to be between $50,000 to $100,000.

(3) Licenses and Permits refers to fees associated with procuring all required liquor licenses, business licenses, occupancy permits and any professional fees associated therewith.

(4) Systems include all hardware and software for computers, phones and point of sale system as required by Narwhal's (currently the Trust POS system). It also includes any required software and training and monthly service fee by the third-party provider. These fees are an estimate only and are

subject to change at the discretion of the vendor.

(5) Narwhal's will determine how much ingredients and supplies inventory You will need to open Your Bar.

(6) Narwhal's will pay for training as described above in Item 6. You must pay for all meals, travel expenses and lodging. You and Your General Manager must attend initial training, all as set forth in Item 11 below.

(7) Additional Funds includes Your estimated expenses for operating the Narwhal's Crafted Bar for the 3 months after opening; including wages and withholdings.

(8) Narwhal's requires you to spend a minimum of $3,000 on the Grand Opening Campaign for the Bar and a minimum of the greater of $12,000 or 2% of Gross Sales during each year. In addition, You are required to contribute 2% of Gross Sales toward the System Branding Fund. The table includes the grand opening campaign expenses, the minimum required spend for the first 3 months after opening and an estimate for the System Branding Fund contribution for the first 3 months after opening.

(9) The total does not include amounts for loan payments in the event that You have borrowed funds to open the Bar. These figures are estimates and Narwhal's cannot guarantee that Your expenses will not exceed these estimates or that You will not have additional expenses which are not listed here while starting the business. Your costs will depend on factors such as: how much You follow Narwhal's methods and procedures; Your management skills, experiences and business acumen; local economic conditions; the local market for the Bar, the prevailing wage rate; competition; and the sales level reached during the initial period. Narwhal's relied on the experience of its affiliates in operating two Bars when compiling these estimates, including the figure shown for "Additional Funds." You should review these figures carefully (with a business advisor if necessary) before making any decisions to purchase the franchise.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Interior Layout. The interior design, decoration and layout of Your Bar must conform to written specifications that are supplied by Narwhal's and may be contained in the Confidential Operations Manual. Nonetheless, subject to Narwhal's written consent, You will have an opportunity to incorporate a limited amount of customizations and/or design features to the interior design, decoration and layout of Your Bar that may not exist at other Narwhal's locations so long as such customizations or design features are (i) consistent with the overall aesthetic of a Narwhal's Bar as determined by Narwhal's, (ii) of the highest quality in materials, nature and appearance, and (iii) approved by Narwhal's in writing in advance prior to implementation after Narwhal's review of professionally prepared renderings. You must maintain and keep the interior premises of the Bar in a clean, orderly, sanitary and safe condition. You must comply with any additional renovation or remodeling requirements as determined by Narwhal's.

Exterior of Bar Premises. The exterior appearance of Your Bar, including without limitation, signage, must conform to the written specifications issued by Narwhal's which may be contained in the Confidential Operations Manual. You must maintain and keep the exterior premises, and surrounding areas, of the Bar in a clean, orderly, sanitary and safe condition. You must comply with any additional renovation or remodeling requirements as determined by Narwhal's.

Business Forms. Narwhal's may provide, and require that You use, business forms sold by Narwhal's or an approved supplier that are in a form approved by Narwhal's.

Interior Items. Certain interior items, including certain equipment, fixtures and interior signs must be purchased from Narwhal's or other Narwhal's approved suppliers.

Signage. All exterior and interior signs must be purchased from Narwhal's or Narwhal's approved suppliers and conform to the written specifications issued by Narwhal's.

Inventory. Ingredients for Specialty Beverages must be purchased from sources approved by Narwhal's. Narwhal's may establish mandatory product inventory that You must comply with in the operation of Your Bar. If it is determined that You must carry a specified inventory in Your Bar, You may be required to obtain Narwhal's consent to carry items in Your Bar that are not included in the inventory plan as mandated by Narwhal's from time to time.

Marketing. Certain marketing materials must be purchased from Narwhal's. The contents of advertisements and all other details concerning the frequency and type of marketing must be approved by Narwhal's. You must purchase a minimum amount of marketing each year -- see Item 6 concerning the amount to be purchased.

Additional Items. You shall purchase (i) all graphics, signs, marketing materials and fixtures directly from Narwhal's or from Narwhal's-approved sources, including, but not limited to, all products which bear the "Narwhal's" brand. You are required to serve all Specialty Beverages on the designated menu provided by Narwhal's and no other Specialty Beverages or other items. Such Specialty Beverages and designated menu will be described in the Narwhal's Crafted Confidential Operations Manual and updated from time to time or may otherwise be provided to You in writing from time to time.

You are required to carry at least the following insurance, subject to and in accordance with those terms and requirements set forth in Section 11 of the Franchise Agreement: (i) comprehensive commercial general liability and blanket contractual liability insurance, each with a minimum combined single limit of One Million Dollars ($1,000,000) with an aggregate limit of $2,000,000; (ii) liquor liability insurance with a minimum single limit of One Million Dollars ($1,000,000) with an aggregate limit of $2,000,000; (iii) owned and non-owned automobile liability insurance, each with a minimum combined single limit of Five Hundred Thousand Dollars ($500,000.00), (iv) extended coverage insurance in an amount equal to the market value of all signs and leasehold improvements, (v) workers compensation insurance which complies with the workers compensation laws of the state in which Your Store is located, (vi) business interruption insurance in an amount as will reimburse You for loss of Gross Sales equal to 12 times the average monthly Gross Sales during the previous three month period immediately prior to the interruption, (vii) any other insurance which may be required by the state in which Your Store is located, and (viii) any other insurance which may be required by Narwhal's as provided in the Narwhal's Crafted Confidential Operations Manual or as otherwise provided to You in writing. Narwhal's recommends You carry fidelity insurance on Your employees and cyber-security insurance.

Payments to Narwhal's on goods sold by Narwhal's to You are due on the date they are invoiced or on such other date as reflected on the invoice or as permitted by Narwhal's. Narwhal's reserves the right to modify and amend the Specialty Beverages and any other items which You are required to offer for sale or are required to purchase from Narwhal's and/or a Narwhal's-approved source upon fourteen (14) days prior notice.

Internet. You may not create a webpage, blog, social media page (including, but not limited to, a Facebook page, Instagram account, Twitter account, Tik Tok account, Snapchat account), web video page (including but not limited to a YouTube channel), app, or any other public page for Your franchise on the internet or World Wide Web without the prior written approval of Narwhal's and if such approval is granted, then only in accordance with the guidelines listed in the Narwhal's Crafted Confidential Operations Manual. You may not use any Mark on the internet or World Wide Web or in a domain name or email address without Narwhal's prior written consent. You must comply with Narwhal's internet/social media policy(ies) as they now exist, or may be amended, as described in Section 8.7 of the Franchise Agreement.

Narwhal's reserves the right to sell products and services under the Marks and System through the internet on terms set by Narwhal's from time to time. You may not engage in e-commerce over the Internet except as expressly permitted in advance and in writing by Narwhal's. You must comply with all of Narwhal's policies with respect to use of Narwhal's website as they currently exist and as they are amended from time to time.

Suppliers. A Narwhal's approved supplier is a supplier that demonstrates to the continuing reasonable satisfaction of Narwhal's the ability to meet Narwhal's reasonable standards, specifications and requirements regarding reputation, product quality, price, consistency, reliability, service, financial capability and customer relations. Narwhal's approved suppliers deliver orders in a timely fashion and hold an adequate supply and quantity of items typically required by their customers. In spite of the preceding, Narwhal's reserves the right to designate any supplier as the sole supplier for particular goods or services required to be provided by You or designate itself or an Affiliate as an approved supplier and to make a profit from the sale of such goods to You. Narwhal's will provide You from time to time with a list of required products and materials and a list of approved suppliers therefor. If You propose to use any product in lieu of a required product or a supplier not approved by Narwhal's for any such required product, You shall submit to Narwhal's specifications, photographs and other information and samples for examination and testing sufficient for Narwhal's to determine whether the item and its supplier meet Narwhal's specifications, qualifications and standards. Narwhal's will respond to Your request for approval in writing within thirty (30) days after receiving such request and all accompanying materials as required by Narwhal's. Narwhal's specifications and standards for suppliers, as well as Narwhal's criteria for supplier approval are not issued to, or made available to, franchisees. Approval of suppliers requested by franchisees is made on a case by case basis by Narwhal's using its reasonable discretion and based on its business experience and its evaluation of the factors noted above with respect to such proposed supplier (reputation, product quality, price, consistency, reliability, service, financial capability and customer relations). You shall reimburse Narwhal's for the reasonable costs of any such investigation. Approval of suppliers as requested by franchisees is made on a case by case basis by Narwhal's, using its reasonable discretion and based on its business experience. Narwhal's may, from time to time, negotiate purchase arrangements with suppliers on behalf of its franchisees. There are no suppliers of which an officer of Narwhal's owns an interest.

As described in Item 11, You will be required to purchase certain designated point of sale systems to be used in the operation of the Bar. Further, You may be required to purchase Software for use in the operation of Your Bar.

Certain suppliers to Narwhal's franchisees may pay rebates and other consideration to Narwhal's on purchases made by franchisees. These rebates are estimated to range from 0% to 6% of the price paid by the Narwhal's franchisees. These rebates are compensation paid to Narwhal's in consideration for Narwhal's performing various services for such suppliers including, without limitation, (i) promoting such products to the Narwhal's Crafted System, which may include marketing, incentive programs, or other promotional programs in the form and to the extent Narwhal's determines appropriate; (ii) distributing to franchisees those product specifications, brochures or other materials provided by the supplier; (iii) testing such products in pilot programs; and/or (iv) providing training for use of such products for the Narwhal's Crafted System. The extent to which Narwhal's provides the above-named services, if at all provided, shall be determined by Narwhal's based on its determination of the best interest of the franchise system.

As of the date hereof, You are not required to purchase items from Narwhal's in order to establish the Bar or to operate the Bar thereafter. In the event You are so required in the future, with respect to products sold by Narwhal's to You, if any, Narwhal's will earn a profit equal to the amount, if any, by which the sale price exceeds the cost of producing or procuring the item.

Narwhal's shall have no liability to You for any damages caused or alleged to be caused by any Bar supplies, products or other goods or services purchased from or specified by Narwhal's. Narwhal's expressly disclaims any warranty, expressed or implied, as to any Bar supplies, Specialty Beverages, products, or other goods purchased from or specified by Narwhal's, including but not limited to any warranty of merchantability or fitness for a particular purpose.

In determining the standards and specifications to be utilized in the Narwhal's franchise system, Narwhal's has relied on its experience and business judgment, as well as the success of the particular standard or specification in the market. Franchisees and suppliers will be notified of any modifications or alterations to such specifications, as appropriate, as described in this Item 8 or in Item 11.

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		Franchise Agreement	Disclosure Document
a.	Site selection and acquisition/lease	Sections 2.1, 2.2	Item 11
b.	Pre-opening purchases/leases	Sections 6.15, 6.16, 6.17	Items 5. 6. 7 and 8
c.	Site development and other pre-opening requirements	Sections 2.1, 2.2, 3.1, 4.1	Items 6, 7 and 11
d.	Initial and ongoing training	Sections 4.1, 4.2, 4.3, 4.4, 4.5	Item 11
e.	Opening	Section 3.1	Item 11
f.	Fees	Sections 4.2, 4.3, 4.4, 6.4, 8.3, 8.4, 8.6, 9.1, 9.2, 9.7	Items 5 and 6
g.	Compliance with standards and policies/Operating Manual	Sections 2.1, 2.2, 4.3, 4.5, 5.3, 6.2, 6.8, 6.16, 6.19, 7.4	Item 11
h.	Trademarks and proprietary information	Section 12	Items 13 and 14
i.	Restrictions on products/services offered	Sections 6.17, 6.18, 7.8	Item 16

Obligation		Franchise Agreement	Disclosure Document
j.	Warranty and customer service requirements	Not applicable.	Item 11
k.	Territorial development and sales quotas	Section 3	Item 12
l.	Ongoing product/service purchases	Sections 6.17	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 7.4, 10.2	Item 11
n.	Insurance	Section 11	Item 8
o.	Marketing	Section 8	Items 6, 8 and 11
p.	Indemnification	Section 6.9	Item 13
q.	Owner's participation/ management/staffing	Sections 4.1, 4.2, 4.3, 4.4, 4.5	Items 11 and 15
r.	Records and reports	Sections 6.3, 7.9, 7.11	Item 6
s.	Inspections and audits	Section 7.14	Items 6 and 11
t.	Transfer	Section 13	Item 17
u.	Renewal	Section 10.2	Item 17
v.	Post-termination obligations	Sections 16, 17	Item 17
w.	Non-competition covenants	Section 17	Item 17
x.	Dispute resolution	Sections 19.2, 19.4, 19.5	Item 17
y.	Other	Not applicable.	

ITEM 10. FINANCING

Narwhal's does not offer any direct or indirect financing to You.

Narwhal's does not guarantee Your lease, any third-party financing or any other obligation.

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

Except as listed below, Narwhal's is not required to provide You with any assistance.

Pre-Opening Obligations. Before You open Your Bar, Narwhal's will:

1. Designate a geographic area by zip codes or radius for Your Narwhal's Franchise ("Area") (Section 2.1 of Franchise Agreement).

2. Inspect and approve Your site for the Bar (Section 2.1 of Franchise Agreement). Approval of a site includes verifying the lease contains provisions required by Narwhal's. You select Your business site within Your Area subject to Narwhal's approval. As described in Section 2.1 of the Franchise Agreement, You must submit a Site Selection Kit to Narwhal's when seeking approval for a site. Narwhal's will approve or disapprove a site within 30 days after receiving a complete Site Selection Kit. If Narwhal's disapproves a proposed site, You will not be allowed to use that site and must submit a Site Selection Kit for an alternate site. You must have a site for the Bar identified and approved by Narwhal's within 120 days of signing Your Franchise Agreement. Your site must meet the minimum standards for a location as specified in the Narwhal's Crafted Confidential Operations Manual, as same may be amended from time to time. The location for a Franchise within a city should be an easily accessible and visible space in a high-density area with good foot traffic in a nightlife and/or dining heavy district or near a university. Although patrons of a Narwhal's Crafted Bar tend to come from many different demographics, the majority tend to be younger adults so it is preferable to be located close to where young adults work, live, socialize and entertain. In approving a site, Narwhal's takes into account demographics, viability of site (visibility, traffic counts, size of site, lease rate), competition, potential for growth and marketing expense. In the event that You have not obtained Narwhal's approval for a site within 120 days of signing Your Franchise Agreement, Narwhal's may terminate the Franchise Agreement.

3. Provide initial training for You as described below (Section 4.1 of Franchise Agreement).

4. Narwhal's may, but is not obligated to, establish a management and Bar staff certification process for franchisees that will enable Narwhal's to certify employees of franchisees for various positions (Section 4.4 of Franchise Agreement).

5. Loan You the Narwhal's Crafted Confidential Operations Manual electronically via a secure intranet connection (Section 5.3 of Franchise Agreement).

6. Provide You with Forms to assist You in record keeping of the operation of Your franchise (Section 5.4 of Franchise Agreement).

7. Provide You with such assistance and advice as Narwhal's determines in its reasonable discretion is appropriate regarding Bar specifications, marketing, advertising, management, operations, Bar layout, marketing and the installation of the equipment, furniture and fixtures necessary for the operation of a Bar and the initial operations of the Franchise. Narwhal's obligations under this section may differ if You are opening Your second or subsequent Narwhal's Bar (Section 5.2 of Franchise Agreement).

8. Provide specifications for the layout design, equipment, signage, light fixtures, colors, furniture and such other specifications as Narwhal's deems necessary to be utilized by You in the operation of the Bar (Section 5.1 of Franchise Agreement).

9. Narwhal's may provide You with specifications on what items You must purchase in connection with building out Your Bar. Narwhal's will provide You with an inventory plan for the Bar which describes certain mandatory requirements of products, ingredients, and other items You must carry in Your inventory and various options. You may be required to obtain Narwhal's approval to include products in Your inventory that are not included in the requirements as described by Narwhal's (Section

6.17 of Franchise Agreement).

Ongoing Obligations. After You open Your business, Narwhal's will:

1. Provide at its discretion to You and Your employees refresher courses, update courses and special intensive training courses as Narwhal's deems necessary. (Section 4.2)

2. Provide at its discretion, meetings from time to time for the benefit of franchisees with educational programs, new products and/or such other matters Narwhal's believes is in the best interest of its franchisees. (Section 4.6 of Franchise Agreement)

3. Loan You any updates to the Narwhal's Confidential Operations Manual or provide You with access to view such updates to the Confidential Operations Manual via a secure intranet connection (Section 5.3 of Franchise Agreement).

4. Provide You with a list of required products and approved suppliers (Section 6.17 of Franchise Agreement).

5. Provide and establish on an ongoing basis the standards and specifications for the Franchise (Section 6.16 of Franchise Agreement).

6. Provide such assistance and advice as Narwhal's deems appropriate with regard to marketing, management and operation of the Franchise (Section 4.11 of Franchise Agreement).

7. Approve or disapprove any marketing materials provided by You (Sections 7.2 and 7.3 of Franchise Agreement).

8. Provide suggested retail prices to You which You are not obligated to use, but You must comply with any discounts Narwhal's determines to implement as part of any special national or regional marketing strategy, provided You have elected to participate in such special national or regional marketing strategy developed by Narwhal's. Furthermore, to the extent implemented by Narwhal's in the future as permitted by applicable law, You must comply with any maximum price levels established by Narwhal's for products purchased directly from Narwhal's or any Narwhal's designated suppliers. (Section 7.7 of Franchise Agreement).

9. Administer the System Branding Fund (Section 8.4 of Franchise Agreement) as discussed below.

Narwhal's reserves the right to provide different levels of service to different franchisees in Narwhal's sole discretion and without regard to any particular franchisee's success or lack of success, condition or operational needs. Furthermore, Narwhal's reserves the right in its discretion to provide a different level of service to a franchisee as it relates to that franchisee's purchase of a second (or subsequent number) franchise.

Advertising. Your advertising will be executed through an integrated approach including digital marketing strategies, social media methods, direct mail and other methods developed by Narwhal's or proposed by You and approved by Narwhal's. Most of Your advertising will be local, however, Narwhal's may through the Systems Branding Fund direct a limited amount of regional advertising. Some advertising materials may be prepared in-house by Narwhal's and other materials may be prepared by outside advertising agencies under contract with Narwhal's. You may use Your own advertising material only if it has been approved by Narwhal's. Unless Narwhal's provides written approval of any submitted advertising materials within ten (10) business days after their submission, such materials shall be deemed to be not approved. You may use advertising and marketing materials supplied by Narwhal's or developed by You and which have been approved by Narwhal's. From time to time, Narwhal's may notify You that a particular advertisement or program is mandatory and in such event, You will be required to utilize such advertisement or program. If Narwhal's designates a vendor for such advertising or program, You will be required to utilize such vendor.

You shall comply with all marketing and advertising policies specified in the Narwhal's Crafted Confidential Operations Manual, including without limitation, Narwhal's social media policy as it currently exists and as it may be amended from time to time. You must maintain legal compliance with all applicable laws regarding the advertising and marketing of Your Bar.

The annual expenses for marketing are set forth in Item 6 above.

As of the date of this Disclosure Document, there are no marketing or advertising cooperatives for Narwhal's in existence and there are is no advertising or marketing council. Your Area may be located within a larger marketing area in which other franchisees of Narwhal's and/or Narwhal's owned Bars are or will also be located. In these cases, Narwhal's may determine that all Narwhal's Crafted franchises sharing the same local marketing area as determined by Narwhal's should participate in market-wide cooperative marketing arrangements. If Narwhal's makes such a determination with respect to Your Area, Your participation will be mandatory. Narwhal's shall have the authority to set the terms of any such cooperative marketing arrangements, and to make changes to those arrangements from time to time as Narwhal's deems necessary, and You agree to participate in any such cooperative marketing arrangements as directed by Narwhal's, although Narwhal's agrees to permit the activities of the cooperative to be controlled locally in accordance with guidelines described in the Narwhal's Crafted Confidential Operations Manual. If the majority of franchisees in any such cooperative or other regional marketing group agree on a particular marketing piece or strategy, all franchisees within such area must participate and failure to do so shall constitute a default under the Franchise Agreement. In addition, if 60% or more of the franchisees in any such cooperative or other regional group agree to raise (but cannot lower) the minimum local marketing expenditures, all franchisees in such area must comply with the increased expenditure requirement and failure to do so shall constitute a default under the Franchise Agreement. If any cooperative marketing arrangement designated by Narwhal's covers an area in which one or more Narwhal's-owned Bars are located, Narwhal's-owned Bars will participate in the cooperative arrangement on the same basis as franchised stores located in the affected market area.

You are required to contribute to the Narwhal's System Branding Fund (the "Fund") which Narwhal's will administer on behalf of all franchisees (See Item 6). During Your initial franchise agreement term, the required monthly contributions will be two percent (2%) of Gross Sales. The Fund will be maintained and administered by Narwhal's or its designee and Narwhal's will oversee all marketing and promotional programs and public relations with the sole discretion to approve or disapprove the concepts, materials and media used in such programs and the placement and allocation of these programs. In administering the Fund, Narwhal's will not act in a fiduciary capacity for You, and Narwhal's makes no promises to make expenditures out of the Fund which are equivalent or proportional to Your contribution to the Fund or to ensure that all franchisees benefit equally or pro rata from the marketing and promotion conducted by the Fund. You agree that the Fund could be used to cover the costs of advertising, marketing and promotional activities, including, without limitation, direct mail campaigns, advertising by radio, television, magazine and newspapers, marketing surveys, website development and maintenance, website advertising, social media advertising, applications development, billboard marketing, advertising and participation in trade shows, public relations activities, employing advertising agencies, market research, production of advertising material, media planning and placement, marketing personnel and any other costs associated with the development, marketing and testing of advertising and marketing and the purchasing of advertising time, space or materials in national, regional or other advertising media. The money contributed to the Fund will be maintained in a separate account from Narwhal's other monies and shall not be used to cover any of Narwhal's expenses, except for reasonable administrative costs (including salaries of marketing staff and those involved with marketing) and out of pocket costs of managing and administering the Fund. The Fund will be authorized to collect rebates from suppliers. To the extent that contributions to and earnings of the Fund during any year are not fully used, the excess shall be carried forward and used for Fund activities the following year. Narwhal's reserves the right to operate the Fund out of a separate entity. Contributions to the Fund will be due every Tuesday on a weekly basis for the immediately preceding week to which such fees relate and will be required to be made by electronic funds transfer or as otherwise designated by Narwhal's. The operation of the Fund is subject to change as provided in the Narwhal's Crafted Confidential Operations Manual from time to time. Each year Narwhal's will have an internal accounting of the Fund prepared, and upon the written request of franchisee (and provided that franchisee is in good standing), Narwhal's will provide such franchisee with a copy of the most recently completed accounting of the Fund. No dollars in the Fund would be used to solicit new franchisees.

Separate from and in addition to any required contribution to the Fund, You are required to spend a minimum of $3,000 on Your Grand Opening Campaign and thereafter Your annual marketing expenses will be no less than the greater of (i) $12,000 or (ii) two percent (2%) of Your Gross Sales per calendar year. The Grand Opening Campaign expenses do not count toward the foregoing requirement in the first year of operation.

Additional details concerning advertising are in Items 6, 8, 9 and 18.

Internet Policy. You must comply with Narwhal's internet/social media policy as it currently exists and as it may be amended from time to time. The current policy will be provided to You in the Narwhal's Crafted Confidential Operations Manual. This policy may include without limitation, procedures to be followed by You in requesting approval for a webpage, website, social media page, web video page, app, blog, or content thereon, as well as restrictions on content, linking, framing, metatags and other topics. You must agree that if Narwhal's incurs costs in reviewing, approving or monitoring Your requested material for approval for use in a webpage, website, social media or otherwise for the Internet or World Wide Web, You will reimburse Narwhal's for these costs.

Software. Narwhal's may designate certain software to be used by You in the operation of the Franchise. Any such software is referred to as the "Software." The Software will be designated in the Narwhal's Crafted Confidential Operations Manual. You must install and utilize the Software in the operation of the Franchise. You shall obtain the required hardware and specifications necessary to operate the Software. You shall be responsible for updating the Software as directed by Narwhal's or the licensor of the Software. Narwhal's disclaims any warranty, express or implied, as to the Software including but not limited to any warranty of merchantability or fitness for a particular purpose. You must further agree to license and use any additional software that Narwhal's provides or directs You to obtain in the future in connection with the operation of the franchise for the then current fee, if any. Such fees may include a component for installation, conversion, training, maintenance and licensing. You must agree to procure any additional hardware necessary to operate any such additional software.

If requested by Narwhal's, You must enter into a support agreement with the designated support provider as specified in the Narwhals' Crafted Confidential Operations Manual. If Narwhal's provides on-site assistance to You, all travel, food and lodging expenses incurred by Narwhal's or Narwhal's designated vendor shall be paid by You.

You will be required to purchase certain Narwhal's designated point of sale systems that You will be required to use in the operation of the Bar.

Without in any way minimizing Your obligations to provide requested information in a timely manner in the required format as provided in this Agreement, You must agree to grant Narwhal's remote access via internet, third party connection or otherwise to Your point of sale computer system and the data contained therein for Narwhal's to review and download (but not alter) real time information that You are required to submit to Narwhal's under the Franchise Agreement and You shall dedicate the necessary equipment and services in order to allow 24 hour access by Narwhal's to such data. Further, for quality inspections, as permitted by law, You agrees to grant Narwhal's remote access to a camera feed(s) of its Bar operations as specified in the Operations Manual from time to time.

Narwhal's estimates the costs for Your Software license and training fees to be $375 per month and the costs for computer hardware and installation to be $6,000. These figures are estimates only, and Your costs for the Software and the determination as to what computer hardware will be necessary to operate the Software will depend on what existing technology You currently own.

<u>Manuals</u>. Narwhal's shall provide to You manuals for equipment, supplies, sales, services, marketing, operations, standards and other matters related to the Narwhal's Bar. (Section 5.3 of Franchise Agreement). Following is a copy of the current table of contents of our current 150-page Operating Manual which shows the approximate number of pages devoted to each subject:

Table of Contents to Operating Manual*	**Number of Pages**
The Narwhal's Story	3
Location	6
Building Your Bar	4
Labor	12
Operations	10
Marketing	5
Administration	10
Equipment List	9
Smallwares List	11
Furniture	5
Computers and Software	2
Construction/Pre-Opening Timeline	6
New Hire Paperwork	12
Employee Handbook	28
Training Checklist	2

Order Guide	10
Operations Checklist	15
Product Information (provided electronically)	0

The Operating Manual is revised from time to time. Page counts may be affected as individual sections are revised.

You must operate the Franchise in accordance with the standards, methods, practices, policies and procedures specified in the Manuals. You must treat the Manuals as confidential. You shall not copy the Manuals or otherwise make them available to an unauthorized person. You agree to update the Manual as necessary upon receipt of any modification or changes to the Manuals from Narwhal's and to maintain the Confidential Operations Manual in a neat, organized and current condition. You must keep the Confidential Operations Manual in a secure place and limit access to the Confidential Operations Manual to only employees that need to know the information in the Confidential Operations Manual in order to fulfill their employment obligations.

The Narwhal's Crafted Confidential Operations Manual consists of many different components which are made available to franchisees electronically. Narwhals' may update the Narwhal's Crafted Confidential Operations Manuals from time to time by making changes to the Narwhal's Crafted Confidential Operations Manual and providing such changes to franchisees via email or by forwarding hard copies of such updates to You. You are required at all times to procure and maintain access to the internet at a high speed connection in compliance with the Narwhal's Crafted Confidential Operations Manual.

Opening. Narwhal's expects that the typical length of time between the earlier of (a) the signing of the Franchise Agreement by You or (b) the first payment of any consideration for the Franchise, and the opening of Your business is between nine and twelve months. The length of time can be affected by Your ability to obtain a suitable site, a lease thereon, financing and building permits, weather conditions, shortages of materials, construction delays and other factors. Under Section 3.1 of the Franchise Agreement, You are required to procure an approved site within 120 days after the Franchise Agreement is signed, sign a lease within 30 days thereafter and open for business within 120 days thereafter. If You fail to meet any of the time deadlines included in the preceding sentence, Narwhal's may terminate the Franchise Agreement on written notice to You**.** Section 2.1 of the Franchise Agreement provides the process for seeking approval from Narwhal's as to a potential site. You must submit a Site Selection Kit (as defined in Section 2.1 of the Franchise Agreement) to Narwhal's when seeking approval of a site and Narwhal's has thirty days to either approve or disapprove of the proposed site. Narwhal's has determined based on its experience in running the Narwhal's System that one of the biggest challenges for a new franchisee is finding a suitable, approved location within the required time frames specified above. Narwhal's strongly encourages new franchisees to promptly and diligently pursue finding a suitable, approved location for its Bar.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Narwhal's Business Concept & Philosophy	4	0	St. Louis
Bar Standards and Specifications	4	8	St. Louis
Staffing a Bar	4	0	St. Louis
Standard Operations & Policy Procedures of Bar	8	16	St. Louis
Marketing Programs and Policies	3	0	St. Louis
Software Operating System (including Toast Point of Sale System) Procedures	0	4	St. Louis
Products, Recipes and Making Specialty Beverages	0	16	St. Louis
Best Practices	4	4	St. Louis
T.I.P.S. Training	1	0	St. Louis
Serve Safe Certification	4	0	St. Louis

Training will be offered at such times and at such locations as Narwhal's may determine from time to time. Presently, our initial training program consists of up to a 10 day program at one of Narwhal's company owned Bars in St. Louis. There will be a classroom component of 32 hours and up to 48 hours of on the job training at an operating Bar. Initial training covers most aspects of the operation of a Bar. Narwhal's reserves the right to modify, expand, or contract the number of days and the subject matter of its initial training program. Initial training programs will include, among other things, Bar set up, opening/closing procedures, machinery operation and cleaning, sales and customer service, back-of-house procedures, marketing, leadership, reporting, use of the Software, and must be successfully completed to Narwhal's satisfaction.

Narwhal's will schedule Your initial training after you secure the Site for Your Bar.

Narwhal's has over 5 years of experience in training persons to operate a Bar. The Narwhal's training program is administered by Brad Merten and Brandon Holzhueter and is supported by personnel from various departments in Narwhal's operations. These professionals have been providing training since 2016. The minimum experience of any of these professionals with Narwhal's is 2 year in their specific area of expertise. Narwhal's training program is currently managed by Brad Merten, CEO of Narwhal's. Mr. Merten has been in charge of Narwhal's training programs since 2016.

Narwhal's will provide the required initial training free of charge for up to two of Your employees, one of which must be You, the franchisee (if an individual) or its Principal, and one must be Your General Manager. If a Principal is Your General Manager, then only that one person is required to attend initial training but You are allowed to send another person at no charge. You will be responsible for all expenses incurred by Your employees being trained including the cost of transportation, lodging, meals, and wages. You will also be responsible for the cost of additional training for such of those persons who do not successfully complete the initial training. Initial training is designed to provide sufficient operational knowledge for Your management level employees and to allow those persons to train Your other employees.

Narwhal's may periodically offer refresher courses, update courses and special intensive training courses as Narwhal's deems necessary upon such terms and conditions as Narwhal's may impose including but not limited to charging a fee for such training. Narwhal's will designate certain courses as optional and certain courses as mandatory. You agree to attend and to cause Your General Manager and such additional persons as required by Narwhal's to attend and successfully complete all mandatory training courses but not in excess of 2 mandatory courses each calendar year, provided that the cost of such mandatory training courses (excluding incidental costs of travel, lodging, meals, etc.) shall not exceed $2,000 per calendar year.

Narwhal's reserves the right to require Your employees to attend additional training courses and refresher courses in the future. Required training must be successfully completed at least sixty (60) days before the Bar opens. Your General Manager may not operate a Bar until such person passes all training required by Narwhal's and receives the required certification(s) from Narwhal's. You may not open the Bar for business until a Principal (individual owner) and Your General Manager pass all required training and receive the required certifications(s) from Narwhal's (Section 4.1 of the Franchise Agreement). Each General Manager will be required to complete an additional part of the training program to become certified to teach and train Your other non-managerial employees for working in the Bar. You will be required to train Your non-managerial employees. You agree that such certification process is an ongoing process and Narwhal's reserves the right to re-certify Your General Manager on an annual or other periodic basis which may require Your General Manager to attend and successfully complete additional training as deemed necessary by Narwhal's to ensure that Your General Manager remains current on new technology for the System, if any, new standards for the System and any changes to the System as developed by Narwhal's from time to time. Any new or replacement General Manager must successfully complete the initial training course within thirty (30) days of assuming the position. Each Bar requires a full time General Manager. If You own more than one Bar, unless otherwise agreed in writing by Narwhal's, one General Manager may not manage more than one Bar.

In addition, if Your Bar is underperforming, Narwhal's may, but is not obligated to, offer You special, intensive training to help You increase Your performance. If offered, this special training course would be mandatory and at Your sole cost but would not count as one of the two (2) mandatory courses listed above nor would the cost of this special training course count towards satisfaction of the $2,000 limit specified above. The preceding two sentences shall not constitute an obligation of Narwhal's to offer any such additional intensive training if Your Bar is underperforming. Any such additional intensive training will be offered at Narwhal's sole discretion and may be offered to some franchisees and not others based on the particular circumstances of any given situation.

In addition to required training, Narwhal's may (but under no obligation to do so) offer optional training. Narwhal's may in its discretion modify the optional training programs offered, if any, from time to time. If offered, Narwhal's will designate the training fee which must be paid for You to access such optional training program(s). The fees payable for such optional training will count toward the annual cap on training set forth in Item 6 above.

As a continuing training requirement, You and Your General Manager must attend each Narwhal's meeting (but no more than two in any one calendar year) during the term of the Franchise Agreement. Additional training may be required prior to the beginning of any renewal term of the Franchise Agreement.

Subject to the availability of Narwhal's resources and staff, Narwhal's may in its discretion perform periodic on-site quality reviews of the operation of Your Bar. Such review may include an analysis of Your operation through a mystery shopper service, the cost of which shall be borne by You. If Your Quality Review score is substandard as defined in the Confidential Operations Manual, You shall pay for the costs incurred by Narwhal's in conducting such quality reviews, including travel, lodging, food and any other costs. You will cooperate with Narwhal's and grant access to Your Narwhal's Bar and its personnel as necessary. Narwhal's will provide You with a report on such review. Narwhal's reserves the right to expand, modify or discontinue such quality reviews as reflected in changes to the Narwhal's Confidential Operations Manual from time to time.

Narwhal's reserves the right to provide different levels of service to different franchisees based on various factors, including franchisee's level of experience within the Narwhal's System.

ITEM 12. TERRITORY

As described below, You will be assigned a protected Area in which You are granted the right to operate the Narwhal's Franchise. The Area is defined on Exhibit I to the Franchise Agreement and will be delineated by zip codes or distance from your approved site measured in terms of a radius. Subject to the rights reserved by Narwhal's in the Franchise Agreement and as described below, and subject to other competition You may face from time to time as described below, Your rights to the Area will be exclusive. Your Bar must be located within the Area at a location that must be approved by Narwhal's. Relocation of Your Bar within the Area requires the approval of Narwhal's, and approval of Your relocation will be based on the same or similar types of conditions on which all new franchisees are evaluated during the application process.

Subject to certain rights that Narwhal's reserves in the Franchise Agreement as described below, no other Narwhal's Crafted Bar will be located within the Area during the term of Your Franchise Agreement. Narwhal's is not obligated to monitor that no other franchisee conducts operations within Your Area.

Narwhal's reserves the right, regardless of proximity to, or competitive impact on, the Franchise, (i) to open and operate Narwhal's-owned Narwhal's Crafted Bars or grant to other franchisees the right to establish and operate Narwhal's Crafted Bars anywhere outside the Area; (ii) to develop, market and sell any product or service or own or operate any other business (which may be a similar business) under any trademark, service mark or trade name belonging to Narwhal's, or to which Narwhal's has rights, which may be similar to or the same as the Marks, outside the Area through one or more distribution channels including without limitation, distributors, franchisees, dealers, e-commerce through the Internet, retail outlets, and catalog or mail-order business; (iii) to develop, market and sell any product or service or own or operate any other business, (which may be a similar business) under any trademark, service mark or trade name belonging to Narwhal's, or to which Narwhal's has rights, other than the Marks, inside the Area through one or more distribution channels including without limitation, distributors, dealers, franchisees, e-commerce through the Internet, retail outlets, and catalog or mail-order business; and (iv) to sell Specialty Beverages using any trademark, service mark or tradename belonging to Narwhal's, or of which Narwhal's has rights therein, which may be similar to or the same as the Marks, direct to home consumers by mail, over the Internet, through mail order catalog or via social media or other platform, and that such sales may occur within the Area and for which Narwhal's shall not be obligated to pay You any compensation. You do not receive options, rights of first refusal or any similar rights to acquire additional franchises within the Area or in areas contiguous to, adjacent to, or otherwise near the Area or elsewhere.

In addition to the foregoing, You acknowledge that Narwhal's Affiliates, as they exist as of the date hereof and as they may hereafter exist, may own, operate, establish, license or franchise businesses within the Area or in close proximity to the Area (either presently or in the future) that sell alcoholic beverages or other products offered by a Narwhal's Crafted Bar under a different tradename than the tradename used in the Narwhal's Crafted System and may compete with the Franchise. You further acknowledge that (i) Narwhal's and/or Narwhal's Affiliates may continue to develop and acquire bar and restaurant concepts within the Area, and (ii) Narwhal's and other franchisees and/or Narwhal's Affiliates may now or in the future engage in other bar or restaurant businesses in the Area. Narwhal's reserves the right to make changes, improvements, deletions and/or additions to the Narwhal's Crafted System, including without limitation, to the Specialty Beverages authorized under the Narwhal's Crafted System (including for example, food) at any time without incurring any liability to You.

Except when marketing jointly with other franchisees with Narwhal's approval, You cannot market or solicit orders within another franchisee's Area. You cannot engage in e-commerce over the internet except as expressly permitted by Narwhal's in advance and in writing. You can accept an order from outside Your Area. Narwhal's and other franchisees can accept an order from within Your Area without special payment.

National Accounts. You do not have the authority to establish any national account or corporate account customers on behalf of the System, and You shall not attempt to establish any such national or corporate accounts on behalf of the System.

ITEM 13. TRADEMARKS

Narwhal's will grant to You a non-exclusive license to use certain of Narwhal's trademarks ("Marks") including the following trademarks listed below in connection with the operation of the Franchise.

The following trademarks have been registered with the United States Patent and Trademark Office ("USPTO") on the principal register:

	Trademark	Registration Date	Registration Number
1.	Narwhal's Crafted Urban Ice	9/19/2017	5291998
2	Narwhal's Design Mark (Whale Design)	6/6/2017	5219536

These registrations are due for Declarations of Continued Use and Incontestability in 2022 or after. Narwhal's has filed, and expects to continue to file, Affidavits, Declarations of Continued Use and Incontestability and Renewal Applications with respect to the above marks at the times said filings are due.

The following trademarks have been applied for registration with the USPTO on the principal register:

	Trademark	Application Date	Serial Number
1.	Narwhal's Crafted	7/22/2020	90067226
2.	Narwhal's Crafted and Design	12/15/2020	90384440

On February 11, 2022, 26H received a Notice of Acceptance of Statement of Use from the USPTO for the Narwhal's Crafted mark listed above (#90067226) in which the USPTO indicated the mark will be registered and the registration certificate will issue in due course barring any extraordinary circumstances. This comprises the entire word portion of the mark. The other part, the *whale design*, has been registered for several years (see #5219536 above). On October 18, 2021, 26H received a Final Office Action from the USPTO refusing to register the Narwhal's Crafted and Design mark listed above (#90384440) because of a likelihood of confusion with a *Narwhal's* mark registration #5739765 for ice cream parlors and ice cream shop services in the nature of a restaurant. 26H is in in the process of trying to overcome such Final Office Action especially in light of the USPTO's action on February 11, 2022 for the #90067226 mark (which was issued by a different examiner). While Narwhal's is confident 26H will eventually procure such registration, there is no guaranty that 26H will be successful in its efforts.

Except as noted above, Narwhal's is unaware of any superior rights to the above trademarks known by Narwhal's which could materially affect the use of the same by a franchisee in any State in which a franchisee's Narwhal's Crafted Bar is to be located. These trademarks are not known by Narwhal's to be registered in any State in which the Narwhal's Crafted Bars are to be located. Except as noted above, there are no presently effective determinations of the USPTO, the trademarks administrator of any state or any court, any pending opposition, cancellation, proceeding or any pending material litigation involving Narwhal's use or attempts to register the trademark, service mark, or tradename which are relevant to Your use of the marks. Narwhal's is not aware of any pending litigation involving the Marks.

There are no agreements currently in effect which significantly limit the right of Narwhal's to use or license the use of its trademarks, service marks and tradenames.

You must maintain the quality standards specified by Narwhal's in order to continue to use the Marks. Narwhal's licenses the right to use the Marks from 26H. You may not use any trademarks, service marks or tradenames without the written consent of Narwhal's and any such use of such trademarks, service marks or tradenames shall be for the benefit of Narwhal's and all ownership of such trademarks, service marks or tradenames shall be by Narwhal's. You must follow Narwhal's rules when You use these trademarks, service marks and trade names, which rules may be changed from time to time by Narwhal's. You cannot use a trademark as part of Your corporate or entity name without Narwhal's written permission. You cannot use a trademark that is confusingly similar to the Marks. You must modify or discontinue use of a trademark if Narwhal's modifies or discontinues use of that mark. Your right to use the Marks does not permit You to license, re-license or sublicense the Marks, or any of them, or any mark that is confusingly similar to them. Through the use of the Marks or otherwise, You cannot directly or indirectly state or imply Your business is owned or operated by Narwhal's. The protection of Narwhal's Marks and image is critically important to the success of the System. Accordingly, You shall not create a home page for Your Bar on the internet or world wide web or other computer network without Narwhal's prior written approval. You may not use any Mark on the internet or world wide web or in a domain name or email address without Narwhal's prior written consent. You shall not authorize any other person to use any Mark on the internet or world wide web or in a domain name or email address or otherwise market, advertise or promote the Bar without Narwhal's prior written consent.

Upon termination or expiration of the Franchise Agreement for any reason, You will immediately discontinue the use of Narwhal's trademarks, service marks and tradenames and shall promptly dispose of, or at the option of Narwhal's deliver to Narwhal's, all materials including stationery, printed matter, signs and advertising materials containing trademark, service marks or tradenames as directed by Narwhal's. Upon the termination and/or expiration of the Franchise Agreement, You agree that Your interest in all signage and all other items bearing a trademark, service mark or tradename of Narwhal's is hereby assigned to Narwhal's.

Narwhal's has the sole right to assert claims of infringement of the Marks against any person or entity that uses the Marks without Narwhal's permission or authority. You must notify Narwhal's immediately of any infringement or improper or unauthorized use of the Marks if and when You become aware of it, and Narwhal's may request Your cooperation and assistance in prosecuting such infringement(s).

Narwhal's shall defend and hold You harmless from and against any and all claims of trademark, service mark or tradename infringement from Your use of Marks licensed to You under the Franchise Agreement, provided that You use the Marks as directed by Narwhal's, You promptly give written notice to Narwhal's of any such claim or suit and upon request, cooperate and assist Narwhal's in such defense. Narwhal's shall have the sole and complete control and direction of any such legal action, including the settlement of any such legal action, without providing any notice to You, and Narwhal's shall bear all costs of defense of any such claim or suit.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the Franchise. Narwhal's does claim ownership of and all copyrights for all Manuals, Menus, customized software, if any, and other written materials originating with Narwhal's. Your right to use such materials is governed by the Franchise Agreement.

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

Narwhal's requires that You, if the Franchisee is an individual, or one of Your Principals, if the Franchisee is an entity, participate in the daily operation of Your Narwhal's Crafted Bar. The business must be directly supervised "on-premises" by a Principal and at least one full-time General Manager (if a Principal is not the General Manager) who has successfully completed Narwhal's initial training program. The General Manager does not need to be an owner of the business. If You have more than one franchise, each Bar must have its own dedicated General Manager. A Principal and the General Manager are required to participate in any additional training that Narwhal's may require in the future. Based on its experience in running the Narwhal's franchise system, Narwhal's believes that having a qualified, effective General Manager to manage the operations of the Bar is critical to the success of the franchised business. The General Manager and other employees of Your Bar must sign a written agreement to maintain the confidentiality of Narwhal's confidential information. An example of a confidentiality agreement is attached as Exhibit III to the Franchise Agreement. Your key employees must sign a written non-compete agreement to protect Narwhal's trade secrets. An example of a non-compete agreement is attached as Exhibit IV to the Franchise Agreement. If the franchisee is a corporation or other entity, the individuals that own that entity (and their spouses, as applicable) are required to sign a Guaranty in the form of Exhibit V to the Franchise Agreement guaranteeing the entity's obligations to Narwhal's. In addition, the individual owners of an entity franchisee must sign the Addendum to the Franchise Agreement whereby they agree to be bound by the covenants on competition and confidentiality. See Item 17 for additional information.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell Specialty Beverages as may be approved by Narwhal's. You must sell all Specialty Beverages that Narwhal's requires to be sold at a Narwhal's Crafted Bar and nothing else. You may not directly or indirectly sell any products or offer any services not authorized by Narwhal's. You will be required to use interior signs and displays that Narwhal's requires that You have. There is no limit on Narwhal's right to change the types of authorized goods and services including for example, adding food. You may not advertise for or solicit customers from another franchisee's Area, except for participation in marketing programs approved by Narwhal's. Narwhal's must approve all of Your advertising. See also the limitations described in Items 8, 9 and 12. Narwhal's further reserves the right to make changes, improvements, additions and/or deletions to the Narwhal's system, including to the products and services authorized under the Narwhal's System without incurring any liability to You.

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	Franchise Agreement	Summary
a.	Length of the franchise term	Section 10.1	10 years
b.	Renewal or extension of the term	Section 10.2	If You are in good standing You can add two additional terms each 5 years long (10 years max.)
c.	Requirements for You to renew or extend	Section 10.2	Notify, be in compliance with franchise agreement, timely sign new agreement the terms of which may differ materially from the agreement originally signed by You, complete training, pay fee and expenses, remodel and/or reequip, sign release and attain satisfactory quality review scores.
d.	Termination by You	Section 15.1	No right to terminate.
e.	Termination by Narwhal's without cause	None	No right to terminate without cause.
f.	Termination by Narwhal's with cause	Section 14	Narwhal's can terminate only if You default.

	Provision	Franchise Agreement	Summary
g.	"Cause" defined – curable defaults	Section 14.2	You have 10 days to cure monetary defaults and 30 days to cure any non-monetary defaults except for defaults listed in Section 14.4 of the Franchise Agreement.
h.	"Cause" defined – non-curable defaults	Section 14.4	Non-curable defaults: termination of real estate lease, on 2 or more occasions under reports Gross Sales by more than 2% or any one time by more than 5%, threat to public, breach of non-compete, no insurance, conviction of felony, premises closed for 3 or more consecutive days, bankruptcy, unapproved transfers, misuse of trademark, any false or misleading statement on franchise application, unauthorized use of the Marks or disclosure of Confidential Information.
i.	Your obligations on termination/non-renewal	Section 16.1	Obligations include complete de-identification and payment of amounts due, delivery of premises to Narwhal's if Narwhal's requests, delivery to Narwhal's of confidential information including customer lists, supplier list, purchase information and software and any materials with trademark, cease use of Marks, assign phone numbers (also see r, below).
j.	Assignment of contract by Narwhal's	Section 13.5	No restriction on Narwhal's right to assign.
k.	"Transfer" by You -- definition	Sections 13.1B, 13.2	Includes transfer of contract or ownership change, pledge and death.
l.	Narwhal's approval of transfer by You	Section 1.1C	Narwhal's has the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for Narwhal's approval of transfer	Section 13.1C	New franchisee qualifies, transfer fee paid, new franchisee assumes lease, You pay all moneys due to Narwhal's, release signed by You, current franchise agreement and related documents signed by new franchisee, operation of franchise not in default, transferee completes training, approval of material terms, waiver of exercise of right of first refusal, transferee to remodel / reequip (also see r, below).
n.	Narwhal's right of first refusal to acquire Your business	Section 13.1E	Narwhal's can match any offer for Your business.
o.	Narwhal's option to purchase Your business	None	N/A

	Provision	Franchise Agreement	Summary
p.	Your death or disability	Section 13.1F	Franchise must be sold by estate within 6 months, in compliance with the provisions of the franchise agreement.
q.	Non-competition covenants during the term of the franchise	Section 17.1	No involvement in competing business within 25 mile radius of any current or prior Narwhal's Bar, no solicitation of customers, no association with a competing franchise system, manufacturer of Specialty Beverages.
r.	Non-competition covenants after the franchise is terminated or expires	Section 17.1	No involvement in competing business for 24 months within 25 mile radius of any current or prior Narwhal's Bar (including after assignment), no solicitation of customers.
s.	Modification of the agreement	Section 19.10	Modifications must be signed by both parties.
t.	Integration/merger clause	Section 19.10	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	None	
v.	Choice of forum	Section 19.2	Litigation must be in state or federal court in St. Louis County, Missouri (see Addendum to Franchise Agreement, if applicable).
w.	Choice of law	Section 19.2	Missouri law applies

ITEM 18. PUBLIC FIGURES

Narwhal's does not currently plan to use any public figure or spokesperson to promote its franchise or the business of the franchisees.

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 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.

The Narwhal's Actual Sales Table is shown below. The Narwhal's Actual Sales Table presents the actual Gross Sales for the two existing Narwhal's Affiliate owned Bars for each time period shown. As of the date hereof, there are two company owned Bars (owned by Affiliates of Narwhal's-see Item 1 above) and no franchises operating. The Narwhal's Actual Sales Table sets forth in tabular form the Gross Sales for the two existing Narwhal's company owned Bars for the calendar years indicated. For purposes of the table below, "Gross Sales" is as defined in the Franchise Agreement, which means it includes the total sum of all amounts invoiced or otherwise charged by You for all goods and services sold by You, and the value of all goods and merchandise received by You in trade for services or goods and merchandise sold by You but not reflected in the amounts invoiced or charged by You.

The characteristics of the Bars used in the Financial Performance Representation below do not materially differ from the characteristics of a Bar of a new franchisee.

Written substantiation of the data used in preparing the following table will be made available to any prospective franchisee upon reasonable request.

NARWHAL'S ACTUAL SALES TABLE

	FY 2021 (12 Months)	**FY 2020 (12 Months)**	**FY 2019 (12 Months)**
TOTAL SALES OF NARWHAL'S BARS	$3,398,595	$2,488,248*	$1,645,876
NUMBER OF NARWHAL'S BARS	2	2	2*
AVERAGE ANNUAL SALES FOR NARWHAL'S BARS	$1,699,297	$1,244,124	$1,298,166
MEDIAN SALES FOR NARWHAL'S BARS	$1,699,297	$1,244,124	$1,298,166

*One Bar opened mid-July, 2019 so for 2019 had only 5.5 months of operation.

Some Bars have sold these amounts. Your individual results may differ. There is no assurance that You will sell as much.

FY = Narwhal's Fiscal Year-which is the calendar year.

Explanatory Information:

TOTAL SALES OF NARWHAL'S BARS – shall mean the total Gross Sales of all Narwhal's Bars during the time period shown.

NUMBER OF NARWHAL'S BARS– shall mean the total number of Narwhal's Bars which were open as of the end of the time period shown.

AVERAGE ANNUAL SALES FOR NARWHAL'S BARS – shall mean the average Gross Sales for all Narwhal's Bars for the relevant time period. The amount shown was calculated by dividing the total Gross Sales for Narwhal's Bars for the relevant time period by the total number of Narwhal's Bars for the same period. For the FY2019 calculation only, the Total Gross Sales for the Bar opened in July, 2019 was extrapolated for the 12 months to come up with an annualized sales number. That extrapolated number was then used in the calculation of the FY2019 Average Annual Sales number and FY2019 Median Sales Number. For FYE 2019 the high was $905,918 and the low was $739,958 (open for only 5.5 months); for FYE 2020 the high was $1,272,583 and the low was $1,215,665; and for FYE 2021 the high was $1,844,603 and the low was $1,553,902.

Other than the preceding financial performance representation, Narwhal's does not make any financial performance representations. Narwhal's also does not authorize its employees or representatives to make any such representations either orally or in writing. If You are purchasing an existing Bar, however, Narwhal's may provide You with the actual records of that Bar. If you receive any other financial performance information or projections of Your future income, You should report it to Narwhal's management by contacting Mr. Brandon Holzhueter, 101 W. Argonne Dr., Suite #65, St. Louis, Missouri 63122, (636)346-7038, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. BARS AND FRANCHISEE INFORMATION

Systemwide Bars Summary for Years 2019 to 2021 (Table 1)

Bar Type	Year	Bars at Start of Year	Bars at End of Year	Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company-Owned	2019	1	1	0
	2020	1	2	1
	2021	2	2	0
Total Outlets	2019	1	1	0
	2020	1	2	1
	2021	2	2	0

Narwhal's commenced selling Narwhal's Crafted Franchises in 2020.
"Company-Owned" Bars include Bars owned by Narwhal's, as well as Bars owned by affiliates of Narwhal's.

Transfers of Bars from Franchisees to New Owners (other than the Franchisor) For Years 2019 to 2021 (Table 2)

State	Year	Number of Transfers
None	2019	0
	2020	0
	2021	0

Narwhal's commenced selling Narwhal's Crafted franchises in 2020.

Status of Franchised Bars
For Years 2019 to 2021 (Table 3)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Total	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

Narwhal's commenced selling Narwhal's Crafted franchises in 2020.

Status of Company Owned Bars
For Years 2019 to 2021 (Table 4)

State	Year	Bars at Start of Year	Bars Opened	Bars Reacquired from Franchisees	Bars Closed	Bars Sold to Franchisees	Bars at End of Year
Missouri	2019	1	0	0	0	0	1
	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2
Totals	2019	1	0	0	0	0	1
	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2

"Company-Owned" Bars include Bars owned by Narwhal's, as well as Bars owned by affiliates of Narwhal's.

Projected Openings as of March 8, 2022 (Table 5)

State	Franchise Agreements Signed But Bar Not Opened	Projected New Franchised Bars in Next Fiscal Year	Projected New Company-Owned Bars in Next Fiscal Year
Arizona	0	1	0
California	0	1	0
Florida	0	1	0
Illinois	0	1	0
Texas	0	1	0
Total	0	5	0

Projections are for the time period from the date of this FDD through end of 2022.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit B are the following financial statements regarding Narwhal's:

Audited Balance Sheet as of December 31, 2021 for Narwhal's Franchising, LLC
Reviewed Balance Sheet as of January 31, 2021 for Narwhal's Franchising, LLC

ITEM 22. CONTRACTS

Attached as Exhibit C is the standard Narwhal's Franchise Agreement and attached to it are Exhibits:

I. Description of Area
II. Form of Lease Rider
III. Form of Confidentiality Agreement
IV. Form of Non-Compete Agreement
V. Unconditional Guaranty

ITEM 23. RECEIPTS

Attached as the final page of this Franchise Disclosure Document is a detachable Acknowledgment of Receipt to be signed by You and returned to Narwhal's at the address shown therein.

NOTICE: ATTACHED AS EXHIBIT E ARE THE STATE ADDENDA WHICH CONTAIN ALL INFORMATION THAT IS REQUIRED TO BE DISCLOSED BY STATE FRANCHISE REGULATORY AUTHORITIES, WHICH IS IN ADDITION TO THE INFORMATION REQUIRED TO BE DISCLOSED GENERALLY BY STATE FRANCHISE REGULATORY AUTHORITIES, OR WHICH MODIFIES THE TERMS OF THE FRANCHISE AGREEMENT. IF THERE IS NOT A STATE ADDENDA FOR YOUR STATE, THEN YOUR STATE DOES NOT REQUIRE ANY SUCH ADDITIONAL DISCLOSURE.

EXHIBIT A

NARWHAL'S CRAFTED

List of Franchisees
as of March 8, 2022

None.

101 S. HANLEY, SUITE 1325
ST. LOUIS, MISSOURI 63105
p: 314.726.0626
f: 314.726.0627

Consent of Independent Auditors

We consent to the use of our Independent Auditors' Report dated March 8, 2022, on the balance sheet of Narwhal's Franchising LLC as of December 31, 2021, and the related note to the balance sheet, in Narwhal's Franchising LLC's Franchise Disclosure Document with an issuance date of March 8, 2022.

We further consent to the use of our Independent Auditors' Report dated March 8, 2022, on the balance sheet of Narwhal's Franchising LLC as of December 31, 2021, and the related note to the balance sheet, in the Company's franchise application filed with the State of California Department of Financial Protection and Innovation.

Maher & Company PC

Certified Public Accountants
St. Louis, Missouri
March 8, 2022

101 S. HANLEY, SUITE 1325
ST. LOUIS, MISSOURI 63105
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INDEPENDENT AUDITORS' REPORT

Member
NARWHAL'S FRANCHISING LLC
Saint Louis, Missouri

Opinion

We have audited the accompanying balance sheet of Narwhal's Franchising LLC and the related note to the balance sheet (collectively, the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of Narwhal's Franchising LLC as of December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Financial Statement section of our report. We are required to be independent of Narwhal's Franchising LLC and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of Narwhal's Franchising LLC to continue as a going concern for a period of one year from the date this financial statement was available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, 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 override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of this financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.

- 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 Narwhal's Franchising LLC internal control. Accordingly, no such opinion is expressed.

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

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

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

Maher & Company PC

Certified Public Accountants
March 8, 2022

Narwhal's Franchising LLC

Balance Sheet
December 31, 2021

Assets		
Current assets		
Cash	$	25,000
Total current assets		25,000
Intangible		9,231
	$	34,231
Liabilities and Member's Equity		
Liabilities	$	-
Member's Equity		34,231
	$	34,231

See note to balance sheet.

Narwhal's Franchising LLC
(A Limited Liability Company)

Note to Balance Sheet
December 31, 2021

Business Narwhal's Franchising LLC (the Company) was established to operate as a franchisor of Narwhal's Crafted locations throughout the United States of America. The Company was organized in August 2020 under the Missouri Limited Liability Company Act and its sole member is 26H Hospitality LLC (26H). Pursuant to the provisions of the member's operating agreement, the Company will continue perpetually unless terminated. As a limited liability company, the member has limited liability for the obligations or debts of the Company. The Company has one class of member's interest. The Company is a disregarded entity for income tax purposes and as such, income taxes associated with the Company's earnings are generally the responsibility of the member.

Use of estimates The preparation of a balance sheet in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Management's estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the financial statement date. Actual results may differ from those estimates.

Intangible As of December 31, 2021, 26H has paid on behalf of the Company $9,231 in connection with the applications for registration of certain trademarks and other Company expenses, such payments constituting capital contributions to the Company. At December 31, 2021, 26H has filed trademark applications that have been accepted by the United States Patent and Trademark Office (the Office) and been assigned to an examiner for review. The trademarks, if approved, will be owned by 26H and will be the subject of a 10-year, automatically renewable license agreement with the Company. It is expected a nominal license fee will be charged to the Company by 26H in addition to the costs of the trademark application process as borne by the Company. The accumulated costs associated with the contemplated licensing arrangement have been capitalized and reported as an intangible asset in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 350 *Intangibles - Goodwill and Other* (Topic 350).

The intangible asset associated with the licensing agreement will be amortized on a straight-line basis commencing with the date of successful trademark registration with the Office and the execution of the contemplated licensing agreement. In the event 26H is unsuccessful in obtaining trademark approval pursuant to one or more of the applications therefor, the costs capitalized associated with the unsuccessful applications will be charged to expense. Costs capitalized associated with the license agreement and related to approved trademark applications will be amortized over the estimated period the license agreement and underlying trademarks are expected to contribute to future cash flows of the Company.

The Company evaluates its intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount thereof may not be recoverable in accordance with Topic 350.

Subsequent events The Company has evaluated all subsequent events as of March 8, 2022, which is the date this balance sheet was available to be issued, but has not evaluated any events after that date.

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Consent of Independent Accountants

We consent to the use of our Independent Accountants' Review Report dated February 25, 2021, on the balance sheet of Narwhal's Franchising LLC as of January 31, 2021, and the related note to the balance sheet, in Narwhal's Franchising LLC's Franchise Disclosure Document with an issuance date of March 8, 2022.

We further consent to the use of our Independent Accountants' Review Report dated February 25, 2021, on the balance sheet of Narwhal's Franchising LLC as of January 31, 2021, and the related note to the balance sheet, in the Company's franchise application filed with the State of California Department of Financial Protection and Innovation.

Maher & Company PC

Certified Public Accountants
St. Louis, Missouri
March 8, 2022

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Independent Accountants' Review Report

Member
Narwhal's Franchising LLC
Saint Louis, Missouri

We have reviewed the accompanying balance sheet of Narwhal's Franchising LLC as of January 31, 2021, and the related note to the balance sheet. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the balance sheet as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Balance Sheet

Management is responsible for the preparation and fair presentation of the balance sheet 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 a balance sheet that is free from material misstatement whether due to fraud or error.

Independent Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis of reporting whether we are aware of any material modifications that should be made to the balance sheet for it to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Independent Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying balance sheet in order for it to be in conformity with accounting principles generally accepted in the United States of America.

Maher & Company PC

Certified Public Accountants
February 25, 2021

Narwhal's Franchising LLC

Balance Sheet
January 31, 2021

Assets		
Current assets		
Cash	$	24,990
	$	24,990
Liabilities and Member's Equity		
Liabilities	$	-
Member's Equity		24,990
	$	24,990

Narwhal's Franchising LLC
(A Limited Liability Company)

Note to Balance Sheet
January 31, 2021
(See Independent Accountant's Review Report)

Business Narwhal's Franchising LLC (the Company) was established to operate as a franchisor of Narwhal's Crafted locations throughout the United States of America. The Company was organized in August 2020 under the Missouri Limited Liability Company Act and its sole member is 26H Hospitality LLC. Pursuant to the provisions of the member's operating agreement, the Company will continue perpetually unless terminated. As a limited liability company, the member has limited personal liability for the obligations or debts of the Company. The Company has one class of member's interest.

Subsequent events The Company has evaluated all subsequent events as of February 25, 2021, which is the date this balance sheet was available to be issued, but has not evaluated any events after that date.

EXHIBIT C

NARWHAL'S CRAFTED™

FRANCHISE AGREEMENT

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LIST OF SCHEDULES & EXHIBITS

NARWHAL'S CRAFTED™
FRANCHISE AGREEMENT

Commencement Date ___________, 202___

Expiration Date ________________, _____

(to be inserted by Franchisor)

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into by and between NARWHAL'S FRANCHISING, LLC , a Missouri limited liability company, with its principal place of business located at 11921 Olive Blvd., St. Louis, Missouri 63141 (the "Franchisor") and

____
(an individual) (a corporation) (a partnership) (a limited liability company) (other) **[circle one]**,

doing business as Narwhal's Crafted of ____________________,
(the "Franchisee"), whose mailing address is:

____.

The premises of this Agreement are as follows:

1. Franchisor has invested a significant amount of resources and effort in developing and refining the Narwhal's Crafted™ System, which may be changed, improved and further developed from time to time by Franchisor (capitalized terms are, unless otherwise provided, defined in Section 18); and

2. Franchisor has developed and owns and may hereafter develop and own, or is licensed to use, the Narwhal's Crafted™ Marks in connection with the name, goods and services of the Narwhal's Crafted™ System; and

3. Franchisor is in the process of establishing a franchise system utilizing the Narwhal's Crafted™ System, and the Narwhal's Crafted™ Marks for selling "Specialty Beverages", as defined herein, and related items and services ("Products"); and

4. Franchisee has fully investigated the Narwhal's Crafted™ System, including performing all necessary due diligence, and after such investigation now desires to obtain from Franchisor the right to operate a Narwhal's Crafted™ Bar upon the terms and conditions set forth hereinafter; and

5. Franchisor desires to grant to Franchisee the right to operate a Narwhal's Crafted® Bar upon the terms and conditions set forth hereinafter.

NOW, THEREFORE, in consideration of the foregoing premises, all of which are incorporated herein, the mutual agreements, covenants and undertakings set forth hereinafter, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisor and Franchisee hereby agree as follows:

1. Grant of Franchise

1.1 Franchise Grant. Franchisor hereby grants to Franchisee, and Franchisee hereby accepts from Franchisor, upon and subject to all the terms and conditions hereinafter set forth (i) the right to operate a Narwhal's Crafted® Bar (the "Franchise") within the Area, and (ii) a non-exclusive license to use in the operation of the Franchise within the Area, and only in the operation of the Franchise within the Area, but not to license, sub-license, encumber or assign to any other individual or entity, the Marks, Know-How, Confidential Information and assistance and advice from Franchisor.

1.2 Limitation of Grant. The Franchise hereby granted to Franchisee is subject to any and all applicable Laws. Franchisor may unilaterally make any changes in the Franchise, the Narwhal's Crafted System and/or this Agreement necessary to assure compliance of the Franchise with applicable Laws and Franchisor shall not be liable to Franchisee for any change in the scope or grant of the Franchise and/or this Agreement due to changes in Laws or the necessity to comply with applicable Laws. Without limiting Franchisee's obligations herein, Franchisee shall be responsible for obtaining all required liquor licenses and permits necessary to operate the Bar in compliance with all applicable Laws.

1.3 Reservation of Franchisor's Rights. Franchisor hereby reserves the right, regardless of proximity to, or competitive impact on, the Franchise, (i) to open and operate Franchisor-owned Narwhal's Crafted Bars or grant to other franchisees the right to establish and operate Narwhal's Crafted Bars anywhere outside the Area; (ii) to develop, market and sell any product or service or own or operate any other business (which may be a similar business) under any trademark, service mark or trade name belonging to Franchisor, or of which Franchisor has rights therein, which may be similar to or the same as the Marks, outside the Area through one or more distribution channels including without limitation, distributors, franchisees, dealers, e-commerce through the Internet, retail outlets, and catalog or mail-order business; (iii) to develop, market and sell any product or service or own or operate any other business, (which may be a similar business) under any trademark, service mark or trade name belonging to Franchisor, or of which Franchisor has rights therein, other than the Marks, inside the Area through one or more distribution channels including without limitation, distributors, dealers, franchisees, e-commerce through the Internet, retail outlets, and catalog or mail-order business; and (iv) to sell Products using any trademark, service mark or tradename belonging to Franchisor, or of which Franchisor has rights therein, which may be similar to or the same as the Marks, direct to home consumers by mail, over the Internet, through mail order catalog or via social media or other platform, and that such sales may occur within the Area and for which Franchisor shall not be obligated to pay Franchisee any compensation.

Franchisee does not receive options, rights of first refusal or any similar rights to acquire additional franchises within the Area or in areas contiguous to, adjacent to, or otherwise near the Area or elsewhere. In addition to the foregoing, Franchisee acknowledges that Franchisor's Affiliates, as they exist as of the date hereof and as they may hereafter exist, may own, operate, establish, license or franchise businesses within the Area or in close proximity to the Area (either presently or in the future) that sell alcoholic beverages or other products offered by a Narwhal's Crafted Bar under a different tradename than the tradename used in the Narwhal's Crafted System and may compete with the Franchise. Franchisee further acknowledges that (i) Franchisor and/or Franchisor's Affiliates may continue to develop and acquire bar and restaurant concepts within the Area, and (ii) Franchisor and other franchisees and/or Franchisor's Affiliates may now or in the future engage in bar or restaurant businesses in the Area. Franchisor reserves the right to make changes, improvements, deletions and/or additions to the Narwhal's Crafted System, including without limitation, to the Products authorized under the Narwhal's Crafted System (including for example, food) at any time without incurring any liability to Franchisee.

2. Location of Franchise

2.1 Site Selection. The location of the Narwhal's Crafted Bar shall be within the Area as described and delineated on Exhibit I. The exact location of the Narwhal's Crafted Bar within the Area is within the discretion of the Franchisee provided that the location must meet the minimum standards established by Franchisor. A copy of the minimum standards for a location is contained within the Narwhal's Crafted Confidential Operations Manual loaned to Franchisee as part of this grant of the Franchise. To assure that Franchisee's proposed site(s) meets Franchisor's minimum standards for a location, Franchisor must approve Franchisee's proposed site and shall have the right to inspect the proposed site. Approval of a site includes ensuring that the lease Franchisee enters into with the landlord contains the Lease Rider, attached hereto as Exhibit II, or a document substantially similar acceptable to Franchisor, being agreed to by landlord and made a part of the lease for the site.

Franchisee shall submit the Site Selection Kit to Franchisor at such time that Franchisee is requesting Franchisor's approval for a site. Franchisor's inspection of a site and approval of a site is for the sole purpose of determining that a site meets the minimum standards established by Franchisor and does not in any manner constitute any representation or determination that the site can be successfully developed or will be a successful location for the Franchisee. Selection of the site and the determination of whether or not such site will be successful is solely within the discretion of Franchisee, subject only to such minimum standards, and Franchisor shall have no liability as the result of the site proving to be unsuccessful or unprofitable. Franchisor may provide to Franchisee site location assistance at its discretion, provided by doing so, Franchisee agrees and acknowledges that any such assistance is only for the purpose of determining that a site meets the minimum standards established by Franchisor, and Franchisor shall have no liability as the result of the site proving to be unsuccessful or unprofitable. Franchisor agrees not to charge Franchisee with respect to the first site inspection it undertakes with respect to this Franchise. Any subsequent inspections, be it of a different site or a follow-up visit, other than a visit at the opening of the Narwhal's Crafted Bar, shall be at the cost and expense of Franchisee. Before approving any site location, Franchisor shall have the right to request from Franchisee, and Franchisee agrees to provide, any information Franchisor believes is necessary to determine if the proposed site meets the minimum standards applicable to a franchisee's site location generally. Franchisor may reject a site proposed by Franchisee which does not comply with the minimum standards established by Franchisor as part of the Narwhal's Crafted System in Franchisor's sole discretion, acting in a commercially reasonable manner. Upon Franchisor's receipt of a complete Site Selection Kit, Franchisor will have thirty (30) days to either approve or disapprove of Franchisee's proposed site. If Franchisor rejects a proposed site, Franchisee will not be allowed to use that site and must submit a Site Selection Kit for an alternate site. Franchisee must have a site for the Bar identified and approved by Franchisor within 120 days of signing this Agreement. In the event that Franchisee has failed to obtain approval for a site within such 120 day period, Franchisor may terminate this Franchise Agreement upon written notice to Franchisee with no cure rights provided to Franchisee. In the event of such a termination, and provided Franchisee used good faith efforts to locate an acceptable site, Franchisor shall refund to Franchisee the Initial Franchise Fee paid by Franchisee less any out of pocket costs incurred by Franchisor in connection with its review of any proposed site(s).

2.2 Development of Site. Franchisee shall develop, construct, renovate and/or modify the site in strict compliance with all of the standards and specifications required by Franchisor for the Franchise as set forth in the Narwhal's Crafted Confidential Operations Manual or as otherwise provided to Franchisee by Franchisor and in compliance with the development schedule set forth in Article 3 below. Franchisee shall obtain all necessary permits and licenses at Franchisee's sole cost and expense. Franchisee shall also be required to secure all financing and take all other action necessary to open Franchisee's Narwhal's Crafted Bar in timely compliance with this Agreement (which includes all agreements attached hereto as Exhibits) and all applicable Laws including but not limited to the Americans with Disabilities Act ("ADA"). Franchisee shall strictly comply with Franchisor's scheduling system in opening Franchisee's Narwhal's Crafted Bar. Franchisee shall not open its Narwhal's Crafted Bar until Franchisor gives its written approval for such opening. Franchisee shall permit access by Franchisor to the Narwhal's Crafted Bar at any time and from time to time both during the construction, renovation and/or modification and at or after the Bar grand opening to enable Franchisor to inspect the site and Bar for compliance with Franchisor's standards and specifications. Other than the initial site visit (unless such initial site visit is to a second or subsequent numbered site visited by Franchisor in which case Franchisee shall pay for Franchisor's costs of such visit) and a visit by Franchisor to the site for the Bar grand opening, Franchisee shall pay for all of Franchisor's costs in inspecting the site to verify compliance with all of Franchisor's standards and specifications. Franchisor's inspection of the premises, including the construction, renovation or modification, is again solely for the purpose of satisfying itself that the Narwhal's Crafted Bar meets the minimum criteria and specifications imposed by Franchisor and does not in any manner constitute an inspection of the quality or completeness of the construction, renovation or modifications or of their compliance with federal, state or local laws, ordinances and/or regulations, including the ADA and zoning and signage laws and ordinances, and Franchisor shall have no liability to Franchisee arising from its inspection of the Narwhal's Crafted Bar or its failure to detect any defect of any nature or of Franchisee's failure to comply, albeit knowingly or unknowingly, with all federal, state or local laws, regulations and ordinances. Franchisee shall not make any changes not in accordance with Franchisor's standards and specifications which are not pre-approved in writing by Franchisor, which approval may be withheld in Franchisor's sole discretion.

2.3 Relocation of Franchise. During the term of this Agreement, Franchisee may relocate the Franchise within the Area provided that (i) Franchisee gives ninety (90) days prior written notice to Franchisor of such relocation; and (ii) Franchisee has complied with and the new location complies with the provisions of Sections 2.1 and 2.2 above including that the Lease contains the Lease Rider. Franchisee shall submit the Site Selection Kit for such proposed site to Franchisor at such time that Franchisee is requesting Franchisor's approval for a new site. Any inspection of the new location of the Franchise shall be at the option of the Franchisor under the same terms and conditions as an inspection of the original location provided that Franchisee shall be obligated to pay Franchisor for all costs incurred by Franchisor in making any and all such inspections.

3. Development Schedule/Protected Area

3.1 Development Schedule. Franchisee agrees to purchase, open and operate the Narwhal's Crafted Bar in accordance with the terms and conditions of (i) this Agreement, (ii) all other agreements between the parties, and (iii) in accordance with the following development schedule (the "Development Schedule"):

	ITEM	TIME DEADLINES
1.	Identify potential Narwhal's Crafted Bar site that is approved by Franchisor	One Hundred Twenty (120) days after the Commencement Date of this Agreement.
2.	Sign approved lease for site	Thirty (30) days after Item #1 is completed
3.	Open Narwhal's Crafted Bar for continuous operation	One Hundred Twenty (120) days after Item # 2 is completed

Upon the failure by Franchisee to meet the second or third requirement imposed upon Franchisee pursuant to this Section 3.1, Franchisor may terminate this Franchise Agreement at its option by written notice with no cure rights provided to Franchisee and Franchisor shall retain the Initial Franchise Fee.. (Failure to meet the first item above is addressed at the end of Section 2.1.)

3.2 Protected Area. Except as provided in Section 3.3 below and subject to the rights reserved by Franchisor in this Franchise Agreement, including, without limitation, Sections 1.3, 1.4 and Article 8 hereof, no other Narwhal's Crafted Bar (as specifically defined in Section 18.16 herein) shall be located within the Area during the term of the Franchise Agreement. Franchisor is not obligated to monitor that no other franchisee conducts operations within the Area.

3.3 Representations. Franchisee agrees that the Development Schedule is reasonable in all respects; that, subject to Section 3.4 below, any event resulting in a delay in the performance by Franchisee, whether unavoidable or not, shall not constitute a defense or an excuse to meeting the Development Schedule; that Franchisee understands the difficulties in developing the Area, including the possible absence of real estate sites; that Franchisee has sufficient funds or financial commitments from lending institutions to timely meet the Development Schedule; and that Franchisee is not relying on any promise, guarantee or statement by Franchisor with regard to Franchisee's ability to meet the Development Schedule.

3.4 Force Majeure. If Franchisee is unable to comply with the Development Schedule due to an unforeseeable occurrence beyond Franchisee's control that directly and materially affects local conditions and Franchisee's ability to comply with the Development Schedule, such as an Act of God, war, or labor strike, Franchisee shall be given additional time equal to the amount of time lost due to such unforeseeable occurrence to comply with the Development Schedule. The preceding sentence regarding "Force Majeure" shall in no way excuse the obligation to make payments herein.

4. Training.

4.1 Initial Training/Certification.

(a) Franchisor shall at no cost to Franchisee provide an initial training program for up to two (2) persons including the following: The Principal(s) and the General Manager (if different than the Principal). All Principals that will be active in the business (must be at least one) must attend initial training. The General Manager (if different than the Principal) must also attend initial training. Franchisor may impose a fee for initial training per person after the 2 persons that will be trained without charge. Initial training covers most aspects of operation including Product recipes and preparation, accounting, software, purchasing, reporting, policies, specifications and other applicable topics regarding the operation of a Narwhal's Crafted Bar. Franchisee is responsible for paying all costs of transportation, lodging, meals and other expenses for participants in the initial training (even for those being trained for free). The purpose for initial training is to provide sufficient knowledge for Principal(s), General Manager and management level persons of Franchisee and to allow those persons to train the other employees of Franchisee.

(b) Prior to opening the Narwhal's Crafted Bar, Franchisee must comply with all initial training and certification requirements of Franchisor. No Principal or General Manager may operate a Bar unless such person passes all training required by Franchisor and receives the required certification(s) from Franchisor. Franchisee may not open the Bar for business until the Principal(s) and General Manager pass all required training and receives the required certification(s) from Franchisor. Franchisee agrees that the certification process is an ongoing process and is subject to change as reflected in the Narwhal's Crafted Confidential Operations Manual. Initial required training is subject to change from time to time. As of the date hereof, initial training will consist of 10 days of training broken down into an initial three (3) days of classroom training and followed by seven (7) days of on the job training.

(c) The initial training will be provided by Franchisor at a location to be selected by Franchisor and at such time(s) as may from time to time be designated by Franchisor upon at least thirty (30) days prior notice. Franchisee agrees to abide by Franchisor's schedule for training. Franchisee shall notify Franchisor at least fifteen (15) days prior to the scheduled training class(es) of the persons who will undergo the training described in Section 4.1. Franchisee agrees that the Principal(s) and General Manager must successfully complete training at least fifteen (15) days prior to the opening of Franchisee's Narwhal's Crafted Bar.

(d) Only the Principals of Franchisee and employees of Franchisee shall be eligible to receive the training provided by Franchisor under this Agreement.

4.2 Additional Training.

(a) Franchisor may periodically offer to Franchisee and its employees refresher courses, update courses and special intensive training courses as Franchisor deems necessary upon such terms and conditions as Franchisor may impose including but not limited to charging a fee for such training. Franchisor will designate certain courses as optional and certain courses as mandatory. Franchisor may provide any training in the manner and format as determined by Franchisor which may include training via video conferencing or over the internet.

(b) Franchisee agrees to cause the Principal(s), the Manager and such additional persons as required by Franchisor to attend and successfully complete all mandatory additional training courses, if any, but not in excess of two (2) mandatory courses each calendar year (the Narwhal's meetings specified in Section 4.6 below shall not count as a mandatory course), provided that the cost of such mandatory training courses (excluding incidental costs of travel, lodging, meals, etc.) shall not exceed $2,000.00 per calendar year.

(c) In addition, if Franchisor determines that Franchisee's operation of its Narwhal's Crafted Bar is underperforming, Franchisor may, but is not obligated to, offer Franchisee special, intensive training to help Franchisee increase its performance for a fee. If offered, this special intensive training course would be mandatory and at Franchisee's sole cost, but would not count as one of the two (2) mandatory courses listed above nor would the cost of this special training course count towards satisfaction of the $2,000.00 limit specified above. Franchisee agrees that the preceding two sentences shall not constitute an obligation of Franchisor to offer any such additional intensive training if Franchisee's Bar is underperforming. Any such additional intensive training will be offered at Franchisor's sole discretion and may be offered to some franchisees and not others based on the particular circumstances of any given situation and Franchisee shall have no claim or recourse against Franchisor due to Franchisor's not providing this additional intensive training to Franchisee. Franchisee acknowledges that Franchisor may provide any training in the manner and format as determined by Franchisor which may include training by video online meeting or over the internet.

4.3 Employee Training. After completing the initial training, Franchisee's Principal(s) and Manager shall be responsible for training all non-managerial employees of Franchisee. Franchisor may from time to time provide Franchisee with manuals and training videos or materials to assist Franchisee and/or Franchisee's Manager in training Franchisee's employees. Prior to training any Franchisee employees, Franchisee's trainer(s) (Manager) must be certified by Franchisor. Franchisee may train Franchisee's employees only through the use of a Franchisor certified trainer. Franchisee agrees that such certification process is an ongoing process and Franchisor reserves the right to recertify trainers on an annual or other periodic basis which may require any certified trainer to attend and successfully complete additional training as deemed necessary by Franchisor to ensure that each such certified trainer remains current on changes in technology, the System and new standards for the System as developed by Franchisor from time to time. The costs of any such additional training shall be borne by Franchisee. All employees of Franchisee must complete such training by passing written and/or other tests prior to providing any services to any customers of the Franchise. If Franchisor determines that Franchisee is not complying with System standards, Franchisor may require Franchisee's employees to be certified directly by Franchisor at Franchisee's cost.

4.4 Certification Process. Franchisor may establish a management and Bar staff certification process for Franchisee that will enable Franchisor to certify employees of Franchisee for various positions to improve the quality of services provided by Franchisee. The certification process may include a process through which Franchisee may certify its non-managerial staff employees.

4.5 General Manager. Any General Manager of the Franchisee must successfully complete the initial training provided by Franchisor to meet the then current certification standards. The General Manager must complete such training and achieve the required certification fifteen (15) days prior to the opening of the Narwhal's Crafted Bar for business. To successfully complete the initial training, such person must successfully pass all tests administered by Franchisor, including being certified to teach and train non-managerial employees on the Narwhal's Crafted System. Any new or replacement General Manager of the Franchisee must successfully complete the initial training course offered by Franchisor within thirty (30) days of assuming the position of Manager provided that a training class is available during such thirty (30) day period and if not, as soon as a new training class becomes available. Franchisee agrees that such certification process is an ongoing process and Franchisor reserves the right to recertify General Manager on an annual or other periodic basis which may require General Manager to attend and successfully complete additional training as deemed necessary by Franchisor to ensure that General Manager remains current on changes to the System, new technology for the System, if any, and new standards for the System as developed by Franchisor from time to time. Franchisee acknowledges and agrees that each Bar requires a full time General Manager (a Principal may serve as the General Manager) and such other managers as provided from time to time in the Narwhal's Crafted Confidential Operations Manual. If Franchisee owns more than one Bar, unless otherwise agreed in writing by Franchisor, one General Manager may not manage more than one Bar.

4.6 Meetings. Franchisor may from time to time in its sole discretion create or sponsor meetings or conferences (which could be regional or national) for the benefit of its franchisees with educational programs, new Products and/or such other matters as Franchisor may believe is in the best interest of its franchisees to be made aware. As a continuing training requirement, Franchisee's Principal(s) and Franchisee's General Manager and those other employees of Franchisee as designated by Franchisor shall attend each Narwhal's Crafted meeting or conference and Franchisee's Principal(s) and Franchisee's General Manager shall attend each regional sales meeting as designated by Franchisor during the term of this Agreement, at Franchisee's expense.

5. Operating Assistance.

5.1 Specifications. Franchisor shall provide Franchisee with the specifications for the layout design, equipment, signage, light fixtures, colors, furniture and such other specifications as Franchisor deems necessary to be utilized by Franchisee in the operation of the Narwhal's Crafted Bar. The foregoing specifications will be set forth in the Narwhal's Crafted Confidential Operations Manual.

5.2 Initial Assistance and Advice. Prior to the opening of the Bar, Franchisor may provide Franchisee with such assistance and advice as Franchisor determines in its reasonable discretion is appropriate regarding Bar specifications (and implementation of same), marketing, advertising, management and operations for a Narwhal's Crafted Bar and the initial operations of the Franchise. Franchisor's obligations under this section may differ for franchisees opening their second or subsequent Narwhal's Crafted Bar.

5.3 Manuals. Prior to the opening of the Franchisee's Narwhal's Crafted Bar, Franchisor shall loan to Franchisee one copy of its Narwhal's Crafted Confidential Operations Manual. Franchisor may provide the Narwhal's Crafted Confidential Operations Manual to Franchisee electronically or may allow Franchisee to access the Narwhal's Crafted Confidential Operations Manual via a secure intranet connection.

5.4 Record Keeping Assistance. Prior to the opening of Franchisee's Narwhal's Crafted Bar, or thereafter from time to time, Franchisor may provide to Franchisee Forms for operating the Bar.

5.5 Establishment of Hours. Franchisor shall establish the business hours during which Franchisee is required to operate and be open, which hours may or may not be uniform as to all franchise locations, and which are subject to the hours of operation as dictated under Franchisee's lease, if applicable.

5.6 Other Assistance and Advice. Franchisor may, from time to time, to the extent it deems necessary, provide to Franchisee such assistance and advice as Franchisor deems appropriate with regard to advertising, management and the operation of the Franchise. Such assistance may be designated as optional or mandatory by Franchisor and may require the payment of a fee as determined by Franchisor. Franchisor may periodically, with such frequency as Franchisor determines in its sole discretion, send field consultants or other representatives to the Bar to consult with Franchisee in the development of its business and may conduct on-site inspections. Any guidance, suggestions, or advice provided to Franchisee in the course of such consultation shall be deemed suggestions only, and the decision to follow any such guidance, suggestions or advice will be made by Franchisee in Franchisee's sole discretion. In particular, and not in limitation of the foregoing, Franchisee will be solely responsible for all policies and decisions concerning its employees and will consult with its own independent advisors with respect to those policies and decisions.

5.7 Levels of Service. Franchisor reserves the right to provide different levels of service to different franchisees in Franchisor's sole discretion and without regard to any particular franchisee's success or lack thereof, condition or operational needs. Furthermore, Franchisor reserves the right in its discretion to provide a different level of service for franchisees operating their second or subsequent Narwhal's Crafted Franchise.

5.8 Variances of Standards. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, in its sole discretion and as it may deem to be in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular site or circumstance, density of population of area, existing market conditions, existing business practices or any other conditions which Franchisor deems to be of importance to the operation of such franchisee's business. Franchisee shall have no recourse against Franchisor on account of any variation from standard specifications and practices granted to any franchisee and shall not be entitled to require Franchisor to grant Franchisee a like or similar variation hereunder.

5.9 Limitation on Franchisor's Liability. Franchisor's approval rights, inspection rights and services, operations assistance, systems, training, and any other services which Franchisor does or may provide to Franchisee (collectively referred to herein as "services") are all without liability to Franchisor of any nature and are provided for the benefit of Franchisor and not for the benefit of Franchisee. Franchisor makes no representations or warranties of any kind that such services will create a successful business operation for Franchisee or will not have a negative impact on Franchisee's business. Franchisee is solely responsible for the success of the Franchise and Franchisee's business operations. Franchisor's certification or recertification of Franchisee's General Manager or other personnel is for the sole purpose of determining that a person meets the minimum standards established by Franchisor for such position and is not a determination that such person is in fact capable and/or suitable for such position or that such person will be successful thereat and Franchisor shall have no liability for the failures of any person that achieves a certification or is identified or screened. The word "may" when used in this Article 5 is permissive and Franchisor is under no obligation to provide such service or take such act.

6. Various Obligations of Franchisee

6.1 Quality Reviews. Subject to the availability of Franchisor's resources and staff, Franchisor may at its discretion perform on a periodic basis (or on such other frequency as determined appropriate by Franchisor) an on-site quality review of the operation of Franchisee's Bar. If Franchisee's Quality Review score is substandard as defined in the Confidential Operations Manual, Franchisee shall pay for the direct costs of Franchisor in conducting such quality reviews, including travel, lodging, food and any other costs. Franchisee will cooperate with Franchisor and grant access to the Narwhal's Crafted Bar and its personnel as necessary. Franchisor will provide Franchisee with a report on such review. Franchisor reserves the right to expand, modify or discontinue such quality reviews as reflected in changes to the Narwhal's Crafted Confidential Operations Manual from time to time. Franchisor may implement a Quality Review program to all franchisees or to only under-performing franchisees.

6.2 Best Efforts. Franchisee agrees to (i) use Franchisee's best efforts to develop a successful Narwhal's Crafted Bar and to provide the best possible service to the customers of Franchisee's Narwhal's Crafted Bar, (ii) maintain staff sufficient to adequately and properly operate the Narwhal's Crafted Bar and to comply with subparagraph (i) above, and (iii) at all times have a full-time trained Manager (which can be a Principal) on site to supervise the operation of the Franchise with direct, on-premises supervision of the Narwhal's Crafted Bar. Franchisee acknowledges that the standards for compliance of the foregoing will be found in the Narwhal's Crafted Confidential Operations Manual.

6.3 Financial and Business Reports. Franchisee shall make and maintain true and accurate reports and records concerning the financial and business operations of the Franchise as required by Franchisor from time to time and as may be provided in the Narwhal's Crafted Confidential Operations Manual (which may require Franchisee to compile and maintain such reports and records by using the Software as directed by Franchisor from time to time), which shall include, but not be limited to, daily, weekly and monthly Product sales reports, purchase reports, accounts payable lists, cash disbursement records, copies of Franchisee's income tax returns, expense reports and financial statements. Any reports or records prepared with the Software shall be deemed to be in a form acceptable by Franchisor. Franchisee agrees to maintain records on all purchases, sales, accounts payable, cash disbursements, expenses, tax returns and all other types of activities of the Franchise. Franchisee agrees to submit to Franchisor reports in the form and content as required by Franchisor from time to time which may be provided in the Narwhal's Crafted Confidential Operations Manual or otherwise provided to Franchisee by Franchisor. Franchisee shall submit such reports in the manner specified by Franchisor which may be electronically. If Franchisor designates Forms for Franchisee to use, Franchisee agrees to (i) use the Forms for reporting the operations of the Franchisee's Narwhal's Crafted Bar, (ii) complete the Forms in a manner satisfactory to Franchisor and as required under this Agreement, and (iii) provide Franchisor with copies of such completed Forms at such times and with such frequency as is provided herein or as provided in the Narwhal's Crafted Confidential Operations Manual. Franchisee agrees to grant to Franchisor access to its point of sale system so that Franchisor may review (but not modify) in real time Franchisee's sales and such other various Franchisee performance data. Franchisee agrees to maintain all records required to be kept by Franchisee pursuant to this Section 6.3 for a minimum period of four years past the termination of this Agreement and to permit Franchisor and/or any representative designated by Franchisor the right at any time during the term of this Agreement and the four year period of time after termination of this Agreement to inspect and audit any and all of such records.

6.4 Payment of Franchisor Fees and Obligations; Grant of a Security Interest. Franchisee shall timely pay in full any and all amounts due and owing to Franchisor under this Agreement and/or any Related Agreement, including, without limitation, payment of Franchisor's invoices for royalty fees, advertising fund contributions, and other fees payable to Franchisor as more fully described in Article 9 hereof. All payments should be by made in the manner designated by Franchisor which may include payments by electronic funds transfer. Franchisee shall have no right of set off with respect to any and all payments owed to Franchisor at such time or whether Franchisor owes or allegedly owes Franchisee any sums.

To secure Franchisee's obligations under this Agreement and any Related Agreement, Franchisee hereby grants to Franchisor a security interest in Franchisee's personal property including but not limited to, all accounts, furniture, fixtures, equipment, inventory, instruments, chattel paper, documents, instruments and all proceeds thereof, as such terms are defined in Article 9 of the UCC. Franchisor shall have all of the rights of a secured party under the Uniform Commercial Code as enacted in the state where the Bar is located. Franchisee shall execute any and all documents, forms and other instruments deemed necessary by Franchisor, acting reasonably, to perfect its security interest in the aforesaid collateral and Franchisee shall be responsible for payment of all costs and/or fees associated with the execution and/or filing of such documents.

6.5 Payment of Other Obligations. Franchisee shall timely pay in full all monetary obligations of Franchisee, including, but not limited to all trade accounts, lease obligations and bank obligations.

6.6 Performance of All Obligations. Franchisee agrees to timely perform all other obligations of Franchisee set forth in this Agreement and any Related Agreement within the time required for such performance.

6.7 Confidentiality Obligations of Franchisee's Employees. Franchisee shall require all of Franchisee's employees to enter into confidentiality agreements to prevent employees from disclosing any Confidential Information whatsoever, except as required in performing the employee's duties and upon termination of such employment, to immediately return to Franchisee all Confidential Information in their possession. An example of a confidentiality agreement for use is attached hereto as Exhibit III and is contained within the Narwhal's Crafted Confidential Operations Manual. Franchisor recommends Franchisee engage a local attorney to review the form attached and modify as necessary to be in compliance with applicable local law. By providing an example for Franchisee to consider, Franchisor is not providing legal services to Franchisee or making any representations to Franchisee as to the enforceability of such example agreement.

In addition, Franchisee shall require all of its key employees to enter into a non-compete agreement to protect Franchisor's trade secrets and confidential information. An example of a non-compete agreement for use is attached hereto as Exhibit IV and is contained within the Narwhal's Crafted Confidential Operations Manual. As noted above with respect to the confidentiality agreement, Franchisor recommends Franchisee engage a local attorney to review the form of non-compete agreement attached and modify as necessary to be in compliance with applicable local law. By providing a form example for Franchisee to consider, Franchisor is not providing legal services to Franchisee or making any representations to Franchisee as to the enforceability of such example agreement.

6.8 Protection of Proprietary Rights. Franchisee shall operate the Franchise (i) in accordance with such standards which Franchisor may prescribe from time to time and (ii) so as to protect the integrity and goodwill of the Marks by maintaining a high standard of quality and reputation with respect to the products, services and business in connection with which the Marks are used. All Products sold by Franchisee shall meet the Franchisor's standards and specifications. Franchisor shall have the right at any reasonable time and without prior notice to inspect the quality of Products offered by Franchisee.

6.9 Insurance and Hold Harmless. Franchisee shall maintain the insurance as required in Sections 11.1 and 11.2 of this Agreement. Franchisee agrees to and does hereby indemnify and hold Franchisor and its Affiliates and their respective officers, directors, employees, agents, shareholders, members, attorneys and agents (the "Franchisor Indemnified Parties") harmless from and against, and shall reimburse the Franchisor Indemnified Parties for, any and all Claims (whether direct or third-party), on account of any actual or alleged loss, injury or damage to any person, firm, or entity, or to any property, arising out of or in connection with: (i) the Franchise, including but not limited to, the acts, errors or omissions of the Principal(s), and/or Franchisee's employees, officers, directors, or agents or any of them, (ii) the operation or condition of Franchisee's Narwhal's Crafted Bar or the site on which it is located; (iii) the violation or breach by Franchisee or any Principal of any law, ordinance, regulation, rule, or order, including, without limitation, those governing or related to liquor, labor or employment relations or violations; (iv) libel, slander or any other form of defamation of the Franchisor Indemnified Parties, the System or any other franchisee by Franchisee or any of the Principals; (v) any data breach or breach of data privacy laws; (vi) the breach by Franchisee or any Principals of this Agreement or any Related Agreement; (vii) any acts, errors or omissions of Franchisee or any third party with whom Franchisee or any of its Principals may contract; (viii) any claim of infringement of a third party's patent, trademark, copyright or other intellectual property rights attributable to Franchisee's actions; or (ix) the exercise or purported exercise by Franchisee of Franchisee's rights hereunder, except the foregoing does not apply to (a) Claims caused by Franchisor's gross negligence as determined by a court of competent jurisdiction, or (b) the gross negligence of Franchisor's employees as determined by a court of competent jurisdiction, or (c) any Claims for which Franchisor has indemnified Franchisee pursuant to Section 12.7 below. This indemnification shall continue and be enforceable notwithstanding the expiration or other termination of this Agreement for any reason whatsoever and shall include and cover any and all costs of defense, including attorneys' fees. The Franchisor Indemnified Parties do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee or any of its Principals may contract.

6.10 Notification to Franchisor. Franchisee shall promptly notify Franchisor (i) of Franchisee's inability or failure to completely satisfy any of Franchisee's obligations as they become due; (ii) of any and all Claims asserted against Franchisee, Franchisee's affiliates, Franchisor, and/or Franchisor's Affiliates in connection with the Franchise; and (iii) in the event there is a data breach of any customer personally identifiable information.

6.11 Cooperation. Franchisee shall cooperate with Franchisor regarding any Claims asserted against Franchisor or Franchisee in connection with the Franchise and/or the Marks.

6.12 Employee Relations. Franchisee shall be fair and courteous to Franchisee's employees and shall establish and maintain standards of performance which will provide the best possible service to customers of the Narwhal's Crafted Bar. Franchisee shall have the sole responsibility and control for recruiting, hiring, supervising, disciplining, firing, compensating and training Franchisee's employees, subject to minimum qualification levels and certification requirements which may be adopted by Franchisor from time to time, as well as sole and complete liability for acts or omissions of Franchisee's employees. Franchisee agrees and acknowledges that Franchisor does not have the authority to direct, control, schedule, supervise, or otherwise influence, employment decisions. Franchisee shall be responsible for developing and maintaining its own labor and personnel policies and practices compliant with all applicable laws.

6.13 Promote Goodwill. Franchisee shall exercise Franchisee's best efforts to promote the goodwill of the Narwhal's Crafted System, the Franchise and the Marks. Franchisee agrees and acknowledges that any goodwill arising from Franchisee's use of the Narwhal's Crafted System and the Marks inures to the sole benefit of Franchisor.

6.14 Conduct. Franchisee and Franchisee's employees shall conduct themselves at all times in a first-class manner and not discredit or denigrate the reputation or goodwill of Franchisor, any Narwhal's Crafted Bar, the Narwhal's Crafted System, or the Marks.

6.15 Costs of Franchisee. Any and all costs of materials and items required to operate the Franchise are the sole responsibility of Franchisee, except to the extent otherwise provided herein. Any and all costs of leasehold improvements, set-up, construction, decoration, and the furniture and fixtures to be installed in or affixed to the premises in which the Franchise is located are the sole responsibility of Franchisee. All costs of transportation, lodging, meals and other expenses related to the persons designated by Franchisee to be trained by Franchisor shall be the sole responsibility of Franchisee. Franchisee shall also pay all costs, including the fee charged by Franchisor for training persons other than those persons designated by Franchisee for initial training. Except as otherwise provided herein, Franchisee shall also pay for all costs incurred by Franchisor in inspecting the site under Sections 2.1, 2.2 and 2.3 under certain circumstances, or to assist Franchisee pursuant to Article 5.

6.16 Conformity with Standards of Franchise. No change shall be made by Franchisee to the layout design, furniture and/or fixtures for the Bar specified by Franchisor without the prior written consent of Franchisor, which consent may be unreasonably withheld. Franchisee shall utilize and implement only the interior and exterior signage, colors, floorcoverings, fixtures, furniture, graphics and other specifications determined by Franchisor. Use of any other items not in compliance with the preceding sentence is strictly prohibited. Franchisee shall comply with all specifications, standards, operating procedures, rules, regulations, policies and standards (whether contained in the Narwhal's Crafted Confidential Operations Manual or any other document or notice) relating to the operation of the Franchise as now in existence and as may be modified from time to time. Franchisee acknowledges that compliance with the preceding sentence is necessary and appropriate to properly safeguard the Marks and the System, and to present a uniform, consistent product and service to the marketplace. In operating the Franchise, Franchisee shall provide only those Products authorized by Franchisor from time to time.

6.17 Buying Obligations. Franchisee acknowledges and agrees that the presentation of a uniform image to the public and the consistent provision of uniform products and services are essential elements of a successful franchise system. Accordingly, Franchisee agrees to abide by the buying obligations set forth in this Section 6.17.

Franchisee shall purchase (i) all ingredients for the Products; (ii) all point of sale systems, equipment, furniture, graphics, signs, uniforms, advertising materials and fixtures and (iii) all products which bear the "Narwhal's Crafted" brand including merchandise for sale ("Proprietary Materials") directly from Franchisor or from Franchisor-approved sources;. Franchisee agrees that all fixtures and other materials that are designed by Franchisor (or at the direction of Franchisor) and made exclusively for use by a franchisee in a Narwhal's Crafted Bar are proprietary to Franchisor and may only be used in the operation of a Narwhal's Crafted Bar (also considered "Proprietary Materials"). Payments to Franchisor on goods sold by Franchisor are due on the date they are invoiced or on such other date as is permitted by Franchisor. Franchisee agrees to maintain all required Products inventory including ingredients inventory as directed by Franchisor from time to time. Franchisee shall comply in all respects with those operating practices and procedures which Franchisor requires from time to time with respect to buying obligations as they are communicated to Franchisee from time to time or as set forth in the Narwhal's Crafted Confidential Operations Manual.

A Franchisor-approved supplier is a supplier that demonstrates to the continuing reasonable satisfaction of Franchisor the ability to meet Franchisor's reasonable standards, specifications and requirements regarding reputation, quality, price, consistency, reliability, service, financial capability and customer relations. Franchisor-approved suppliers have further proved their ability to deliver orders in a timely fashion and hold adequate supply and quantity of items typically required by their customers. Notwithstanding the foregoing, Franchisor reserves the right to designate any supplier as the sole supplier for particular items required to be provided by Franchisee or designate itself or an Affiliate as an approved supplier and to make a profit from the sale of supplies to Franchisee. Franchisor will provide Franchisee from time to time with a list of required supplies and materials and a list of approved suppliers therefor. If Franchisee proposes to use any item in lieu of a required product or a supplier not approved by Franchisor for any such required product, Franchisee shall submit to the Franchisor sufficient specifications, photographs and other information and samples for examination and testing sufficient for Franchisor to determine whether the item and its supplier meet Franchisor's specifications, qualifications and standards. Franchisee shall reimburse Franchisor for the reasonable costs of any such investigation.

6.18. Menu. Franchisee shall offer for sale and sell at the Bar the Products that Franchisor authorizes from time to time and only such Products. Franchisee shall utilize the menu that Franchisor authorizes from time to time (and sell all Products set forth on such menu and only such Products) and display available items in a manner approved by Franchisor. Franchisee shall prepare the Products only in the manner specified in the Operations Manual. Franchisee acknowledges that Franchisor may modify the menu from time to time on fourteen (14) days prior notice to Franchisee.

6.19 Manuals. Franchisee hereby acknowledges that (i) Franchisor is and shall remain the owner of the Narwhal's Crafted Confidential Operations Manual, (ii) Franchisor claims copyright ownership with respect to the Narwhal's Crafted Confidential Operations Manual, (iii) the Narwhal's Crafted Confidential Operations Manual constitutes Confidential Information and a trade secret of Franchisor, and (iv) the Narwhal's Crafted Confidential Operations Manual is being loaned to Franchisee only for the term of this Agreement and any successor thereof. Franchisor may provide the Manual in hard copy, electronically or via access to a secure website. Franchisee shall not duplicate, photocopy or otherwise reproduce the Narwhal's Crafted Confidential Operations Manual. Franchisor may from time to time modify or change the Narwhal's Crafted Confidential Operations Manual as Franchisor deems necessary. Franchisee agrees to update the Narwhal's Crafted Confidential Operations Manual as necessary upon receipt of any modification or changes thereto from Franchisor and to maintain the Narwhal's Crafted Confidential Operations Manual in a neat, organized and current condition. Franchisee agrees to keep the Narwhal's Crafted Confidential Operations Manual in a secure place and to limit access to only employees that need to know the information therein in order to fulfill their employment obligations. In no event will Franchisee permit a non-employee access to the Narwhal's Crafted Confidential Operations Manual. In the event of a conflict between the Franchisor's copy of the Narwhal's Crafted Confidential Operations Manual and the Franchisee's copy of the Narwhal's Crafted Confidential Operations Manual, the Franchisor's copy shall prevail. Franchisee agrees to operate Franchisee's Narwhal's Crafted Bar in strict compliance with the Narwhal's Crafted Confidential Operations Manual as it now exists and as it may be amended from time to time. Franchisee further acknowledges that Franchisor may update the Narwhal's Crafted Confidential Operations Manual from time to time by making changes thereto and providing such changes on Franchisor's secure website and providing Franchisee with access thereto. All modifications to the Narwhal's Crafted Confidential Operations Manual shall be binding upon Franchisee upon being made available to Franchisee. Franchisee agrees to accept, implement, and adopt any such modifications at Franchisee's sole cost. Franchisee agrees that it is of substantial value to Franchisor and other franchisees, as well as to Franchisee, that the System establishes and maintains a common identity. Franchisee agrees and acknowledges that full compliance with the Narwhal's Crafted Confidential Operations Manual is essential to preserve, maintain and enhance the reputation, trade demand, and goodwill of the System and the Marks and that failure of Franchisee to operate the Bar in accordance with the Narwhal's Crafted Confidential Operations Manual can cause damage to the Franchisor and all other franchisees within the System as well as to Franchisee. Notwithstanding the foregoing, and consistent with the goals of the System, Franchisee shall be responsible for the day to day operations of the Bar.

6.20 Miscellaneous Obligations. Prior to opening Franchisee's Narwhal's Crafted Bar, Franchisee must procure equipment specified by Franchisor. Franchisee shall at all times maintain access to the internet at a connection in compliance with the Narwhal's Crafted Confidential Operations Manual. Franchisee will also need to acquire the brands, types and/or models of computer hardware and software to enable Franchisee to use the Software. Franchisee shall maintain sufficient net worth and working capital at all times to adequately and properly finance and operate the Franchisee's Narwhal's Crafted Bar. Franchisee expressly covenants and agrees to accept full responsibility for any and all debts and obligations incurred in the operation of the Franchise.

7. Operating Requirements

7.1 Independent Contractor and Business. Franchisee is, and shall in all events and at all times during this Agreement be, an independent contractor, and nothing contained herein or in the Operations Manual shall deem Franchisee (or its principals, agents, officers, employees or independent contractors) to be the agent, partner, joint venturer, fiduciary, employee or representative of Franchisor for any purpose whatsoever. Franchisee is responsible for the day to day operations of the Franchise subject only to complying with the terms of this Agreement Franchisee and Franchisor acknowledge that the operation of the Franchise by Franchisee is for the sole profit or loss of Franchisee (except for those payments required to be made by Franchisee to Franchisor under this Agreement), and that Franchisee shall be completely responsible for the employment, direction, control, supervision, management and acts of Franchisee's agents, employees and representatives. Furthermore, Franchisee agrees and acknowledges that Franchisor does not have the authority to direct, control, schedule, supervise, or otherwise influence, employment decisions. Franchisee further acknowledges that Franchisee has no authority from Franchisor, under this Agreement or otherwise, to incur any obligations or responsibilities on behalf of Franchisor or bind Franchisor by any representations or warranties, and Franchisee agrees not to act, or fail to act, in any manner which would cause anyone to believe that Franchisee has such authority. Franchisor shall not be liable (vicariously or otherwise) for any of Franchisee's actions or omissions (or the acts or omissions of Franchisee's employees or agents) in the operation of the Franchise or otherwise or for any claim or judgment against Franchisee. Franchisor shall further not be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's business, whether caused by Franchisee's negligent or willful action or failure to act.

7.2 Use of Legal and Assumed Business Name. Franchisee shall forthwith register in the Office of the Secretary of State of the State in which the Franchise is located, or in such other public office as required by applicable Laws, the fictitious name under which Franchisee shall conduct the business of the Franchise. Franchisee is hereby authorized to use during the term of this Agreement only, any of the following trade or fictitious business names: (i) "Narwhal's Crafted of ________" (as designated on Page 3 of this Agreement) ; or (ii) any other assumed business name for which Franchisor has given its prior written consent, which consent may be unreasonably withheld. Franchisee shall provide Franchisor with a copy or other proof of such registration of Franchisee's fictitious name promptly after filing. In all of Franchisee's transactions and other acts in connection with the operation of the Franchise, Franchisee shall use Franchisee's name either alone or followed by the initials "d/b/a" and Franchisee's authorized fictitious name. Franchisee shall be permitted to use the Marks in Franchisee's fictitious name only to the extent approved by Franchisor in writing. Franchisee shall not use "Narwhal's" or "Narwhal's Crafted," any other Marks, or any other name or mark in which Franchisor has a proprietary interest, or any derivative or combination of words including any part or all of the foregoing, as part of Franchisee's legal name. Franchisee shall take such additional action as may be necessary under the laws of the state in which the Franchise is operated to make clear to the public that Franchisee is an independent franchisee of Franchisor and not owned by Franchisor. Franchisee shall post a sign in a form approved by Franchisor in a conspicuous place on the Bar premises, as well as on invoices, purchase orders, marketing materials and the like that "This Narwhal's Crafted Franchise is independently owned and operated by [Franchisee name] under license from Narwhal's Franchising, LLC."

7.3 Conduct of Business. Franchisee shall obtain and maintain at Franchisee's sole expense sufficient space for the efficient operation of the Franchise, and shall use Franchisee's best efforts to maintain the same in a clean, safe and orderly manner, presenting a neat and business-like appearance to the public. Franchisee must operate in a manner to earn an A (or the highest) designation by the local health department and/or applicable governmental inspection department.

7.4 Maintenance and Repair. Franchisee agrees to maintain the Bar in a first-class manner and in conformity with Franchisor's then-current standards at all times and to make such repairs and replacements thereto as Franchisor may require and/or as necessary to maintain the Bar in a first-class manner. Without limiting the generality of the foregoing, Franchisee agrees to keep the Bar at all times in a high degree of cleanliness, repair, order and condition, including without limitation, such maintenance and repair to all fixtures, furnishings, signs and equipment as Franchisor may from time to time reasonably direct. Franchisee acknowledges that the quality of customer service and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Franchisee shall endeavor to maintain and require from its employees high standards of quality and service in the operation of the Franchise. Franchisee shall in all dealings with its customers, vendors and the general public adhere to the highest standards of honesty, fair dealing and ethical conduct.

7.5 Compliance with Laws. Franchisee shall maintain all required licenses, permits and certificates necessary to operate the Franchise. Franchisee shall operate the Franchise in compliance with all Laws, including, without limitation, laws relating to the sale of liquor, environmental practices, labor, the Americans with Disabilities Act, worker's compensation and insurance, unemployment insurance, state and federal labor and employment laws (including, but not limited to, the Fair Labor Standards Act (FLSA), Family and Medical Leave Act (FMLA), Occupational Safety and Health Act (OSHA), Employee Retirement Income Security Act (ERISA), Title VII, the Age Discrimination in Employment Act and the Affordable Care Act), data protection and cyber-security, advertising (including without limitation Anti-Spam laws and Do Not Call laws) and withholding and payment of federal, state and local income taxes, social security taxes and sales taxes, as well as any other laws pertaining to the operation of the Franchise. Without limiting the foregoing, Franchisee is responsible for the timely payment and timely reporting of all taxes, charges, fees, levies, duties, tariffs or other assessments imposed by or payable to any federal, state, or local tax or governmental authority, including without limitation sales, use, goods, services, value added, transfer, personal property, stamp duty, excise, withholding, and other obligations of the same or similar nature imposed by any governmental authority on fees or other amounts paid by Franchisee to Franchisor or its Affiliates, provided, however, that Franchisee will not be responsible for any Taxes due on or with respect to the net income of Franchisor or any Franchisor Affiliate. Franchisee shall be compliant with the Payment Card Industry Data Security Standards (PCI-DSS) regarding the security of credit card information. All advertising and promotion by Franchisee must be completely factual and conform to the highest standards of ethical advertising. Franchisee must refrain from any activity or advertising practice which may be injurious to Franchisor, other franchisees, the System, or the goodwill associated with the Marks. Without limiting the foregoing, Franchisee shall be responsible for maintaining and protecting personally identifiable information of any customer in operating the Franchise. Franchisee shall provide prompt written notification to Franchisor in the event there is a data breach of any customer personally identifiable information.

7.6 Software. Franchisor may designate from time to time certain required software to be used by Franchisee in the operation of the Franchise. The designated software and such other types of software required by Franchisor from time to time are collectively referred to herein as “Software” (as that term is further defined in Section 18.19). Such Software will be specified in the Operations Manual. Franchisee must at its expense procure, install and utilize the Software in the operation of the Franchise. Franchisee shall obtain the required hardware necessary to utilize the Software. Franchisee shall update the Software from time to time as directed by Franchisor or the licensor of the Software. Franchisee further agrees to procure and use any additional software or replacement software that Franchisor provides or directs Franchisee to obtain in the future in connection with the operation of the Franchise. Franchisee shall be responsible for any fees associated with procuring such Software. Such fees may include a component for installation, conversion, training, maintenance and licensing. Franchisee agrees to procure any additional hardware necessary to operate any such updated, additional or replacement software. If requested by Franchisor, Franchisee must enter into a support agreement with the designated support provider(s) as specified by Franchisor. If Franchisor provides on-site assistance to Franchisee, all travel, food and lodging expenses incurred by Franchisor or Franchisor’s designated vendor shall be paid by Franchisee. If required by Franchisor, Franchisee shall be responsible for procuring any Software upgrades, revisions and new releases as determined by the software provider (or as designated by Franchisor). Without in any way minimizing Franchisee’s obligations to provide requested information in timely manner in the required format as provided in this Agreement, Franchisee agrees to grant Franchisor 24 hour remote access via internet, third party connection or otherwise to Franchisee’s point of sale computer system and the data contained therein for Franchisor to review and download (but not alter) real time information that Franchisee is required to submit to Franchisor under the Franchise Agreement and Franchisee shall take whatever actions necessary to effectuate same. Further, for quality inspections, as permitted by law, Franchisee agrees to grant Franchisor remote access to a camera feed(s) of its Bar operations as specified in the Operations Manual from time to time.

7.7 Prices. Except as otherwise provided herein, Franchisee is free to establish the prices for the Products sold by Franchisee. Franchisor, at its option, may provide suggested prices for certain of the Products sold by Franchisee. Franchisee must comply with any discounts for customers which Franchisor determines to implement as part of any special national or regional marketing strategy provided Franchisee has elected to participate in such special national or regional marketing strategy developed by Franchisor. Furthermore, to the extent implemented by Franchisor in the future as permitted by applicable law, Franchisee agrees to comply with any maximum and/or minimum price levels established by Franchisor for products purchased directly from Franchisor or Franchisor designated suppliers.

7.8 Prohibited Practices. Franchisee shall not (i) engage in any actions which are immoral, illicit or offensive or which would discredit or denigrate the reputation or goodwill of Franchisor, the Narwhal's Crafted name, the Narwhal's Crafted System, any franchise or the Marks; (ii) engage in any unauthorized use of the Marks; (iii) engage in any unfair and/or deceptive trade practices; (iv) sell any product or offer any services not authorized by Franchisor and/or (v) take or omit to take any action which causes Franchisee and Franchisee's employees from maintaining the highest level of ethical advertising and customer relations in keeping with industry standards.

7.9 Sales Reports. Each month during the term of this Agreement and in the month immediately following the termination of this Agreement, Franchisee shall remit to Franchisor a sales report(s) on a form prescribed by Franchisor showing all Gross Sales of the Franchise and such other detail as required by Franchisor (which may include detail on Products sold and customers or other required information) for the preceding calendar month. All sales reports shall be delivered to Franchisor in the manner required by Franchisor (which may be electronically) on or before the due date of each calendar month for the preceding calendar month's Gross Sales. The requirements for each report will be specified in the Narwhal's Crafted Confidential Operations Manual.

7.10 Financial Statements. Prior to the Bar opening, Franchisee shall provide Franchisor with such information and financial statements as Franchisor may request from time to time. After the Bar is open for business, Franchisee shall provide to Franchisor (1) on a monthly basis a complete financial statement for Franchisee's operation of the Franchise covering the preceding month of the Franchisee's operation of the Franchise within fifteen (15) days following the close of each such month; and (2) a complete and accurate financial statement for the Franchise for each calendar year of Franchise operations within forty five (45) days following the close of each such calendar year. Said financial statement shall include, but not be limited to, profit and loss statement, balance sheet and cash flow statement and accompanying notes. Annual financial statements submitted by Franchisee must be reviewed and attested to by Franchisee prior to submission. All such financial statements shall contain no false or misleading information. Franchisor reserves the right to (i) approve or reject the form in which Franchisee supplies said financial statements and if Franchisor rejects the form, Franchisee agrees to resubmit the information in a form acceptable to Franchisor, and (ii) prescribe the forms to be used. All financial statements shall be delivered to Franchisor in the manner required by Franchisor (which may be electronically) on or before the due date for such statements as designated by Franchisor. If Franchisee fails to provide these financial statements when due, Franchisor may, in its discretion, charge a late fee of Fifty Dollars ($50) per day for each day the financial statement is late, reduced, if necessary, to the extent such payment exceeds the amount permitted by any applicable Laws. Any such late fee shall be due and payable when imposed.

7.11 Federal & State Reports. Franchisee shall file all State and Federal reports and returns as may be required by law in connection with the operation of the Franchise. At the request of Franchisor, Franchisee shall furnish accurate and complete copies of such Federal and State reports and returns to Franchisor at the time such reports and returns are filed or as may be requested by Franchisor. Notwithstanding anything to the contrary contained in this Section 7.11, Franchisee shall not be required to submit reports, tax returns, or other information which do not relate to the operation of the Franchise except as may be required by Franchisor to assure Franchisor of Franchisee's ability to reimburse Franchisor for costs and expenses incurred by Franchisor on Franchisee's behalf and to comply with Franchisee's obligations under this Agreement and/or any Related Agreement.

7.12 Software Reports. Franchisee shall use the Software as instructed by Franchisor in tracking the business activity of the Franchise as required by Franchisor which will include tracking information by transaction, by Product and by customer. Franchisee shall use only software authorized by Franchisor on Franchisee's computer used in the operation of Franchisee's Bar. Franchisee shall comply with all requirements regarding the format and content of such reports as currently set forth in the Narwhal's Crafted Confidential Operations Manual and as may be amended from time to time.

7.13 No Liability; No Warranty. Franchisor shall have no liability to Franchisee for any damages caused or alleged to be caused by (i) the Forms; (ii) the Software; (iii) Franchisor's accessing of information pursuant to Sections 6.3 or 7.6 above; or (iv) any supplies or goods purchased from or specified by Franchisor. FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE SOFTWARE OR ANY SUPPLIES OR PRODUCTS PURCHASED FROM OR SPECIFIED BY FRANCHISOR, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

7.14 Audit. Franchisor shall have the right, at all reasonable times during regular business hours, to copy, examine and audit Franchisee's financial books and records relating to the Franchise. Such audit may be conducted either by an employee of Franchisor or an independent contractor engaged by Franchisor for said purposes, and Franchisee agrees to allow Franchisor (or Franchisor's designated representative) access to all financial and/or other documents related to the Franchise as same may be requested by Franchisor. Any and all costs and expenses for the copies, examinations and audit shall be borne exclusively by Franchisor, except that (i) should Franchisee fail to remit a sales report in the proper format to Franchisor within fifteen (15) days from the date a sales report is due, Franchisor may copy, examine and/or audit Franchisee's books and records to determine Gross Sales and any royalty payment or other fees due, and charge Franchisee the expenses of said examination and/or audit, (ii) should an audit have to be re-scheduled due to Franchisee's lack of preparation and/or condition of Franchisee's books and records, Franchisee shall be charged for the expenses of any follow-up visit or visits, and (iii) should any examination and/or audit by Franchisor of Franchisee's books and records establish Franchisee's failure to report Gross Sales and/or pay any royalty or fees by at least two percent (2%) of that which should have been reported or paid, Franchisee shall promptly pay to Franchisor the expenses of said examination and/or audit, all other payments or charges which may be due together with interest in the unpaid amounts from the date they should have been paid until paid at the rate of 18% per annum (or the highest amount allowed by state law, whichever is less). Franchisor retains the right to (x) monitor Franchisee's books and records through other means as determined by Franchisor, or (y) require the submission of daily reports by Franchisee to Franchisor in order to remedy a situation, real or perceived, of consistent or persistent under-reporting or under-payment by Franchisee. If Franchisee's records are insufficient or inadequately maintained in order to enable an accurate assessment of Franchisee's liability hereunder, Franchisee shall be deemed to have a liability and Franchisee shall pay an amount equal to two times the average amount owed by the franchisees properly maintaining their records for the time period, and if no other operating franchisees, such liability shall be equal to the royalty rate applied against two times the average Gross Sales of Bars owned by Franchisor or Franchisor affiliates. Franchisee's records are insufficient or inadequate. The remedies provided for Franchisor above are not exclusive and shall be in addition to any other remedies provided in this Franchise Agreement or elsewhere.

7.15 Credit Sales. Extension of credit shall be the sole responsibility and the sole risk of Franchisee. Continuing royalty and advertising fees shall be due and payable on credit sales as if the sale was made for cash.

7.16 Legal Owners. In addition to completing Schedule A attached hereto, promptly upon request by Franchisor, Franchisee shall furnish Franchisor with a list of all holders of legal and beneficial interests in Franchisee.

7.17 Principal to Directly Supervise Bar. At least one Principal(s) shall personally monitor and supervise the performance and operation of the Bar. At least one Principal(s) must be actively involved and present in the operation of the Bar.

8. Advertising and Marketing

8.1 Value. Franchisee recognizes the value of advertising and marketing and the importance of the standardization of advertising and marketing programs to the furtherance of the Goodwill, public image and reputation of the System and all Narwhal's Crafted franchisees.

8.2 Advertising Restrictions. In order to ensure the necessary quality, uniformity and continuity of advertising, marketing and promotional activity for all Narwhal's Crafted franchises operating under the System, Franchisee agrees that Franchisee will not advertise or market (i) Franchisee's Narwhal/s Crafted Bar, or (ii) the Products or services of the Narwhal's Crafted Bar ("Narwhal's Products/Services"), except in compliance with this Agreement. Franchisee also agrees not to alter or reproduce, or have altered or reproduced, any of the advertising or marketing materials Franchisee receives from Franchisor in any manner, except as authorized by Franchisor in writing. Franchisee also agrees to use the digital marketing strategies, social media methods, direct mail, and other systems and materials developed by Franchisor for Narwhal/s Crafted Bars and/or Narwhal's Products/Services. Notwithstanding the foregoing, however, Franchisee shall be free to develop other types of targeted, customer-specific advertising material for use by Franchisee, provided Franchisor's prior written approval for the use of such advertising or marketing material is obtained. Franchisee agrees that unless Franchisor provides written approval to any submitted advertising or marketing materials within ten business days of their submission, such materials shall be deemed to be not approved. Franchisee agrees not to carry out any advertising, marketing or promotional activities, or to publish or distribute any advertising, marketing or promotional materials unless approved in advance by Franchisor in writing. Franchisee agrees not to advertise within another franchisee's designated protected area unless advertising jointly with such franchisee or otherwise permitted by Franchisor. Franchisee agrees that all advertising, marketing and promotional activities that Franchisee undertakes pursuant to this Agreement will be completely factual and will comply with Franchisor's advertising and marketing guidelines. Franchisee will be solely responsible for compliance with all Laws applicable to advertising and promotional activities in Franchisee's jurisdiction including, without limitation, all laws relating to Anti-Spam and Do Not Call laws. Franchisee shall comply with all advertising and marketing policies specified in the Narwhal's Crafted Confidential Operations Manual.

8.3 Advertising Procedures. Franchisor shall have the right, but not the obligation, to regulate and control Franchisee's advertising and marketing of Franchisee's Narwhal's Crafted Bar and/or the Narwhal's Products/Services. Franchisee agrees to use only the advertising or marketing materials supplied by Franchisor and/or advertising or marketing materials developed by Franchisee which have been approved by Franchisor prior to their use by Franchisee. Franchisee agrees to abide by all advertising and marketing decisions made by Franchisor from time to time. Franchisee shall comply with all advertising and marketing policies specified in the Narwhal's Crafted Confidential Operations Manual.

From time to time during the term of the Franchise Agreement, Franchisor may notify Franchisee of a particular mandatory advertisement or advertising program to be used by Franchisee. In such notice, Franchisor will designate the advertising medium to be used, the target audience, the estimated cost to Franchisee, and the procedure for implementing such advertising. Franchisee agrees to use such advertisements as specified by Franchisor. In the event Franchisor designates a vendor which Franchisee must use for such advertising, Franchisee shall purchase such advertising from such vendor and in such case, Franchisee shall pay such vendor directly for all advertising materials received from such vendor. Notwithstanding the foregoing, if Franchisee proposes to use a different vendor other than the vendor designated by Franchisor for any such required advertisement or advertising materials, Franchisee shall submit to the Franchisor sufficient specifications, photographs and other information and samples for examination and testing sufficient for Franchisor to determine whether the vendor meets Franchisor's specifications, qualifications and standards. Franchisee shall reimburse Franchisor for the reasonable costs of any such investigation. If Franchisee demonstrates that the proposed vendor meets Franchisor's specifications, qualifications and standards as determined by Franchisor in its sole discretion, Franchisor will so notify Franchisee of same and Franchisee may use such approved vendor.

Franchisee shall spend a minimum of $3000 on advertising and marketing of the grand opening of the Bar at times and in manner as approved by Franchisor ("Grand Opening Campaign"). During the term of this Agreement after the Bar is open for business, Franchisee shall spend a minimum of the greater of (i) $12,000.00 or (ii) two percent (2%) of Franchisee's Gross Sales per calendar year for all advertising and marketing (such amount shall be prorated during calendar year in which Bar opens). To avoid any misunderstanding, the Grand Opening Campaign expenses shall not be counted toward satisfaction of the preceding requirements in the first year of operation. This amount is subject to change from time to time as may be provided in the Confidential Operations Manual. Payment of the Grand Opening Campaign and the System Branding Fund contribution does not count toward this minimum advertising requirement. In addition, Franchisee agrees that if at any time during the term of this Franchise Agreement Franchisee either relocates the Bar or engages in a significant remodeling of the Bar, Franchisee shall spend additional monies on advertising and marketing over and above normal requirements specified herein as prescribed by Franchisor. A "significant remodeling" shall occur at such time when Franchisee increases the square footage of the Bar.

8.4 System Branding Fund. In addition to the other advertising and marketing monetary expenditures required hereunder, Franchisee shall contribute to the System Branding Fund (the "Fund"). The required contribution during the initial term shall be two percent (2%) of Gross Sales. System Branding Fund payments shall be due at the same time that Royalty payments are due. The Fund will be maintained and administered by Franchisor or its designee and Franchisor will oversee all advertising and promotional programs, marketing and public relations with the unfettered right to approve or disapprove the concepts, materials and media used in such programs and the placement and allocation of these programs. Franchisor shall have the right to determine how the monies in the Fund will be expended in its discretion. In administering the Fund, Franchisor is not acting in a fiduciary capacity for Franchisee. Franchisee acknowledges and consents that Franchisor is not obligated and makes no promises to make expenditures out of the Fund which are equivalent or proportional to Franchisee's contribution to the Fund or to ensure that all franchisees benefit equally or pro rata from the advertising and promotion conducted by the Fund. Franchisee agrees that the Fund will be used to cover the costs of advertising, marketing and promotional activities, including, without limitation, direct mail campaigns, advertising by radio, television, magazine and newspapers, marketing surveys, website development and maintenance, website advertising, social media advertising, applications development, billboard advertising, advertising and participation in trade shows, public relations activities, employing advertising agencies, market research, production of advertising material, media planning and placement, marketing personnel and any other costs associated with the development, marketing and testing of advertising and marketing and the purchasing of advertising time, space or materials in national, regional or other advertising media. The money contributed to the Fund will be maintained in a separate account from Franchisor's other monies and shall not be used to cover any of Franchisor's expenses, except for reasonable administrative costs including salaries of marketing staff and those involved with marketing and out of pocket costs of managing and administering the Fund. The Fund will be authorized to collect rebates from suppliers. Franchisee understands that to the extent that contributions to and earnings of the Fund during any year are not fully used, the excess shall be carried forward and used for Fund activities the following year. Franchisor reserves the right to operate the Fund out of a separate entity. Contributions to the Fund may at Franchisor's direction be made by electronic funds transfer or as otherwise designated by Franchisor.

The operation of the Fund would be subject to change as provided in the Confidential Operations Manual from time to time.

Franchisor agrees each fiscal year to have an internal accounting of the Fund prepared, and upon the written request of Franchisee (and provided that Franchisee is then in good standing), Franchisor will provide Franchisee with a copy of the most recently completed accounting of the Fund.

8.5 Local Advertising Cooperatives. Franchisee's Area may be located close to or in proximity to area(s) in which other franchisees of Franchisor and/or Franchisor owned Narwhal's Crafted Bars are or will also be located. In these cases, Franchisor may determine that all Narwhal's Crafted franchises sharing the same local advertising market area should participate in market-wide cooperative advertising arrangements. If Franchisor makes such a determination with respect to Franchisee's Area, Franchisee's participation will be mandatory. Franchisor shall have the authority to set the terms of any such cooperative advertising arrangements, and to make changes to those arrangements from time to time as Franchisor deems necessary, and Franchisee agrees to participate in any such cooperative advertising arrangements as directed by Franchisor, although Franchisor agrees to permit the activities of the cooperative to be controlled locally in accordance with guidelines set forth in the Narwhal's Crafted Confidential Operations Manual. If the majority of franchisees in any such cooperative or other regional advertising group agree on a particular advertisement, all franchisees within such area must participate and failure to do so shall constitute a default under this Agreement. In addition, if 60% of the franchisees in any such cooperative or other regional group agree to raise (but cannot lower) the minimum local advertising expenditures, all franchisees in such area must comply with the increased expenditure requirement and failure to do so shall constitute a default under this Agreement. If any cooperative advertising arrangement designated by Franchisor covers an area in which one or more Franchisor-owned Narwhal's Crafted Bars are located, Franchisor-owned Narwhal's Crafted Bars will participate in the cooperative arrangement on the same basis as franchised stores located in the affected market area.

8.6 Mandatory Programs. Franchisee agrees to participate in all advertising and marketing programs designated by Franchisor as mandatory from time to time.

8.7 Internet. Franchisee agrees and acknowledges that protection of Franchisor's Marks and image is critically important to the success of the System. Accordingly, Franchisee shall not create a home page, blog, social media page (including but not limited to a Facebook page, Instagram account, Twitter account, Tic Tok account, Snapchat account), web video page (including but not limited to a You Tube channel), app, or any other public page for the Franchise on the Internet or other computer network without Franchisor's prior written approval. Franchisee may not use any Mark on the Internet or in a domain name or email address without Franchisor's prior written consent. Franchisee shall not authorize any other person to use any Mark on the Internet or in a domain name or email address or otherwise market, advertise or promote the Franchise without Franchisor's prior written consent. Franchisee shall notify Franchisor if it becomes aware of the use by any of Franchisee's contacts of any Mark on a website or on the Internet. Franchisee shall comply with Franchisor's internet/social media policy as it exists as of the date hereof and as it may be amended from time to time. Franchisor's internet/social media policy will be either provided to Franchisee in written form and/or provided by being set forth in the Narwhal's Crafted Confidential Operations Manual. This policy may include without limitation, procedures to be followed by Franchisee in requesting approval for a home page or website or content thereon, as well as restrictions on content, linking, framing, metatags and other topics. Franchisee agrees that if Franchisor incurs costs in reviewing, approving or monitoring Franchisee's requested material for approval for use in a home page, website or otherwise for the Internet, Franchisee will reimburse Franchisor for any such costs. Franchisor reserves the right to sell Products under the Mark and System through the Internet on terms set by Franchisor from time to time. Franchisee shall not engage in e-commerce over the Internet except as expressly permitted in advance and in writing by Franchisor. Franchisee must comply with all of Franchisor's policies with respect to use of Franchisor's website as they currently exist, and as they are amended from time to time.

8.8 Franchisee Representations and Warranties on Advertising/Marketing.

A. Franchisee agrees and acknowledges that Franchisor shall have the power from time to time to adopt and/or change minimum advertising or marketing requirements and that Franchisee agrees to abide by all requirements issued by Franchisor relating to the advertising and marketing of Franchisee's Narwhal's Crafted Bar and/or the Narwhal's Products/Services. Franchisee acknowledges that any advertising or marketing requirement change may be contained in the Narwhal's Crafted Confidential Operations Manual.

B. Franchisee consents to Franchisor advertising or marketing Franchisee's Narwhal's Crafted Bar and/or the Narwhal's Products/Services and/or the Narwhal's Crafted System within Franchisee's Area. In addition, Franchisee agrees and consents that Franchisor has the right to advertise Franchisee's Narwhal's Crafted Bar and/or the Narwhal's Products/Services and/or the Narwhal's Crafted System on a nationwide basis or regional basis through any medium including without limitation, the internet, that Franchisor determines is the most effective.

C. Franchisee agrees that except for advertising and marketing permitted by this Agreement, Franchisee shall not have the right to advertise or market in a manner directly or indirectly related to the Franchise, Franchisee's Narwhal's Crafted Bar, the Narwhal's Crafted System and/or the Narwhal's Products/Services. Franchisee agrees to indemnify and hold Franchisor harmless from any liability, loss or expense including reasonable attorneys' fees, resulting from such unauthorized advertising, including Franchisee's advertising through an unauthorized medium, or from Franchisee's failure to otherwise meet the requirements contained in this Agreement. If and when this Franchise Agreement terminates or expires, Franchisee agrees to immediately cease (i) advertising Franchisee's Narwhal's Crafted Bar, the Narwhal's Products/Services, the Narwhal's Crafted System and/or the Franchise, and (ii) utilizing any advertising materials Franchisee has received from Franchisor. In addition, Franchisee agrees to return to Franchisor all advertising materials in Franchisee's possession at such time.

9. Fees and Charges

9.1 Initial Franchise Fee. Franchisee shall pay to Franchisor the sum of Twenty Thousand Dollars ($20,000.00) as the Initial Franchise Fee, which shall be payable as follows: $20,000.00 upon execution of this Agreement. Franchisor reserves the right to offer discounts on the Initial Franchise Fee to franchisees that qualify in accordance with its guidelines from time to time for such discounts.

9.2 Continuing Royalty. During the term of this Agreement, Franchisee shall pay to Franchisor a continuing royalty of ten percent (10%) of the Gross Sales ("Royalty Rate"), as defined in Section 9.3 below. The royalty shall be payable as set forth in Section 9.4 below.

Franchisor reserves the right to offer discounts on the Royalty Rate and/or to the Minimum Royalty to franchisees that qualify in accordance with the guidelines or policies for such discounts as may be determined by Franchisor from time to time. Thus, the Royalty Rate and Minimum Royalty paid by all franchisees may not be uniform. Examples of factors that may be considered in the determination of such discount guidelines or policies could include, but would not be limited to, the following: (i) a franchisee owning multiple Narwhal's Crafted Bars continuously since a date certain designated by Franchisor; or (ii) such other factors as may be determined by Franchisor from time to time.

9.3 Gross Sales. With respect to the business of the Franchise, “Gross Sales” shall mean and include the total sum of: (i) all amounts received by Franchisee or invoiced or otherwise charged by Franchisee for all goods and services sold by Franchisee; and (ii) the value of all goods and merchandise received by Franchisee in trade for services or goods and merchandise sold by Franchisee but not reflected in the amounts invoiced or charged by Franchisee. Gross Sales shall include both cash and credit sales (regardless of collection) but shall not include sales taxes.

9.4 Payment of Royalty. Royalty shall be paid as follows:

(i) Royalty on Gross Sales shall be payable as follows: On a weekly basis on date designated by Franchisor, Franchisee shall pay Franchisor the royalty for Gross Sales for the preceding calendar week,

(ii) Payment of the royalty shall be made by electronic funds transfer or as otherwise directed by Franchisor from time to time. The timing and manner of the payment of the royalty is subject to change from time to time as determined by Franchisor and as may be communicated to Franchisee in writing or as may be reflected in the Operations Manual.

9.5 Place and Time of Payment. Payments of royalty shall not be deemed made until actually received by Franchisor.

9.6 Late Fee for Late Sales Report and Royalty Payment. If Franchisee fails to remit to Franchisor a sales report when due as provided in Section 7.9 above and/or a royalty payment when due as provided in Section 9.4 above, Franchisor has the right, in addition to any other remedy available, to charge Franchisee a late fee of Fifty Dollars ($50.00) for each day such sales report and/or royalty payment is late, reduced, if necessary, to the extent such payment exceeds the amount permitted by applicable law. Said late fee shall be due and payable by Franchisee immediately when invoiced. In addition, interest on such late royalty payments will accrue at the lesser of eighteen percent (18%) per annum or the highest rate permitted by law until payment in full is received.

9.7 Advertising Fees. Franchisee shall remit to Franchisor the amounts required (and at the times required) for the Branding Fund pursuant to Article 8.

9.8 Automatic Transfer. Franchisor has the right to require Franchisee to pay royalties and/or any other amounts due under this Agreement by electronic funds transfer, in which case, Franchisee agrees to perform such acts, sign such documents necessary to implement such a payment program, and to make the required funds available for withdrawal on or before the designated payment dates.

10. Term of Agreement

10.1 Initial Term of Franchise. This Agreement and the Franchise granted herein shall be for an initial term of ten (10) years commencing on the date of execution and acceptance by Franchisor, the Commencement Date set forth on page 3 above, and expires on the Expiration Date set forth on page 3 above, subject to earlier termination as provided herein.

10.2 Successor Agreement. Franchisee may, at Franchisee’s option, enter into successor agreements for two additional successive terms of five (5) years each, subject to the following conditions:

(i) Franchisee has substantially complied with all of the terms and conditions of this Agreement and, at the time of the beginning of the successor term, is not in default of any material term or condition of this Agreement or any Related Agreement.

(ii) Franchisee's Quality Review scores, if applicable, Franchisor has implemented a Quality Review program, have been satisfactory as determined by Franchisor.

(iii) Franchisee has notified Franchisor in writing of Franchisee's election to enter into a successor agreement not less than one hundred eighty (180) days nor more than two hundred seventy (270) days prior to the end of the initial term or first successor term of this Agreement, as the case may be, unless otherwise agreed to in writing by Franchisor.

(iv) Prior to the beginning of the successor term, Franchisee's Principal(s) and Manager(s) and such other employees or staff persons as Franchisor may require must successfully complete the then current training and Franchisee must comply with all of the other then-current qualifications and training requirements for a franchisee and a franchisee's employees.

(v) Prior to the beginning of the successor term, Franchisee shall make or commit to make in a manner satisfactory to Franchisor such renovation and modification of the Narwhal's Crafted Bar as Franchisor may reasonably require to reflect Franchisor's then-current standards for a Narwhal's Crafted Bar.

(vi) Prior to the beginning of the successor term, Franchisee shall have furnished the Narwhal's Crafted Bar with all then-required signage, equipment, computers, computer software (including updates) furnishings, fixtures, supplies and materials.

(vii) Prior to the beginning of the successor term, Franchisee and all Principals must execute a general release in a form prescribed by Franchisor, releasing, to the fullest extent permitted by applicable law, Franchisor and its Affiliates (and their respective officers, directors, members and shareholders) (hereinafter collectively referred to as the "Released Parties") from any and all Claims against the Released Parties arising under this Agreement or otherwise for the period of time prior to the commencement of the successor term and return the release to Franchisor.

(viii) Prior to the beginning of the successor term, Franchisee must execute Franchisor's then-current form of the standard Franchise Agreement for the sale of a new Narwhal's Crafted Franchise, which agreement shall supersede this Agreement in all respects and the terms or conditions of which may materially differ from the terms of this Agreement, including, without limitation, differences in: (i) royalty, (ii) advertising fees or contributions or minimum required expenditures; (iii) other fees, (iv) performance standards, (v) changes to required Products, and/or (vi) defined territory.

(ix) Prior to the beginning of the successor term, Franchisee must reimburse Franchisor for any out of pocket expenses incurred by Franchisor in connection with Franchisee's successor term including without limitation costs incurred to verify Franchisee's compliance with the terms of this Section 10.2.

If Franchisee does not qualify to enter into a successor Franchise Agreement or elects not to do so by written notice to Franchisor, immediately after the expiration of the then current term, Franchisee must comply with the requirements of Section 17.

11. <u>Insurance</u>

11.1 Protection of Franchisor. Franchisee shall at all times during the term of this Agreement and any successor term, at Franchisee's sole expense, carry (i) comprehensive commercial general liability insurance and blanket contractual liability insurance, each with a minimum combined single limit per occurrence of One Million Dollars ($1,000,000) with an aggregate coverage of Two Million Dollars ($2,000,000); (ii) liquor liability insurance with a minimum single limit per occurrence of One Million Dollars ($1,000,000) with an aggregate coverage of Two Million Dollars ($2,000,000); (iii) owned and non-owned automobile liability insurance, each with a minimum combined single limit of Five Hundred Thousand Dollars ($500,000.00), (iv) extended coverage insurance in an amount equal to the market value of all signs and leasehold improvements, (v) workers compensation insurance which complies with the workers compensation laws of the state in which the Franchise is located, (vi) business interruption insurance in an amount as will reimburse Franchisee for loss of Gross Sales equal to 12 times the average monthly Gross Sales during the previous three month period immediately prior to the interruption, (vii) any other insurance which may be required by the state in which the Franchise is located, and (viii) any other insurance which may be required by Franchisor as provided in the Narwhal's Crafted Confidential Operations Manual or as otherwise provided to Franchisee in writing. Such insurance shall be written only by companies which have a rating of "A" or better by A.M. Best & Co. or are otherwise approved by Franchisor at its sole discretion. Franchisor shall be listed as an additional insured on all such insurance policies maintained by Franchisee, and Franchisee shall forward to Franchisor thirty (30) days prior to opening the Franchisee's Narwhal's Crafted Bar certificates of coverage for all such insurance policies, and upon Franchisor's request, a copy of all such insurance policies. Each insurance policy required to be maintained by Franchisee under this Agreement shall contain a provision requiring notification to be given to Franchisor at least thirty (30) days prior to the cancellation, termination or non-renewal of such policy. At least thirty (30) days prior to the expiration of each policy of insurance, Franchisee shall deliver to Franchisor evidence satisfactory to Franchisor reflecting the renewal of such policy. The insurance requirements, including limits, stated herein may be modified by Franchisor if deemed advisable in the sole discretion of Franchisor. Any such modifications will be specified in the Narwhal's Crafted Confidential Operations Manual or as otherwise provided to Franchisee.

11.2 Protection of Franchisee. Franchisee shall at all times carry adequate replacement-cost property and extended coverage insurance covering Franchisee's inventory, equipment, leasehold improvements, fixtures and furnishings against losses due to fire, vandalism, malicious mischief, theft, and other perils, including flood insurance if applicable.

11.3 Failure to Obtain Insurance. If Franchisee fails to comply with the requirements of Section 11.1 and/or 11.2, Franchisor may, at its option, obtain such insurance on behalf of Franchisee and maintain the same in full force and effect, and Franchisee shall pay Franchisor, upon demand, all premium charges therefor incurred by Franchisor together with interest at the rate of Eighteen (18%) percent or the maximum rate permitted by law, whichever is less, from the date Franchisor paid such premiums until repaid by Franchisee. Notwithstanding the foregoing, Franchisor's obtaining such insurance will in no way limit Franchisee's liability under this Agreement and Franchisor's election to obtain such insurance is not an exclusive remedy. Franchisee agrees and acknowledges that the insurance requirements specified above are minimum requirements and may not be sufficient to cover all losses that may be incurred by Franchisee. Franchisor encourages Franchisee to consult with its own advisors regarding additional insurance. Franchisor shall have no liability to Franchisee for Franchisor's failure to obtain insurance on Franchisee's behalf.

12. Marks, Goodwill, and Know-How

12.1 Franchisee's Agreement as to the Marks and Know-How: Franchisee acknowledges that the Marks and Know-How are the sole property of Franchisor and that they have substantial value. Franchisee is hereby given the privilege to use the Marks and Know-How in promoting and operating the

Bar provided such right to use the Marks and Know-How is hereby acknowledged to be a privilege only and said privilege is extinguished upon expiration, termination and/or sale, assignment or transfer of this Agreement. Franchisee shall not, in any way, (i) do anything to infringe upon, harm, challenge or contest the validity of Franchisor's ownership rights in or to the Marks and Know-How or any other mark or name which incorporates one of the Marks and/or Know-How or any registration therefor, (ii) use any of the Marks or Know-How other than as herein permitted, (iii) place any Mark on any item, signage, advertising or marketing materials, or other materials unless with Franchisor's prior written consent or in accordance with this Agreement. Franchisee may not use in any manner or medium any tradename, trademark or service mark that is confusingly similar to any Mark, including for example (and without limitation), "Narwhal's Crafted," "Narwhal's," or a telephone number that, when spelled out, yields a name or mark that is confusingly similar to any Mark and is marketed by spelling it out. Franchisee may not through the use of the Marks, or otherwise, directly or indirectly state or imply that the Bar is owned or operated by Franchisor. Franchisee may not sublicense the use of the Marks or allow any other person to use the Marks. Franchisee agrees to indemnify and hold harmless Franchisor from any costs or expenses (including but not limited to attorneys' fees) incurred by Franchisor in protecting its Marks and Know-How as a result of any act or inaction of Franchisee. Franchisee shall take whatever action is necessary to protect the integrity of the Marks. Upon an event of default or termination or expiration of this Agreement, Franchisee agrees that Franchisee's interest in all signage and all other items bearing any of the Marks shall be automatically assigned to Franchisor. Franchisee agrees to execute any and all documents necessary to affect the foregoing assignment. Franchisee further acknowledges that in the course of Franchisee's operation of the Franchise, Franchisee may from time to time create copyrightable works, inventions, discoveries or improvements that may be related to or useful in the business of the System. In such event, any such works, invention, discovery or improvement shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefor. Franchisor has the right to incorporate such items into the System and/or disclose them to other franchisees and other persons or entities. To the extent any item does not qualify as a "work made for hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. As Franchisor may request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

12.2 Use of the Marks. Franchisee shall not add any name, prefix, suffix, mark, logo, insignia or the like to the Marks or make any variations in the use of the Marks, or use any trademarks, service marks or tradenames other than a Mark, unless first approved in writing by Franchisor, which approval may be withheld in the sole discretion of Franchisor. Franchisee shall use the Marks only in the form and manner approved by Franchisor and any misuse of the Marks by Franchisee shall constitute infringement.

12.3 Discontinuance of Use of Marks. If Franchisor determines that the Narwhal's Crafted System should modify or discontinue using any Mark and/or that the Narwhal's Crafted System should use additional or substitute Marks, Franchisee agrees to comply with Franchisor's directions within sixty (60) days after Franchisee receives Franchisor's notice at Franchisee's cost.

12.4 No Use of Marks in Name. Franchisee shall not use, or permit the use of, any of the Marks in the name of any corporation, limited liability company, partnership or other organization.

12.5 Goodwill. Franchisee acknowledges that Franchisee's use of the Marks or of any approved name, mark, logo, insignia or the like incorporating the Marks inures to the sole benefit of Franchisor, and that any goodwill arising from such use by Franchisee remains, at all times, the sole property of Franchisor and that Franchisor at all times remains the owner of the Marks and all goodwill associated therewith. Franchisee will not be compensated for any goodwill attributable to its use of the Marks upon termination, expiration or transfer of this Agreement.

12.6 Infringement. Franchisee acknowledges that (i) as of the date of this Agreement, Franchisor has a registered federal trademark for "Narwhal's Crafted Urban Ice" , and has common law trademark rights in, and has applied for federal trademark registration for, "Narwhal's Crafted", but for no other Mark. Franchisor may hereafter register one or more of the Marks in the United States Patent and Trademark Office. Between Franchisor and Franchisee, Franchisor retains the sole and discretionary right to assert claims of infringement of the Marks and any such registrations against any person or entity who uses the Marks without permission, license or authority from Franchisor. Franchisee agrees to notify Franchisor immediately of any infringement or improper or unauthorized use of the Marks of which Franchisee becomes aware. Franchisor makes no warranty that there are no other persons with superior rights with respect to the Marks in certain areas.

12.7 Defense. Franchisor shall defend and hold Franchisee harmless from and against any and all claims of trademark, service mark or tradename infringement for use of the Marks other than those arising by reason of the act or inaction of Franchisee, provided that Franchisee (i) complies with this Agreement and uses the Marks only in compliance with this Agreement, (ii) promptly gives written notice to Franchisor of any such claim or suit, and (iii) upon request, cooperates and assists Franchisor in such defense. Franchisor shall have the sole and complete control and direction of any such legal action, including the settlement thereof, without providing any notice to Franchisee. Provided Franchisee complies with this Agreement and uses the Marks only in compliance with this Agreement, Franchisor shall bear all costs of defense of any such claim or suit. If Franchisee misuses the Marks, Franchisee shall indemnify and hold Franchisor harmless from and against the cost, including attorneys' fees, incurred by Franchisor in defending any claims of such infringement.

13. Assignment and Transfer

13.1 Limited Rights of Assignment and Right of First Refusal.

A. The Franchise herein granted to Franchisee is personal to Franchisee and is based upon the business skill, business background, including experience in the bar and/or restaurant industry, and financial capacity of Franchisee (including the personal guarantees of shareholders of a corporate Franchisee, partners of a partnership Franchisee, members or beneficiaries of any other business entity which is a Franchisee, or any corporation owned by a Franchisee if Franchisee is an individual). Accordingly, except pursuant to the following provisions of this Section 13.1, neither the Franchise nor any part of Franchisee's ownership interest, nor all or a substantial part of the assets of Franchisee may be voluntarily, involuntarily, directly or indirectly transferred, sold, given away, assigned, pledged, hypothecated, divided or encumbered in any way, by Franchisee or Franchisee's owners without Franchisor's prior written approval, and any such transfer without such approval shall constitute a breach of this Agreement and therefore will convey no rights to or interests in this Agreement, the Franchise, or the Franchisee or the assets attempted to be transferred. Any attempt to do so shall at the option of Franchisor effect the termination of this Agreement. Franchisor's election to terminate this Agreement is not an election of remedies and Franchisor shall in any event be permitted to seek and receive any and all damages arising from Franchisee's breach of this Agreement.

B. As used in this Agreement, the term "ownership interest" means; (a) shares in any corporation, or partnership interest in any partnership, or membership units in any limited liability company, or other interest in some other entity that holds the Franchise; (b) direct or indirect community property rights of any person in this Agreement, or the Franchise; and (c) any other equitable or legal right in the revenues, profits, rights or assets of the Franchise. As used in this Agreement, the term "transfer" includes any voluntary, involuntary, direct or indirect assignment, sale, gift, or exchange or the occurrence of any other event possibly creating an ownership interest or changing the ownership of any ownership interest, including, without limitation: (1) assignment or other transfer of this Agreement; (2) merger or consolidation or issuance of additional securities representing an ownership interest; (3) sale, gift or other transfer of stock, membership, partnership or other interest; (4) transfer of an interest in this Agreement, the Franchise, or the Franchisee in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; and (5) transfer of an ownership interest by will, declaration of or transfer in trust, or under the laws of intestate succession.

C. If Franchisee proposes to make a transfer of this Agreement, the Franchise or Franchisee's ownership interest or all or a substantial part of the assets of Franchisee, then all of the following conditions must be met before or at the time of each such transfer. ("Transferee" is defined as the person, persons, partnership, corporation or other entity wishing to acquire the Franchise, ownership interest or assets as the case may be).

(1) Transferee or the owners of the ownership interest in the Transferee if the Transferee is a corporation or partnership or other entity must be of good moral character and reputation, have sufficient business experience, aptitude and financial resources to operate the Franchise, assume all debt obligations of Franchisee to Franchisor, if any, and otherwise meet Franchisor's then applicable standards for franchisees.

(2) If such assignment is to an existing Narwhal's Crafted franchisee, such franchisee is in full compliance with its franchise agreement.

(3) Neither Transferee nor the owners of Transferee is currently involved in any material litigation, dispute or legal proceeding which could (a) adversely affect the Transferee's ability to conduct its business, (b) adversely affect the Transferee's reputation, or (c) adversely affect the Narwhal's Crafted System.

(4) Franchisee and/or Transferee must provide, in a timely fashion, any and all documentation related to Transferee as requested by Franchisor.

(5) Transferee must assume all of Franchisee's obligations in connection with the operation of the Franchise including the lease for the Bar.

(6) If the lease for the Bar so requires, the lessor must have consented to the assignment or sublease of the Bar to the Transferee.

(7) Franchisee must pay any unpaid royalty and service fees, advertising contributions, and any other amounts owed to Franchisor and Franchisor's Affiliates.

(8) The condition and operations of the Franchise must be in compliance with this Agreement and all applicable specifications, standards, operating procedures and policies Franchisor has prescribed.

(9) Franchisee or Transferee must agree to make such renovation and modification of the Narwhal's Crafted Bar as Franchisor may reasonably require to reflect Franchisor's then-current standards for a Narwhal's Crafted Bar.

(10) Franchisee or Transferee must agree to furnish the Narwhal's Crafted Bar with all then-required equipment, software, computers, furnishings, fixtures, supplies and materials.

(11) The Transferee must sign Franchisor's then current form of franchise agreement (including all exhibits, as required) for a term equal to the remainder of the term in this Agreement.

(12) Franchisee or the Transferee must pay to Franchisor a transfer fee as follows: (a) if the Transferee is an existing Narwhal's Crafted franchisee the transfer fee is Five Thousand Dollars ($5,000.00) or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the application for transfer, including without limitation, legal and accounting fees; and (b) if the Transferee is not an existing Narwhal's Crafted franchisee the transfer fee is Seventy Five Hundred Dollars ($7,500.00) or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the application for transfer, including without limitation, legal and accounting fees.

(13) The Transferee must attend and complete, within a reasonable period of time, the initial training at a location to be determined by Franchisor. Transferee is responsible for all transportation, lodging and other expenses related to this Initial Training program.

(14) Franchisee and each person who is transferring an ownership interest must sign a general release (in a form satisfactory to Franchisor) of any and all claims against Franchisor, Franchisor's Affiliates, and their respective shareholders, members, directors, employees, attorneys, agents, successors and assigns.

(15) Franchisor must approve the material terms and conditions of such transfer, including, that the price and terms of payment are not so burdensome as to adversely affect the Narwhal's Crafted System or the operation of the Franchise by the Transferee.

(16) Franchisee will agree that all obligations of the Transferee under or pursuant to any promissory notes, agreements or security interests reserved by Franchisee or its owners in the assets of the Franchise will be subordinate to the obligations of the Transferee to pay royalty and service fees, advertising contributions and other amounts due to Franchisor and otherwise to comply with this Agreement or the franchise agreement executed by the Transferee.

(17) Franchisee and the Principals, if Franchisee is transferring this Agreement, and each person who is transferring an ownership interest, will either confirm in writing the acknowledgment of the post termination covenants contained in Section 17 of this Agreement as it applies to them or must execute an agreement in form acceptable to Franchisor incorporating the post termination covenants set forth in Article 17 of this Agreement.

(18) Franchisee has provided Franchisor with an opportunity to exercise Franchisor's right of first refusal as required in Section 13.1E of this Agreement and Franchisor has declined to exercise that right.

(19) The transfer is not to a Competitor. For purposes of this subparagraph 19, "Competitor" means any business, individual, partnership, joint venture, firm, corporation or other entity that derives over 25% of its revenue from the sale of Products.

(20) Franchisee has agreed to guarantee the full performance of Transferee's obligations set forth in the new franchise agreement, if required by Franchisor.

D. Any such transfer by Franchisee under this Section 13.1 shall be considered a "termination" by such Franchisee for purposes of Franchisee's covenants of non-disclosure, not to compete, and non-solicitation. Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential Transferees and to analyze and review the terms of their purchase contract with Franchisee. Franchisee further acknowledges that Franchisor's contact with potential Transferees for the purpose of protecting its business interests will not constitute improper or unlawful conduct. Franchisee expressly authorizes Franchisor to investigate any potential Transferee's qualifications, to analyze and review the proposed terms with the Transferee, and to withhold consent of the terms and conditions of any such transfer. Franchisee waives any claim that any action or actions taken or not taken by Franchisor in relation to a proposed transfer to protect its business interests constitutes tortious interference with contractual or business relationships.

E. If Franchisee or any of Franchisee's owners receives a bona fide offer (or receives acceptance of an offer that Franchisee or Franchisee's owners made) to acquire an interest in the Franchise Agreement, the Franchise or all or a substantial part of Franchisee's assets or the assets used in the Franchise, or an ownership interest in the Franchise, then Franchisee must notify Franchisor by providing Franchisor with an exact copy of the offer or, in the case of an unwritten bona fide offer, immediately submit to Franchisor a complete and accurate written description of all of the offer's terms. Franchisor may request and Franchisee shall provide, additional information relevant to the offer for Franchisor to evaluate its right of first refusal. Franchisor will have the right within thirty (30) days after receiving Franchisee's written notice to exercise Franchisor's right to purchase the interest proposed to be transferred for the price and on the terms and conditions contained in the offer. If the bona fide offer contains non-cash consideration, Franchisor may accept such offer by paying the cash equivalent to such non-cash consideration as determined by an independent valuation expert selected by Franchisor. Franchisor shall have at least sixty (60) days from receipt of notice of the offer to complete the transfer, or Franchisor shall have the period provided in the offer, whichever is longer. Franchisor will be entitled to acquire such interest in the Franchise or its assets or in Franchisee, subject to receiving all representations and warranties as to the ownership, condition or title of or to the stock and/or assets, as to the absence of any liabilities, liens or encumbrances, or pending litigation, and as to the validity of any contracts or leases, which are reasonable for transactions of this type. If Franchisor does not exercise its right of first refusal, Franchisee or Franchisee's owners may complete the sale to the same purchaser pursuant to and on the same terms of such offer, subject to Franchisor's approval of the transfer as provided in Section 13.1C of this Agreement. If the sale to the purchaser is not completed within one hundred twenty (120) days after delivery of notice of the offer to Franchisor or if there is a material change in the terms of the sale, Franchisor will have an additional right of first refusal for thirty (30) days to accept the changed offer on the same procedures as were applicable to the initial right of first refusal.

F. In the event of death or incapacity of Franchisee (if Franchisee is a partnership, corporation or other business entity, the death or incapacity of a Principal of Franchisee) the executor, administrator or personal representatives of such person shall have six (6) months from date of death or judgment of incapacity to sell and transfer the Franchise to another person under the conditions as set forth in Section 13.1C above. Provided, however, that if Franchisee's legal or personal representatives have not sold the Franchise within such six month period as provided above, Franchisor, at its option, may terminate this Agreement upon written notice to Franchisee, with no further right to cure.

G. Franchisor will not unreasonably withhold Franchisor's approval of an assignment or transfer which satisfies all conditions of this Section 13.1.

13.2 Change of Ownership. If, during the term of this Agreement, there is a proposed change in the ownership interest of Franchisee of the voting power of any and all classes of ownership interest of Franchisee, such attempted change in ownership interest shall be considered for purposes of this Agreement as an assignment, transfer or sale of the Franchise and shall be subject to Section 13.1 above. If, during the term of this Agreement or any successor thereof, there is a proposed change in ownership interest of Franchisee, Franchisee shall notify Franchisor immediately of such proposed change. Franchisee is obligated to notify Franchisor of any and all transfers of an ownership interest in Franchisee or changes in ownership of Franchisee. Further, Franchisee shall provide written notice to Franchisor if any divorce proceeding has been filed by or against any Principal.

13.3 Evidence of Restrictions. All stock certificates of any corporation or other evidence of ownership in a partnership or business entity which owns a Franchise shall make reference to the restrictions found in this Article 13 so as to render same a binding restriction on transferability in accordance with the laws of the state in which such corporation, partnership or business entity is formed. Such reference to such restrictions shall be in form and manner approved by Franchisor.

13.4 No Assignment of Management. Franchisee shall not assign or attempt to assign a right to manage the Franchise without the prior written consent of Franchisor, which may be withheld at its discretion.

13.5 Assignment by Franchisor. Franchisor may assign all of its right, title and interest in and to the Franchise Agreement without the consent of Franchisee and without restriction provided that any successors and assigns of Franchisor shall agree in writing to assume all of Franchisor's obligations thereunder. Such assignment shall discharge Franchisor from any further obligations under the Franchise Agreement.

14. Termination by Franchisor

14.1 Right of Termination for Defaults, With Right to Cure. Upon the occurrence of any event of default described in Section 14.2 herein, Franchisor shall give written notice to Franchisee stating (i) the event of default, (ii) whether or not the default may be cured, and (iii) what cure is acceptable. The notice to be given to Franchisee (the "Notice Period") shall not, in any event, be less than the minimum number of days specified by applicable law.

14.2 Franchisee's Defaults Resulting in Termination For Failure to Cure With Notice. Each of the following defaults by Franchisee shall constitute an event of default:

(i) Failure by Franchisee to timely pay any sums due, or report Gross Sales, or submit any financial report or information, to Franchisor pursuant to the terms of this Agreement or any other obligation of Franchisee to Franchisor.

(ii) Failure by Franchisee to comply with any of Franchisee's obligations under this Agreement and all exhibits hereto, other than those set forth in Section 14.4.

(iii) Franchisee's sale of products and/or services not approved by Franchisor.

(iv) Failure by Franchisee to open for business a Narwhal's Crafted Bar in accordance with the development schedule set forth in Article 3 above.

If Franchisee fails to cure any default with respect to monetary defaults described in this Section 14.2 (including, without limitation, default described in Section 6.5) within ten (10) days of the notice being given pursuant to Section 14.1 above (or such longer period of time required by applicable law) or fails to commence and diligently pursue curing or ceases to diligently pursue curing without curing in full any defaults with respect to non-monetary defaults described in this Section 14.2 within thirty (30) days after notice being given, this Agreement shall automatically terminate on written notice by Franchisor.

14.3 Right of Termination for Defaults With No Right to Cure. This Agreement shall terminate upon written notice with no right to cure upon the occurrence of any event of default set forth in Section 14.4 below.

14.4 Franchisee's Defaults Resulting in Termination Without Right to Cure. Each of the following defaults by Franchisee shall constitute an event of default for which this Agreement shall automatically terminate at Franchisor's election on written notice to Franchisee:

(i) The termination of the lease or sublease for the premises in which the Franchise is located, regardless of whether such termination is due to the breach of Franchisee or lessor of the lease or sublease or due to expiration and non-renewal of the lease or sublease or for any other reason, provided that Franchisee has not obtained the prior approval of Franchisor to relocate the Franchise to another location. For purposes of clarification, if a lease expires and Franchisee maintains possession as a holdover tenant, such expiration and holdover tenancy shall be considered a default of the franchise agreement under this Section.

(ii) Failure by Franchisee to keep the Narwhal's Crafted Bar open for business during prescribed business hours for a continuous period of three (3) days or more without the prior written consent of Franchisor, unless said Narwhal's Crafted Bar was closed by reason of governmental action not related to a breach by Franchisee of this Agreement, or other event of force majeure.

(iii) Franchisee becoming insolvent, which, for purposes of this Agreement, includes, but is not limited to, (a) Franchisee's inability, or failure, to timely meet its financial obligations to its customers, taxing authorities, its employees, its suppliers, or its other creditors as they come due, or (b) Franchisee's financial condition such that the sum of its debts is greater than the sum of its assets.

(iv) If Franchisee shall be adjudicated a bankrupt, or a voluntary or involuntary petition in bankruptcy or any other arrangement under the bankruptcy laws shall be filed by or against Franchisee; or if Franchisee shall make an assignment for the benefit of creditors; of if a receiver or trustee in bankruptcy or similar officer, temporary or permanent, is appointed to take charge of Franchisee's affairs or any of Franchisee's property; or if dissolution be commenced by or against Franchisee; or if any judgment against Franchisee remains unsatisfied and unbonded of record for sixty (60) days.

(v) If Franchisee shall assign or attempt to assign or transfer the Franchise and/or this Agreement and/or all or substantially all of the assets of Franchisee and/or an ownership interest in Franchisee triggering Section 13.2 to another, without the prior written consent of Franchisor, or if an assignment of this Agreement shall occur by operation of law, or by reason of judicial process.

(vi) If Franchisee shall assign, attempt to assign, transfer or convey the Marks or goodwill attached thereto, or if Franchisee shall use, or permit the use of, the Marks or the goodwill attached thereto in a manner not permitted under this Agreement, or if Franchisee shall use or permit the use of the Marks or the goodwill attached thereto, in a manner or at a location not authorized by Franchisor under this Agreement, or if Franchisee shall disclose the Confidential Information in a manner not permitted under this Agreement.

(vii) Franchisee submits on two or more occasions at any time during the term of this Agreement, a report, financial statement, tax return or other information which understates Franchisee's Gross Sales for any period by more than two percent (2%).

(viii) Franchisee submits on any one occasion at any time during the term of this Agreement, a report, financial statement, tax return or other information which understates Franchisee's Gross Sales for any period by more than five percent (5%).

(ix) Franchisee's operation of the Bar causes a threat or danger to the public health or safety.

(x) Failure of Franchisee or any Principal to comply with the covenants set forth in Article 17 on confidentiality and non-compete.

(xi) Franchisee or any Principal knowingly provided false information on any application or made any false statements in any interview relating to franchisee's application for a franchise.

(xii) Franchisee knowingly maintains false books and/or submits false reports or statements to Franchisor.

(xiii) Franchisee fails to procure and maintain insurance in compliance with this Agreement.

(xiv) Franchisee, or a Principal, is convicted of (or pleads no contest to) a felony, a crime involving fraud or moral turpitude or any other crime that Franchisor believes is reasonably likely to have an adverse effect on the Narwhal's Crafted System, the Marks, or Franchisor's interests.

(xv) Franchisee receives two or more notices of the same default or three or more notices of any default under this Agreement during any 12 consecutive month periods regardless of whether or not such defaults are subsequently cured and whether or not they relate to the same default.

(xvi) Franchisee, or any Principal, engages in any misconduct which affects Franchisor's reputation or the goodwill associated with the Marks causing Franchisor to suffer loss or damage.

(xvii) Franchisee, or any Principal, intentionally makes any unauthorized use of the Marks or disclosure of any Confidential Information, or if unintentionally, causes Franchisor to suffer loss or damage.

14.5 Cross Defaults. Subject to applicable state and/or federal franchise laws, each of the following defaults that are not cured within the applicable cure period, if any, shall, in addition to constituting a default under this Agreement, also constitute a default under each and every other Narwhal's Crafted Franchise Agreement to which Franchisee or a Related Party is bound (herein an "Affiliated Franchise Agreement"), and shall entitle Franchisor to exercise in its discretion any or all of its remedies in the event of any such default(s) under this Agreement and/or under any or all other Affiliated Franchise Agreements:

(i) The default specified in Section 14.2(i).

(ii) The default specified in Section 14.4(ii).

(iii) The default specified in Section 14.4(v).

(iv) The default specified in Section 14.4(vi).

(v) The default specified in Section 14.4(ix).

(vi) The default specified in Section 14.4(x).

(vii) The default specified in Section 14.4(xi).

(viii) The default specified in Section 14.4(xii).

(ix) The default specified in Section 14.4(xiv).

(x) The default specified in Section 14.4(xvi).

(xi) The default specified in Section 14.4(xvii).

(xii) Franchisee sells any product or service which is prohibited under this Agreement.

(xiii) Franchisee, or any Principal or any Related Party, is in default of any agreement between Franchisee, any Principal and/or any Related Party as the case may be on the one hand, and Franchisor, or any Affiliate of Franchisor on the other hand.

Any of the above defaults will constitute a default under each and every Affiliated Franchise Agreement. In exercising its remedies for a default specified in this Section 14.5, Franchisor may exercise its remedies under this Agreement, all Affiliated Franchise Agreements or only a single Affiliated Franchise Agreement in its sole discretion. Failure of Franchisor to exercise its remedies against a franchisee under this provision shall in no way act as a waiver for future defaults or that Franchisor may not assert its remedies at some future time for the same defaults.

15. Termination by Franchisee

15.1 Termination by Franchisee. The Franchisee is not, by any express or implied provision of the Agreement, given any rights to terminate the Agreement prior to the expiration of the term, or any successor period (if Franchisee exercised its option for a successor term). The Franchisee's rights with respect to terminating this Agreement and the Franchise, if any, are governed solely by applicable law.

16. Rights and Obligations Upon Termination

16.1 Rights and Obligations of Franchisee Upon Termination. Upon expiration or termination of this Agreement:

(i) Franchisee will immediately pay Franchisor and its Affiliates all sums or amounts due to Franchisor and any such Affiliate through the date of termination;

(ii) Franchisee will immediately pay any sums or amounts due to business accounts of Franchisee guaranteed by Franchisor, if any;

(iii) Franchisee will immediately cease to represent Franchisee as a franchisee of Franchisor and discontinue the use of (i) the Marks (and in doing so, may not use any name that is confusingly similar to a Mark), (ii) the Know-How, (iii) the Confidential Information, (iv) the Proprietary Materials; (v) the trade dress associated with a Narwhal's Crafted Bar; or (vi) any colorable imitation of any of the foregoing.

(iv) At Franchisor's option, Franchisee shall assign to Franchisor the business telephone number for the Narwhal's Crafted Bar and Franchisee agrees to execute at any time any documents which may be necessary or desirable to affect the transfer. Franchisee appoints Franchisor as Franchisee's agent to affect such transfer with the telephone company. Franchisee is liable for all telephone charges incurred prior to any such transfer and agrees to hold the telephone company harmless from any and all liability or claims arising out of a transfer of the telephone number pursuant to this subsection. Franchisor is liable for all telephone charges incurred subsequent to any such transfer;

(v) At Franchisor's option whether pursuant to a conditional assignment of lease or otherwise (in form as set forth in the Lease Rider), Franchisee shall deliver up and surrender possession of the Narwhal's Crafted Bar and the premises to Franchisor;

(vi) Franchisee shall promptly return to Franchisor at Franchisor's corporate headquarters or at the Narwhal's Crafted Bar, if acceptable to Franchisor, all Proprietary Materials (as referenced in Section 6.17), all Confidential Information, including copies comprising, referring to or reflecting the Confidential Information, and Franchisor's Manuals, customer lists and any documents or data (including electronically stored data) necessary to create a list of the names and addresses and requirements of the customers of the Franchisee's Narwhal's Crafted Bar, without retaining copies of the foregoing;

(vii) All of Franchisee's right, title and interest in all signage and other items bearing the Marks immediately transfer to the Franchisor and Franchisee shall promptly destroy, or at the option of Franchisor, deliver to Franchisor, all stationery, printed matter, signs and advertising materials, and all other items containing any of the Marks;

(viii) Franchisee shall refrain from holding itself out as a former franchisee.

(ix) Franchisee shall immediately cancel any assumed name registration containing any of the Marks; and

(x) Franchisee shall comply with the obligations set forth in Article 17.

16.2 Franchisor's Remedies Upon Termination:

(i) In addition to any other rights and remedies, Franchisor may notify each supplier or vendor for Narwhal's Crafted that Franchisee is no longer authorized to purchase any product bearing the Marks and that sales of any such merchandise must be discontinued immediately.

(ii) In addition to any other rights and remedies, Franchisor may recover all amounts owed to Franchisor in connection with this Agreement including damages, and all trade obligations due Franchisor, plus interest and any late fees. If any such obligation is referred to an attorney for collection or is collected in whole or in part through a judicial proceeding, Franchisee agrees to pay Franchisor's attorneys' fees and costs of collection.

(iii) In addition to any other rights and remedies, Franchisor may immediately remove information on Franchisee from the Narwhal's Crafted website, cancel Franchisee's access to products, programs and services and deny Franchisee further access to communication via the intranet or otherwise.

(iv) Franchisee acknowledges that Franchisor shall have no adequate remedy in law to fully protect Franchisor's Marks, Know-How, Confidential Information and/or Proprietary Materials upon termination and therefore expressly agrees that, in addition to any other rights and remedies, Franchisor may obtain a restraining order and/or injunctive relief, without bond, against Franchisee and/or any Principal for any actual or threatened unauthorized use of any Marks, Know-How, Confidential Information or Proprietary Materials.

(v) In addition to any other rights and remedies, if Franchisee does not comply with its obligations set forth in Section 16.1 above within seven days after the Franchise's termination or expiration, Franchisor may, in its discretion, at Franchisee's expense, enter Franchisee's premises and effect Franchisee's compliance with all of Section 16.1 and Franchisor will have no liability to Franchisee, in trespass or otherwise, on account of or arising from any action it authorizes or takes to effect Franchisee's compliance.

17. Restrictions on Franchisee

17.1 Covenants Not to Compete. In consideration of the grant of the Franchise from Franchisor to Franchisee herein, including the right to use Confidential Information, the Know-How and other technical and business information provided by Franchisor or resulting from the operation of the Franchise, Franchisee agrees that, during the term of this Agreement, and any successor thereof and for twenty four (24) months after the expiration or termination of this Agreement, and any successor thereof, regardless of the reason for any such termination, Franchisee shall not without the prior written consent of Franchisor:

A. Engage in, directly or indirectly, by virtue of being an employee, proprietor, partner, director, officer, stockholder, agent, or through family relationships, or by financing or investing in same, or by consulting, advising or assisting, or be associated with, a Competitor within a twenty five (25) mile radius of the location of any (i) then existing Bar (including the Bar the subject of this Agreement) or (ii) any Bar which had been in operation within twelve (12) months prior to the expiration or termination of this Agreement, unless such association is approved by Franchisor in writing, which approval may be unreasonably withheld. Notwithstanding the foregoing, in the event a court of competent jurisdiction determines that the radius described in the preceding sentence must be defined as of the date of the Franchise Agreement to be enforceable, such radius for purposes of such jurisdiction only shall be defined as "within a twenty five (25) mile radius of the locations of all existing Bars as of the date of this Agreement." "Competitor" means any business, individual, partnership, joint venture, firm, corporation or other entity of any kind that owns or operates a bar or restaurant that derives over 25% of its revenue from the sale of Products. "Products" shall mean Specialty Beverages and related products and services. For purposes of this Agreement, as also set forth in Section 18.20, "Specialty Beverages" shall mean (1) premium and/or made-from-scratch alcoholic beverages in which spirits are combined with premium and/or made-in-house purees, syrups, solutions and/or tinctures, and expressly includes, without limitation, (a) heated alcoholic beverages; (b) barrel-aged alcoholic beverages; (c) infused alcoholic beverages; (d) kegged alcoholic beverages; and (e) carbonated alcoholic beverages; (2) frozen alcoholic beverages (regardless of the preparation process); (3) non-alcoholic "smoothies" (defined as cold beverage prepared with a blender or frozen beverage machine), and (4) bottled and canned made-in-house alcoholic beverages.

B. Become publicly associated with another franchise system, buying group or cooperative materially engaged in the sale or distribution of Specialty Beverages without the prior written consent of Franchisor. Notwithstanding the foregoing, the restriction set forth in this Section 17.1B shall apply only during the term of the Franchise Agreement.

C. Become controlled by any manufacturer of Specialty Beverages Notwithstanding the foregoing, the restriction set forth in this Section 17.1C shall apply only during the term of the Franchise Agreement.

D. Divert any business or customers of a Narwhal's Crafted Bar to a competitor of a Narwhal's Crafted Bar or to a business owned or operated by Franchisee or a Related Party of Franchisee or a Principal of Franchisee.

E. Perform any act or fail to take any action that would be injurious to the goodwill and reputation of the Narwhal's Crafted System or the Marks.

F. Solicit the business of or make contact with any other Narwhal's Crafted franchisee or the customers of the Narwhal's Crafted Bar franchised hereunder or any other Narwhal's Crafted franchisee for the purpose of soliciting the business of such customers.

Because of the irreparable injury which will result from a breach of this Section 17.1, Franchisee understands, and agrees that in addition to any damages or reimbursement to which Franchisor may be entitled, Franchisor may obtain the issuance of a preliminary, temporary and/or permanent injunction by a court of competent jurisdiction to enforce the terms and intended benefits of the aforesaid covenants, and Franchisee hereby waives any requirement that Franchisor post any bond in connection with any such restraining order or injunction.

17.2 Confidentiality. In consideration of the grant of the Franchise from Franchisor to Franchisee, including the right to use the Know-How and other technical and business information (as defined below) provided by Franchisor or resulting from the operation of the Franchise under the Franchise Agreement, Franchisee agrees that, except in the course of operating the Franchise consistent with the terms of this Franchise Agreement, Franchisee shall not at any time, during or after the term of this Agreement disclose or use any Confidential Information, including but not limited to the information contained in Franchisor's Narwhal's Crafted Confidential Operations Manual, the Know-How or other technical or business information provided by Franchisor or learned by Franchisee as a result of or in connection with the operation of the Franchise, or to make, or allow others to make, copies of Franchisor's Narwhal's Crafted Confidential Operations Manual or any documents incorporating the Know-How or other technical or business information provided or resulting from operation under this Agreement. Without limiting the foregoing, Franchisee agrees that Franchisee may not use any customer lists or prospect lists or leads for any business other than the operation of the Franchise. Franchisee shall take all necessary steps to ensure that confidentiality of all Confidential Information is maintained. The "other technical or business information" referenced in this section 17.2 means and includes, but is not limited to, Product recipes, pricing methodology and structures, advertising formats, sales promotion formats, accounting systems, business methods and procedures, and maintenance and systems of operation. Because of the irreparable injury which will be caused by breach of this Section 17.2, Franchisee understands and agrees that in addition to any damages or reimbursement to which Franchisor may be entitled, Franchisor may obtain the issuance of a preliminary, temporary and/or permanent injunction by a court of competent jurisdiction to enforce the terms and intended benefits of the aforesaid covenants, and Franchisee hereby waives any requirement that Franchisor post any bond in connection with any such restraining order or injunction. If Franchisee violates this Section 17.2 or Section 17.1 above in any manner, Franchisee shall owe Franchisor for all damages suffered or incurred by Franchisor, and all costs and expenses, including attorneys' fees related thereto.

17.3 Terms of Covenants Extended. In the event Franchisee does not fully comply with the covenants against competition or confidentiality provided in this Article 17, then the time period during which such covenants remain binding obligations on Franchisee shall be extended one day for each day Franchisee does not comply therewith. Franchisor shall have the right to unilaterally reduce the scope of any of the foregoing restrictions upon notice to Franchisee. Franchisee agrees and acknowledges that the restrictions set forth in this Article 17 are reasonable and necessary to protect Franchisor's goodwill and protectable interests. Franchisee further agrees that the restrictions set forth in this Article 16 shall apply regardless of any default or alleged default by Franchisor of any term of this Agreement.

17.4 Severability and Modification. If any of the restrictions created by Sections 17.1 or 17.2 would be determined, as of the date of enforcement, to be unlawful or unreasonable by a court of competent jurisdiction by virtue of the time or geographic scope, then and in such event, the covenants hereinabove which purport to restrict Franchisee's activities are hereby amended to provide that such restrictions shall apply for the maximum time and geographic scope permitted by the law of said state as determined by a court of competent jurisdiction. The parties hereto expressly permit a court of competent jurisdiction to modify a restriction for the purpose of making it enforceable. Any such modification of the restriction by a court of competent jurisdiction shall apply only in the jurisdiction in which such modification occurs and shall not affect the validity or enforceability of such restrictions in any other jurisdiction.

17.5 Waiver. Failure of Franchisor to enforce any of the provisions of this Section 17 shall not constitute a waiver of rights or a waiver of any subsequent breach or enforcement of the provisions of this Section 17.5.

18. Definitions

The following capitalized terms set forth in this Agreement shall have the meanings set forth below:

18.1 "Area" shall mean the area described and delineated on Exhibit I attached hereto and incorporated herein.

18.2 "Affiliate" shall mean any and all persons or entities (i) directly or indirectly controlled by Franchisor; (ii) directly or indirectly controlling Franchisor; and/or (iii) sharing common control with Franchisor.

18.3 "Bar" or "Narwhal's Crafted Bar" or "Narwhal's Bar" means a bar utilizing the Narwhal's Crafted System and the Narwhal's Crafted Marks.

18.4 "Claims" shall mean any and all claims, demands, losses, damages, judgments, orders, decrees, actions, lawsuits, proceedings, costs, liabilities and expenses (including, but not limited to, reasonable attorneys' fees and costs of suit) of whatever kind or character.

18.5 "Confidential Information" shall include, but shall not be limited to, the Narwhal's Crafted Confidential Operations Manual, all information contained therein, and any and all customer lists, approved supplier lists, purchase information, Software, Know-How and any other information not readily available to the public and acquired by Franchisee as a result of the operation of the Franchise under this Agreement.

18.6 "Forms" shall mean report forms and financial record keeping forms developed by or for Franchisor for use by its franchisees.

18.7 "Goodwill" means the goodwill associated with any Mark and the Narwhal's Crafted System.

18.8 "Know-How" means the technical knowledge and experience of Franchisor which Franchisee receives, directly or indirectly, at any time or from time to time from Franchisor or which originates from Franchisor or which Franchisee develops during Franchisee's operation of the Franchise.

18.9 "Laws" means any lawfully promulgated or enacted Federal, State and local laws, regulations, rules, and ordinances.

18.10 "Manager" means the person employed by Franchisee and charged with the direct, on-premises supervision of the Narwhal's Crafted Bar during all business hours.

18.11 "Narwhal's Crafted Confidential Operations Manual" or "Confidential Operations Manual" or "Operations Manual" or "Manual" shall mean one or more manuals for recipes, equipment, supplies, sales, services, operations, and other matters related to the Franchise and the operation of the Bar as provided by Franchisor to Franchisee.

18.12 "Narwhal's Crafted Marks" or "Narwhal's Marks" or "Marks" means the tradenames, trademarks and service marks owned by Franchisor or of which Franchisor has rights to use, including but not limited to, "Narwhal's", "Narwhal's Crafted", "Narwhal's Crafted Urban Ice," the design forms in which they are used, together with any tradenames, trademarks,, service marks or logos that Franchisor may in the future designate in writing as constituting a Mark under this Franchise Agreement.

18.13 "Narwhal's Crafted System" or "Narwhal's System" or "System" means a business plan and concept for selling Specialty Beverages and other related materials, utilizing certain standards, specifications, recipes, methods, procedures, techniques, identification schemes, proprietary marks and information.

18.14 "Products" means Specialty Beverages and related items and services.

18.15 "Principal" means any individual Franchisee, or any partner, shareholder, member or beneficiary of a non-individual franchisee.

18.16 "Related Agreement" means any other agreement by and among Franchisee on the one hand and Franchisor and/or any Affiliate of Franchisor on the other hand.

18.17 "Related Party" shall mean any of the following: (i) the Franchisee, (ii) those persons or entities owning an ownership interest in Franchisee individually or collectively or in any combination; or (iii) any entity in which Franchisee and/or a party owning an ownership interest in Franchisee is an owner thereof either directly or indirectly or otherwise has control over the operation thereof.

18.18 "Site Selection Kit" shall mean those items or pieces of information required to be submitted by Franchisee to Franchisor in connection with Franchisee's request for approval of a site for a Bar set forth in the Narwhal's Crafted Confidential Operations Manual from time to time.

18.19 "Software" shall mean computer software and such documentation related to such software designated by Franchisor for use by a franchisee in the operation of a Narwhal's Crafted Bar and all improvements, modifications, improvement updates and revisions thereto and copies thereof.

18.20 "Specialty Beverages" shall mean (1) premium and/or made-from-scratch alcoholic beverages in which spirits are combined with premium and/or made-in-house purees, syrups, solutions and/or tinctures, and expressly includes, without limitation, (a) heated alcoholic beverages; (b) barrel-aged alcoholic beverages; (c) infused alcoholic beverages; (d) kegged alcoholic beverages; and (e) carbonated alcoholic beverages; (2) frozen alcoholic beverages (regardless of the preparation process); (3) non-alcoholic "smoothies" (defined as cold beverage prepared with a blender or frozen beverage machine); and (4) bottled and canned made-in-house alcoholic beverages.

18.21 "Substantial part" shall mean that portion of the assets without which the continued operation of the Franchise is materially adversely affected.

19. <u>Miscellaneous</u>

19.1 <u>Franchisee's Agreement as to Franchise Operation</u>. Franchisee shall abide by all lawful policies and regulations issued from time to time by Franchisor in connection with Franchisee's operation of the Franchise under this Agreement and all matters arising under this Agreement. Except to the extent otherwise provided by Franchisor, Franchisor's policies and regulations are set forth in the Manuals as modified by Franchisor from time to time.

19.2 Governing Law; Jurisdiction and Venue. This Agreement shall be deemed made under, and governed by, the internal law of the State of Missouri in all respects, including matters of interpretation, validity, construction, performance and/or enforcement, with the exception that the laws of conflict shall not be applied. Franchisee and Franchisor stipulate that the principal office of Franchisor is in the State of Missouri and all payments by Franchisee to Franchisor are to be made in the State of Missouri and that the law of the State of Missouri can be and has been contracted to be the controlling law.

Franchisee consents to the exclusive jurisdiction and venue of any court (state or federal) of general jurisdiction over St. Louis County, Missouri, specifically including, but not limited to, the United States District Court of the Eastern District of Missouri, for the purpose of any action or proceeding brought to secure payment of the sums due under this Agreement or to secure or enforce the performance of any of the terms, covenants and conditions of this Agreement including any covenants, conditions or guaranties found in any Exhibits attached hereto, or for the purpose of resolving any other disputes between Franchisee and Franchisor. Franchisee further agrees to bring any legal proceedings arising out of this Agreement or the relationship between the parties as Franchisee and Franchisor only in the courts mentioned above.

19.3 Waiver. Either party may unilaterally modify this Agreement in writing by waiving, in whole or in part, the performance of any obligation of which that party is the beneficiary under this Agreement. Failure of Franchisor to enforce any of the provisions of this Agreement shall not constitute a waiver of rights or a waiver of any subsequent enforcement of the provisions of this Agreement.

19.4 Jury Trial Waiver. The parties waive trial by jury in any action, whether at law or in equity, brought by either party relating to the relationship between the parties or arising under or in any way connected with this Agreement or any right or cure hereunder.

19.5 Limitation of Claims/Limitations of Damages. No legal action or proceeding may be brought against Franchisor or its officers, directors, agents, or employees, for any claim or cause of action (whether in contract, tort or otherwise) unless such action or proceeding is instituted within two years from the date the claim or cause of action accrued. Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other. Franchisee waives and disclaims any right or claim to consequential damages against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's damages shall not exceed an amount greater than Franchisee's Initial Franchise Fee and royalty payments.

19.6 Waiver of Class Action. The parties agree that any disagreement or dispute between the parties will be considered unique as to its facts and must not be brought as a class action and you waive any right to proceed against us (and our affiliates, owners, agents, successors and assigns) by way of class action, or by way of a multi-plaintiff, consolidated or collective action.

19.7 Severability. If any provisions of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement, and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or parts of provisions hereof.

19.8 Captions. Captions of sections, subsections or articles or other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any obligation imposed on a party to this Agreement regardless of where contained in this Agreement shall be binding on such party.

19.9 Notices. Notices provided for in this Agreement may be delivered either in person or by certified or registered mail, postage prepaid, return receipt requested, or by a national overnight courier service, such as FedEx, with proof of delivery, or by first class regular US mail, to the other party at the address stated herein or at such address as the other party may designate from time to time. If any party hereto refuses to accept delivery, then proof of attempted delivery shall constitute proof of delivery.

To Franchisor:	Narwhal's Crafted Attention: President 11921 Olive Blvd. St. Charles, Missouri 63141
With a Copy to:	Robert D. Jacobs Riezman Berger, P.C. 7700 Bonhomme Avenue, 7th Floor St. Louis, Missouri 63105
To Franchisee:	At the address specified on Schedule A

Notice shall be deemed given when received in the case of personal delivery or delivery by national overnight courier or date of attempted delivery when delivery is refused, and on the second business day following the date of postmark if notice is mailed by first class regular US mail. Notice to a party's legal counsel of record, in accordance with this Section, constitutes notice to the party.

19.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed an original, and all such counterparts shall constitute one and the same instrument.

19.11 Entire Agreement. This Agreement, along with all Exhibits and schedules attached hereto or contemplated by this Agreement, constitutes the entire agreement between the parties and supersedes any prior agreements or understandings between them, whether oral or written. This Agreement may not be modified except in writing signed by both parties. Any inducements, representations, promises or commitments, oral or otherwise, not embodied herein or in the Narwhal's Crafted Franchise Disclosure Document shall be of no force or effect. All agreements or other documents attached hereto as Exhibits, even if executed as a separate document, whether contemporaneously with this Agreement or thereafter, shall be part of this Agreement and the breach of any term thereof shall be a breach of this Agreement. If Franchisor determines that one or more documents required to be signed have not been signed, Franchisee agrees to promptly sign same upon request.

19.12 Previous Course of Dealing. No previous course of dealing or usage of trade not specifically set forth in this Agreement shall be admissible to explain, modify or contradict this Agreement.

19.13 Terminology. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context or sense of this Agreement or any section, paragraph or clause herein may require, as if such words had been fully and properly written in the appropriate number and gender.

19.14 Cumulative Rights and Remedies. All rights and remedies herein conferred upon or reserved to the parties shall be cumulative and concurrent and shall be in addition to every other right or remedy. The termination or expiration of this Agreement shall not deprive the parties of any of their rights or remedies against the other to enforce at law or in equity any of the rights or remedies of either party hereunder.

19.15 Survival. The obligations created under or pursuant to this Agreement intended to survive the termination or expiration of this Agreement shall survive until such obligations are satisfied in full. Without limiting the generality of the foregoing, Sections 3.4, 6.3, 6.7, 6.8, 6.9, 6.18, 7.5, 7.13, 7.14, 12.1, 12.5, 17.1, 17.2, 17.3, 17.4, 19.2, 19.4, 19.5 and 19.6 shall survive the termination of this Agreement until all such obligations are satisfied in full.

19.16 Time is of the Essence. The parties hereby acknowledge and agree that time is of the essence and furthermore each term of this Franchise Agreement is material.

19.17 Authority. If Franchisee is not an individual, the person signing on behalf of the Franchisee represents and warrants to Franchisor that such person is an authorized officer of Franchisee with full power and authority to enter into this Franchise Agreement on behalf of Franchisee and bind the Franchisee to the terms and conditions herein as its legally binding obligations. Failure of such signatory to have such authority shall subject such individual to individual responsibility under this Agreement.

19.18 Completion and Execution of Schedule A and Execution of Addendum. Franchisee and its Principals shall complete and sign Schedule A attached hereto and incorporated herein. Each Principal shall execute the Addendum attached hereto and incorporated herein.

19.19 Execution of Unconditional Guaranty. Each Franchisee or, if Franchisee is a non-individual (corporation, partnership, limited liability company, or other), all of the Principals and the Principals' spouses of a Franchisee must execute the Unconditional Guaranty, a copy of which is attached to this document as Exhibit V. In addition, for each Principal that is a non-individual (corporation, partnership, limited liability company, or other) the individual owners of such entity and each respective spouse shall execute the Unconditional Guaranty, a copy of which is attached to this document as Exhibit V upon request by Franchisor.

19.20 Acknowledgments. Franchisee acknowledges the following:

A. Franchisee has been informed, understands and acknowledges that because of the competitive nature of the bar business, successful operation of the Franchise will depend, in large part, upon the best efforts, capabilities, and management skills of the Franchisee, as well as the general economic trends and other local marketing conditions.

B. Franchisee acknowledges that (i) Franchisor continues to develop the Narwhal's Crafted System, and thus may need to modify, improve and/or change the Narwhal's Crafted System from time to time, (ii) the Narwhal's Crafted System may not prove successful despite all efforts Franchisee and/or Franchisor make; and (iii) Franchisee's investment is being made solely at the risk of Franchisee and no one else after Franchisee has been given a full and fair opportunity to ask any and all questions and receive all information relevant thereto which Franchisor can produce or obtain without incurring unreasonable expense.

C. Except as may be set forth in Item 19 of the Franchise Disclosure Document previously received by Franchisee, Franchisee has not received from Franchisor or any employee or agent thereof and, upon execution of this Franchise Agreement, is not relying upon, any oral or written inducements, promises, commitments, guarantees, projections or representations relating to past, projected, estimated or anticipated earnings, income, sales or profits of any Narwhal's Crafted franchise or Bar.

D. Franchisee acknowledges and agrees that Franchisee received (i) Franchisor's then current Franchise Disclosure Document at least 14 days prior to execution of this Agreement, and (ii) a fully completed copy of this Agreement at least 7 days prior to execution.

E. Franchisee, together with its advisors, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise. Franchisee further acknowledges and understands that operating a Narwhal's Crafted Bar involves a certain amount of risk, and Franchisee accepts sole responsibility for such risk.

F. Franchisee acknowledges that no warranty or representation is made by Franchisor that all Narwhal's Crafted franchise agreements heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its sole reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other Narwhal's Crafted franchisees in a non-uniform manner.

G. Franchisee acknowledges that Franchisor may continue to develop and acquire other bar or restaurant concepts. Further, Franchisee acknowledges and agrees that Franchisor has the absolute right to own, operate, develop, license and franchise other concepts or businesses, whether now existing or hereafter developed, at any location in the world, including locations that may be in the Area and locations that may be near or adjacent to the Area even if the location competes for customers with Franchisee.

H. Franchisee certifies that neither Franchisee nor anyone having an ownership or other interest in Franchisee ("Owner"), nor any affiliate, parent, child or spouse of Franchisee or any Owner, supports terrorism, provides money or financial services to terrorists, is engaged in terrorism, is on the current United States government list of organizations that support terrorism, or has been engaged in or convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other similar crimes. Franchisee certifies that neither Franchisee nor any Owner is on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control. Further, Franchisee and all Owners represent and warrant that they have not violated and each agrees not to violate, any law prohibiting corrupt business practices, money laundering or the aid or support of those who conspire to commit acts of terror including acts prohibited by the U.S. Patriot Act, U.S. Executive Order 13224 or any similar law. Franchisee will comply and cooperate with Franchisor's efforts to comply with all laws, regulations and Executive Orders relating to anti-terror activities including without limitation, the U.S. Patriot Act and U.S. Executive Order 13224.

I. This Agreement is not binding on Franchisor until it is signed by Franchisor. Franchisor has no obligation to accept and sign this Agreement once it is signed by Franchisee (and all attachments, exhibits and schedules are fully completed and signed as required).

J. This Agreement will not violate any agreement or commitment to which Franchisee or any Principal is a party or to which Franchisee or any Principal is bound.

19.21 State Required Addendum. If the state franchise regulatory authority for the state in which the Franchise is located requires certain terms and conditions to be included in this Franchise

Agreement, such terms and conditions will be found on the State Required Addendum attached hereto and incorporated herein by this reference.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Agreement, understands and consents to be bound by all of its terms and conditions, and agrees this Agreement shall become effective and has been executed as of the Commencement Date set forth above on page 1 of this Agreement.

FRANCHISEE:	FRANCHISOR:
______________________________	NARWHAL'S FRANCHISING, LLC.
By:______________________________	By:______________________________
Print Name: ______________________	Print Name: ______________________
Title:____________________________	Title:____________________________

SCHEDULE A
FRANCHISEE OWNERSHIP INFORMATION

1. Franchisee: ______________________________________

   Address: ______________________________________

   ____

   ____

2. List of all owners, partners, shareholders, or members holding an equity interest in Franchisee:

Name and full address	% interest
______________________________	______________________________
______________________________	
______________________________	
______________________________	______________________________
______________________________	
______________________________	
______________________________	______________________________
______________________________	
______________________________	

3. Form of legal organization of Franchisee (circle one):

   (a) sole proprietorship, (b) partnership, (c) corporation, (d) limited liability company, (e) other.

4. If Franchisee is a corporation, provide to Franchisor a certified copy of Articles of Incorporation and all corporate documents authorizing the corporation to enter into this Agreement. If Franchisee is a partnership, provide to Franchisor a copy of the Partnership Agreement. If Franchisee is a limited

liability company, please provide to Franchisor a copy of the Articles of Organization and Operating Agreement or equivalent.

The undersigned have executed this Schedule A as of the date set forth below.

____
Franchisee Name

By:______________________________________

Print Name:________________________________

Title:_____________________________________

Date:_____________________________________

Owners:

____	____
Print Name:________________________________	Print Name:________________________________
Date:_____________________________________	Date:_____________________________________
____	____
Print Name:________________________________	Print Name:________________________________
Date:_____________________________________	Date:_____________________________________

ADDENDUM TO
NARWHAL'S CRAFTED FRANCHISE AGREEMENT
PERSONAL COVENANTS OF OWNERS

(To be signed by all persons shown on Schedule A as having a stock, membership, ownership or partnership interest in the Franchisee)

Each of the undersigned agrees as follows:

1. The undersigned acknowledges that he or she is the owner of capital stock, membership interest, partnership interest or other equity interest in ___________________________, Franchisee under the Narwhal's Crafted Franchise Agreement dated ________________ 202__ between the Franchisee and Narwhal's Franchising, LLC ("Franchisor") (the "Franchise Agreement"). The undersigned acknowledges the direct personal benefit accruing to him or her under the Franchise Agreement.

2. As an inducement to Franchisor to enter into the Franchise Agreement with the Franchisee, and in consideration of the direct and personal benefits to be derived by the undersigned thereby, the undersigned agrees that he or she shall be personally bound by all of the recitations, obligations and covenants of the Franchisee contained in Article 17 of the Franchise Agreement as if such recitations, obligations and covenants were made and given personally by the undersigned directly to Franchisor and that such recitations, obligations and covenants are fair and reasonable and will not deprive the undersigned of his or her respective livelihood. The undersigned has read and understands all the provisions of said Article 17.

3. The undersigned agrees that if any sentence, clause, paragraph or combination of the same in Article 17 of the Franchise Agreement is held by a court to be unenforceable as applied to the undersigned, then such unenforceable sentence, clause or paragraph may be modified by such court to the extent necessary to render it enforceable, and if it cannot be so modified, it shall be severed and the remainder of Article 17 shall remain in full force and effect.

4. This Addendum shall be governed by the internal laws of the State of Missouri.

[SIGNATURE PAGE FOLLOWS]

The undersigned have each executed this Addendum to Narwhal's Crafted Franchise Agreement as of the date set forth below such person's signature.

______________________________	______________________________
Print Name:______________________	Print Name:______________________
Date:__________________________	Date:__________________________
______________________________	______________________________
Print Name:______________________	Print Name:______________________
Date:__________________________	Date:__________________________

EXHIBIT I

DESCRIPTION OF AREA

Franchisee agrees that (i) if the Description of Area is completed above (or attached) at the time of execution of the Franchise Agreement, Franchisee agrees to such Description of Area; and (ii) if the Description of Area is not completed above at the time of the signing of the Franchise Agreement, at such time that Franchisor determines the boundaries of the Area, Franchisor will notify Franchisee in writing of the Description of Area and such description will be the Description of Area and will be attached by Franchisor to the Franchise Agreement as Exhibit I.

Franchisee's signature:____________________________

Print Name: ____________________________________

Date:____

EXHIBIT II
FORM OF LEASE RIDER

THIS RIDER TO LEASE (the"Rider") is made this ___ day of __________, 202__ by and between ______________________________ ("Tenant") and ______________________________ ("Landlord").

Whereas, concurrently with the execution of this Rider, Tenant, a franchisee of Narwhal's Franchising, LLC ("NF) and Landlord have entered into a lease for the premises ("Premises") of Tenant's Narwhal's Crafted Bar located at __________________________ (the "Lease");

Whereas, as a condition to NF's grant of a franchise to a franchisee, NF requires that certain provisions be contained in the lease entered into by its franchisees; and

Whereas, to evidence Landlord's and Tenant's agreement so these terms, the parties hereby enter into this Rider.

Now, Therefore, the parties agree as follows:

1. Assignment of Lease. Anything contained in the Lease to the contrary notwithstanding, Landlord agrees that the Lease and the right, title and interest of the Tenant and any subsequent Tenant thereunder, may be assigned to NF or to an approved franchisee of NF, provided Landlord receives notice of such assignment, and that the assignee shall execute such documents evidencing its agreement to thereafter keep and perform, all of the obligations of Tenant arising under the Lease from and after the time of such assignment.

2. Notice of Default. Landlord shall give written notice to NF at Narwhals' Franchising, LLC, Attn: President,, 11921 Olive Blvd., St. Louis, Missouri 63141, (concurrently with the giving of such notice to Tenant) of any default by Tenant under the Lease and NF shall have an opportunity, but not the obligation, of curing any such default. In addition, prior to taking possession of the Premises upon an uncured default by Tenant (including abandonment), Landlord shall notify NF and provide NF an opportunity to take possession of the Premises so long as NF cures any outstanding defaults.

3. Standard Signage. Tenant has the right to install the customary and usual signage required by NF on and adjacent to the Premises.

4. No Conflicting Uses Nearby. No operation currently exists, and Landlord shall not permit, directly or indirectly, another bar or restaurant or business that derives at least 25% of its revenue from the sale of frozen or blended alcoholic beverages within five hundred (500) feet of the leased premises in any building owned, leased or controlled by Landlord.

Signed as of the date first above written.

LANDLORD	TENANT:
By:______________________	By:______________________
Title:____________________	Title:____________________

EXHIBIT III
FORM OF
CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT ("Agreement"), entered into as of the ____ day of ______________, 202__, by and between _______________________________ ("Franchisee"), and _________________________________, an individual ("Employee"), whose mailing address is: ____.

In consideration of the covenants, obligations and conditions below, Franchisee and Employee hereby acknowledge, covenant and agree as follows:

1. Franchisee, as a condition of Franchisee's Narwhal's Crafted franchise agreement with Narwhal's Franchising, LLC ("Franchisor"), is required to obtain Employee's agreement with respect to the matters set forth in this Agreement.

2. In the course of Employee's work for Franchisee, Employee may acquire and/or have access to certain proprietary and confidential information and trade secrets pertaining to the business and affairs of Franchisee and/or Franchisor and their respective products, recipes, customers and sources of supply, including, for example, the Narwhal's Crafted Confidential Operations Manual, Franchisee's product recipes, customer lists, supplier lists, software, know-how, marketing information, purchase information, product information and pricing, and information as to the plans or contemplated actions of Franchisee and/or Franchisor (collectively, "Confidential Information") and that Employee may have close contact with Franchisee's customers. All Confidential Information, as well as any and all documents relating to such Confidential Information, shall be and remain the sole and absolute property of Franchisee or Franchisor, as the case may be, for all purposes of this Agreement and Employee shall not, either while employed by Franchisee or at any time after Employee ceases to be employed by Franchisee, disclose any Confidential Information whatsoever, except as required in the ordinary course of performing Employee's duties as an employee of Franchisee. Upon termination of Employee's employment with Franchisee, Employee shall immediately return to Franchisee all Confidential Information, including that which belongs to Franchisor, and other property belonging to Franchisee, and all copies thereof, in Employee's possession or control.

3. Employee agrees and acknowledges that all records, files, memoranda, reports, price lists, customer lists, drawings, plans, sketches, documents and the like (together with all copies thereof) relating to the business of Franchisee which Employee shall use or prepare or come in contact with in the course of, or as a result of, Employee's employment shall remain the sole property of Franchisee or Franchisor as the case may be. Upon the termination of employment or upon the prior demand of the Franchisee, Employee shall immediately return all such materials and shall not thereafter cause removal thereof from the premises of the Franchisee.

4. Employee acknowledges that in the course of Employee's employment, Employee may from time to time create for Franchisee or Franchisor copyrightable works. Such works may consist of manuals, pamphlets, instructional materials, computer programs, films, tapes or other copyrightable material, or portions thereof, and may be created within or without the Franchisee's facilities and before, during or after normal business hours. Employee agrees that all such works related to or useful in the business of Franchisee are specifically intended to be works made for hire and shall be the property of Franchisee or Franchisor. Employee shall cooperate with Franchisee in the protection of, and registration of, the Franchisee's or Franchisor's copyrights therein. At Franchisee's request and expense, both during and after Employee's employment, Employee will promptly execute a specific assignment of title to the Franchisee or Franchisor as directed of any item described above and perform all other acts reasonably

necessary to enable the Franchisee to secure a copyright therefor in the United States and in other foreign countries and to maintain, defend and assert such copyrights. This obligation shall survive the termination or expiration of this Agreement and shall be in addition to, and not in lieu of any obligation under Section 5 with respect to the item at issue.

5. Employee agrees that any inventions, discoveries or improvements that Employee may develop or conceive during the course of Employee's employment shall be the sole property of the Franchisee or Franchisor. Employee agrees to promptly disclose to the Franchisee in writing all such inventions, discoveries and improvements. At Franchisee's request and expense, both during and after Employee's employment, Employee will promptly execute a specific assignment of title to Franchisee or Franchisor as designated of each invention, discovery or improvement described above, and perform all other acts reasonably necessary to enable the Franchisee to secure a patent therefor in the United States and in foreign countries and to maintain, defend and assert such patents. This obligation shall survive the termination or expiration of this Agreement and shall be in addition to, and not in lieu of any obligation under Section 4 with respect to the item at issue.

6. Because of the irreparable injury which will result from a breach of any of the terms or conditions of Section 2, 3, 4 and/or 5 above, Employee understands and agrees that in addition to any damages or reimbursement to which Franchisee and/or Franchisor may be entitled, Franchisee and/or Franchisor may obtain the issuance of a preliminary, temporary and/or permanent injunction to enforce the terms and intended benefits of this Agreement.

7. Employee agrees to pay to Franchisee (or Franchisor as the case may be) any attorneys' fees, and all costs and expenses incurred to enforce any obligations of Employee under this Agreement, whether by suit or other means.

8. This Agreement is not an employment agreement and governs only the terms and conditions set forth herein.

9. In the event that any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction for any reason (including, but not limited to, the scope, duration or area of its applicability), unless narrowed by construction, this Agreement shall, as to such jurisdiction, be construed as if such invalid, prohibited or unenforceable provision had been more narrowly drawn so as not to be invalid, prohibited or unenforceable (and the court making any such determination as to any provision shall have the power to modify such scope, duration or area, or all of them, and such provision shall then be applicable in such modified form). If, notwithstanding the foregoing, any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction for any reason, such provision shall be ineffective to the extent of such invalidity, prohibition or unenforceability and the remainder of such provision, and all other provisions of this Agreement, shall remain in full force and effect.

10. Notwithstanding any other provision herein, pursuant to the Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual: (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

11. This Agreement may not be altered, modified, amended or waived, except by a writing signed by Franchisee and Employee and approved by Franchisor.

12. No waiver of any event of default under this Agreement shall be deemed a waiver of any continuing or subsequent default.

13. This Agreement shall constitute the entire Agreement between the parties relating to the subject matter hereof, and no representations, promises, understandings, or agreements, oral or otherwise, not herein contained, shall be of any force or effect whatsoever.

14. Employee acknowledges that Franchisee's employment of Employee constitutes adequate and sufficient consideration for Employee's obligations under this Agreement.

15. Franchisor shall be a third party beneficiary of Franchisee's rights under this Agreement.

16. This Agreement shall be governed by the laws of the state in which Franchisee's business is located.

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

EMPLOYEE:	**FRANCHISEE:**
Signature: ____________________________	___________________________________
	By ________________________________
Print Name: ___________________________	Title: ______________________________

EXHIBIT IV
FORM OF
NON-COMPETE AGREEMENT

This Non-Compete Agreement ("Agreement") is entered into this __ day of _________, 20__ by and between: ________________________________("Employee") with a mailing address of _________ ____________________________, and ___________________________("Company"), with a mailing address of ____.

Whereas, Employee currently serves in a managerial or other significant capacity for Company, or desires to serve in such capacity for Company;

Whereas, Company operates a Narwhal's Crafted Bar ("Bar" or "Narwhal's Crafted Bar") as a Narwhal's Crafted franchisee of Narwhal's Franchising, LLC ("Franchisor") and has a legitimate business interest to protect its (and Franchisor's) confidential information and trade secrets, and requires certain management level and other significant employees to sign this Agreement as a condition of employment (or continued employment); and

Whereas, Employee desires to work for Company in such a position.

Now, Therefore, in consideration of the foregoing premises which are incorporated herein, and other good and valuable consideration, the receipt and sufficiency of which the parties agree and acknowledge, the parties agree as follows:

1. Non-compete. In consideration of employment (or continued employment), Employee agrees that during Employee's employment with Company and for a period of twelve (12) months after termination of employment (for any reason), Employee shall not:

(i) engage in, directly or indirectly, by virtue of being an employee, proprietor, partner, director, officer, stockholder, owner, agent, or through family relationships, or by financing or investing in same, or by consulting, advising or assisting, or by being associated with, a Competitor within a twenty (20) mile radius of the location of: (a) the Narwhal's Crafted Bar that Employee worked at, or provided services for; (b) any other Narwhal's Crafted Bar owned or managed by Company or an affiliate of Company during the time of Employee's employment with Company; and/or (c) any other Narwhal's Crafted Bar in operation during Employee's employment with Company or during the 12 month period after termination of such employment;

(ii) divert any business or customers of any Narwhal's Crafted Bar to a Competitor or potential Competitor; or

(iii) solicit or hire any employee of Company or any of its affiliates either on behalf of Employee or any other person or entity.

For purposes of this Agreement: (i) "Competitor" means any business, individual, partnership, joint venture, firm, corporation or other entity of any kind that owns or operates a bar or restaurant or business that derives over 25% of its revenue from the sale of "Specialty Beverages;" (ii) "Specialty Beverages" shall mean (1) premium and/or made-from-scratch alcoholic beverages in which spirits are combined with premium and/or made-in-house purees, syrups, solutions and/or tinctures, and expressly includes (a) heated alcoholic beverages; (b) barrel-aged alcoholic beverages; (c) infused alcoholic beverages; (d) kegged alcoholic beverages; and (e) carbonated alcoholic beverages; (2) frozen alcoholic beverages (regardless of the preparation process); (3) non-alcoholic "smoothies" (defined as cold beverage prepared with a blender or frozen beverage machine); and (4) bottled and canned made-in-house alcoholic beverages. Notwithstanding the foregoing, in the event a court of competent jurisdiction determines that the radius described above in this section must be defined as of the date of this Agreement to be enforceable, such radius for purposes of such jurisdiction only shall be defined as "within a twenty (20) mile radius of the locations of all existing Bars owned or managed by Company or any affiliate of Company as of the date of this Agreement."

2. Remedies. Because of the irreparable injury which will result from a breach of any of the terms or conditions of Section 1 above, Employee understands and agrees that in addition to any damages or reimbursement to which Company may be entitled, Company may obtain the issuance of a preliminary, temporary and/or permanent injunction to enforce the terms and intended benefits of this Agreement, and Employee hereby waives any requirement that Company post any bond in connection with any such restraining order or injunction. If any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction for any reason (including, but not limited to, the scope, duration or area of its applicability), this Agreement shall, as to such jurisdiction, be construed as if such invalid, prohibited or unenforceable provision had been more narrowly drawn so as not to be invalid, prohibited or unenforceable (and the court making any such determination as to any provision is hereby authorized to modify such scope, duration or area, or all of them accordingly, and such provision shall then be applicable in such modified form). If, notwithstanding the foregoing, any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction for any reason, such provision alone shall be ineffective to the extent of such invalidity, prohibition or unenforceability and the remainder of such provision, and all other provisions of this Agreement, shall remain in full force and effect. In the event Employee does not fully comply with Section 1, then the time period during which such covenants remain binding obligations on Employee shall be extended one day for each day Employee does not comply therewith. Company shall have the right to unilaterally reduce the scope of any of the foregoing restrictions upon notice to Employee. Employee agrees and acknowledges that the restrictions set forth in this Agreement are reasonable and necessary to protect Company's trade secrets, goodwill and protectable interests. Employee agrees to pay to Company (or Franchisor as the case may be) any attorneys' fees, and all costs and expenses incurred to enforce any obligations of Employee under this Agreement, whether by suit or other means.

3. Miscellaneous. This Agreement may not be amended except by a writing signed by Company and Employee. Any written notice delivered under this Agreement shall be sent or delivered to the addresses set forth herein. No waiver of any event of default under this Agreement shall be deemed a waiver of any continuing or subsequent default. This Agreement shall constitute the entire Agreement between the parties relating to the subject matter hereof, and no representations, promises, understandings, or agreements, oral or otherwise, not herein contained, shall be of any force or effect whatsoever. Employee acknowledges that Company's employment of Employee (or continued employment) constitutes adequate and sufficient consideration for Employee's obligations under this Agreement. This Agreement is not an employment agreement and governs only the terms and conditions set forth herein. This Agreement shall be governed by, and construed under the law of the state in which Company's Bar is located. Narwhal's Franchising, LLC is a third party beneficiary of Company's rights under this Agreement.

Employee	**Company/Franchisee**
______________________________ Date:__________________________	By:____________________________ Name: __________________________ Title:___________________________ Date:___________________________

EXHIBIT V
UNCONDITIONAL GUARANTY

Narwhal's Crafted of ________________ Effective Date:____________________________

TO: NARWHAL'S FRANCHISING, LLC.
St. Louis, Missouri

RE:______________________________________
("Franchisee")

For the purpose of inducing Narwhal's Franchising, LLC (herein called "Franchisor") to accept the Franchise Agreement for the Narwhal's Crafted Bar named above and signed by Franchisee ("the Franchise Agreement"), the undersigned (herein called "Guarantor", whether one or more), jointly and severally, unconditionally guarantee (i) the prompt and full payment to Franchisor when due of all Indebtedness, as defined below, of Franchisee to Franchisor (including all principal, interest, attorneys' fees, costs, late charges and other charges becoming due with respect to such Indebtedness) arising from the Franchise Agreement, and (ii) the full and faithful performance of all terms and conditions of the Franchise Agreement which are an obligation of Franchisee upon such terms as set forth in the Franchise Agreement, all of which are hereby incorporated by reference (herein collectively sometimes referred to as "Obligations"). Should Franchisee for any reason fail to pay any Indebtedness, when due, Guarantor promises to pay the same upon demand to Franchisor at its offices at St. Louis, Missouri.

The Obligations of Guarantor, and each of them, under this Unconditional Guaranty and those of any other Guarantor who may have guaranteed or who hereafter guarantee any Indebtedness of Franchisee or the performance of any term or condition of the Franchise Agreement are and will be joint and several, and Franchisor may release or settle with any one or more of the Guarantors at any time without affecting the continuing liability of the remaining Guarantor or Guarantors.

Guarantor authorizes the Franchisor, without notice, without the consent of Guarantor and without affecting Guarantor.

Guarantor's Obligations under this Unconditional Guaranty in any manner, to change the terms of any Indebtedness including, but not limited to the renewal, extension, acceleration, refinancing, modification of the interest rate, or change in the manner or place of payment of any Indebtedness upon such terms and conditions and with such modifications and changes as Franchisor may see fit at any time and from time to time.

Guarantor waives notice of acceptance of this guaranty and also presentment, demand, protest, notice of protest, and notice of dishonor of any Indebtedness or other Obligation guaranteed hereby. No extension of time or credit or other indulgence, including the acceptance of any partial payment or performance, or the compromise or release of any claims, granted by Franchisor to Franchisee or Guarantor, or any of them, will release or affect the Obligations of Guarantor and no omission or delay on Franchisor's part in exercising any right hereunder or in taking any action to collect or enforce payment of any Obligation guaranteed hereby will be a waiver of any such right or release or affect the obligations of Guarantor hereunder. Any Indebtedness now or hereafter owed by Franchisee to Guarantor, or any of them, is subordinated to Franchisee's Indebtedness to Franchisor.

It is understood that Franchisor may from time to time take collateral to secure one or more of the Obligations of Franchisee to Franchisor, and Guarantor agrees that Franchisor may, without notice to or consent from Guarantor, release any collateral now held or hereafter acquired or substitute other collateral, and no such action will release or diminish the obligations of Guarantor hereunder. Franchisor will have no duty to marshal security, to sue or otherwise attempt collection from Franchisee or any other party, to take proceedings against any collateral it may have or any other property or to take any action of any sort prior to demanding and enforcing payment by Guarantor. Specifically, but without limiting the foregoing, Guarantor waives any right to have Franchisee joined in a suit brought against Guarantor on this Unconditional Guaranty and also any right to require Franchisor to sue Franchisee forthwith on any Obligation guaranteed hereby as a prerequisite to any action by Franchisor against Guarantor. Guarantor hereby waives the right to require Franchisor to exhaust any security or to have any property of the Franchisee first applied to any of the Obligations secured hereby prior to bringing any action against Guarantor. Guarantor waives the benefit of any "anti-deficiency legislation" which might otherwise bar any recovery against Guarantor because of Franchisor's election of remedies. Notwithstanding any foreclosure of the lien of the security agreement with respect to any or all of any real or personal property secured thereby, whether by the exercise of the power of sale contained therein, by an action for judicial foreclosure or by an acceptance of a deed in lieu of foreclosure, Guarantor shall remain bound under this Unconditional Guaranty. Any payment received by Franchisor from Franchisee, or from any source other than Guarantor may be applied to the Obligations of Franchisee to Franchisor in whatever order Franchisor elects, and any payment received from any Guarantor may be applied to any Obligations of Franchisee to Franchisor guaranteed hereunder in whatever order Franchisor elects.

If any Obligations of Franchisee guaranteed hereunder should be assigned by Franchisor, this Unconditional Guaranty will inure to the benefit of Franchisor's assignee to the extent of such assignment, provided that such assignment will not operate to relieve Guarantor from any obligation to Franchisor hereunder and further that the rights of any assignee will be subordinate to the rights of Franchisor under this Unconditional Guaranty as to any unassigned Obligations.

Guarantor agrees to pay to Franchisor any attorneys' fees, and all costs and expenses of collection whenever Franchisor employs an attorney to enforce any Obligations of the Franchisee or Guarantor under this Unconditional Guaranty, whether by suit or other means.

No agreement exists between Guarantor and Franchisor that the Obligations of Guarantor under this Unconditional Guaranty are or will be other than as set out herein. The rights and remedies of Franchisor under this Unconditional Guaranty and any others otherwise created are cumulative and may be exercised singularly or concurrently, and the exercise of any one or more of them will not be a waiver of any other. No act, delay, omission or course of dealing between Franchisor and Franchisee or Guarantor, or any of them, will be a waiver of any of Franchisor's rights or remedies under this Unconditional Guaranty, and no waiver, change, modification or discharge of this agreement or any obligation created hereby will be effective unless in writing signed by Franchisor. Each married Individual Guarantor hereby binds both his/her separate and marital estates.

All terms and conditions of the Franchise Agreement described above are incorporated herein, and it is acknowledged that a default thereunder shall constitute a default under this Unconditional Guaranty. In the event of a conflict between the terms, covenants and conditions of this Unconditional Guaranty and such Franchise Agreement, the terms, covenants and conditions of the document which shall enlarge the interest of the Franchisor in any Collateral for the Indebtedness, afford the Franchisor greater financial security in such Collateral and/or assure payment of the Indebtedness in full, shall control.

Each Guarantor hereby waives any right to trial by jury in any action, claim or lawsuit filed in any tribunal in connection with this Unconditional Guaranty.

Notwithstanding any provision herein to the contrary, the obligations of the Guarantor hereunder shall not be extinguished and the Guarantor shall remain liable under this Unconditional Guaranty in the event a payment in whole or in part of the Indebtedness due to the Franchisor from the Franchisee is subsequently recaptured as a voidable preference under applicable bankruptcy, insolvency and receivership laws. Unless the Franchisee or any other party making payment thereof has filed for protection under applicable bankruptcy, insolvency or receivership laws, upon request, the Franchisor shall be required to return this Unconditional Guaranty to the Guarantor within eighteen (18) months after payment in full of the Indebtedness and performance of all the Obligations.

Each Guarantor hereby represents, warrants and covenants that such Guarantor has full authority to enter into, execute and carry out the terms and conditions of this Unconditional Guaranty and when executed, this Unconditional Guaranty shall be a binding obligation on such Guarantor, enforceable in accordance with its terms.

Each Guarantor will from time to time and as often as Franchisor may reasonably request, execute and deliver to Franchisor a current financial statement which correctly and fairly presents the Guarantor's financial condition as of the date indicated and for the periods involved and shows all material liabilities, direct and contingent.

This Unconditional Guaranty shall be construed in accordance with the laws of the State of Missouri, shall inure to the benefit of Franchisor, its successors and assigns, and shall be binding on the undersigned and the heirs, executors, administrators, successors and assigns of the undersigned.

For purposes of this Unconditional Guaranty (i) Franchise Agreement shall mean and include all agreements attached to the Franchise Agreement as an exhibit as well as any renewal or successor franchise agreement(s); and (ii) Indebtedness shall mean any monetary amounts due Franchisor arising directly or indirectly from the obligations created by the Franchise Agreement and any and all renewals or extensions of or substitutes for any of the monetary amounts due Franchisor or any part thereof, and for purposes of clarification Indebtedness shall include Franchisee's obligation to pay Franchisor any amounts borrowed by Franchisee in connection with the buildout and/or operation of the Bar.

REST OF PAGE INTENTIONALLY LEFT BLANK.

EXECUTED this ____ day of ________, 20___.

"Guarantor"

____

Print Name:________________________

____

Spouse (if Guarantor is married)

"Guarantor"

____

Print Name:________________________

____

Spouse (if Guarantor is married)

"Guarantor"

____

Print Name:________________________

____

Spouse (if Guarantor is married)

"Guarantor"

____

Print Name:________________________

____

Spouse (if Guarantor is married)

EXHIBIT VI

STATE REQUIRED ADDENDUM TO THE NARWHAL'S FRANCHISING, LLC FRANCHISE AGREEMENT

CALIFORNIA

The state of California requires that the following provisions be included in the Franchise Agreement for all California Narwhal's Franchisees. Notwithstanding any provision to the contrary contained in the Franchise Agreement, any conflict between the terms and conditions of the Franchise Agreement and this Addendum shall be resolved in favor of this Addendum.

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

2. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq).

3. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

4. The franchise agreement requires application of the laws of Missouri. This provision may not be enforceable under California law.

5. For Bars located within the State of California, Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.

7. Notwithstanding Section 9.1 to the contrary, the initial franchise fee shall be due and payable upon written notice at such time that Franchisor has completed its pre-opening obligations. Franchisor will provide written notice to Franchisee of same which will in all events be prior to the opening of the Bar.

EXHIBIT D

STATE FRANCHISE REGULATORS AND AGENT FOR SERVICE OF PROCESS

Following is a list of the names and addresses of the state agencies regulating franchises in the states listed below. Franchisor has also designated the agency listed under each state as its agent in the state authorized to receive service of process on behalf of Franchisor.

State	Agents for Service of Process	State Regulator / State Administrator
California	Commissioner of the Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104-4428 1-866-275-2677	Commissioner of the Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104-4428 1-866-275-2677
Hawaii	Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813	Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Attorney General 500 South Second Street Springfield, Illinois 62706	Attorney General 500 South Second Street Springfield, Illinois 62706
Indiana	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204	Indiana Securities Division 302 West Washington Street Room E-111 Indianapolis, Indiana 46204
Maryland	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202
Michigan		Michigan Department of the Attorney General Consumer Protection Division, Franchise Unit G. Mennen Williams Building, 6th Floor 525 Ottowa Street P.O. Box 30213 Lansing, Michigan 48909 (517) 335-0855
Minnesota	Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 Saint Paul, Minnesota 55101	Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 Saint Paul, Minnesota 55101
New York	New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 212-416-8285

South Dakota	Director of Insurance & Securities Regulation South Dakota Dept. of Labor and Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501	Director of Insurance & Securities Regulation South Dakota Dept. of Labor and Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501
Virginia	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219
Washington	Director of Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater WA 98501 (360) 902-8760	Director of Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater WA 98501 (360) 902-8760
Wisconsin	Department of Financial Institutions Commissioner of Securities 201 W Washington Avenue, Suite 300 Madison, Wisconsin 53703	Department of Financial Institutions Commissioner of Securities 201 W Washington Avenue, Suite 300 Madison, Wisconsin 53703

EXHIBIT E

NARWHAL'S
STATE ADDITIONAL INFORMATION PAGE

CALIFORNIA

To the extent the California Franchise Investment Law, Cal. Corp. Code §§31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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

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

Item 3 Additional Disclosure:

Neither we nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. seq., suspending or expelling such persons from membership in such association or exchange.

Item 5 Additional Disclosure:

The initial franchise fee is due upon completion of Franchisor's pre-opening obligations upon notice to You.

Item 6 Additional Disclosure:

Pursuant to the California Usury Law and the California State Constitution, the highest interest rate allowable by law for loans which are not for personal, family or household purposes is the higher of 10% or 5% over the amount charged by the Federal Reserve Bank of San Francisco on advances to member banks on the 25th day of the month before the loan.

Item 12 Additional Disclosure:

You will not receive an exclusive territory. You may face competition from other channels of distribution or competitive brands we control.

Item 17 Additional Disclosures:

The franchise agreement requires application of the laws of Missouri. This provision may not be enforceable under California law.

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Item 19 Additional Disclosures:

The financial performance figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Narwhal's franchise. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of information.

EXHIBIT F

RELEASE

THIS RELEASE ("Release") is entered into by and between ___________________________, a _____________ _______________ ("Franchisee"), _______________ ("Owner") and Narwhal's Franchising, LLC ("Narwhal's").

WHEREAS, Franchisee is a Narwhal's Crafted franchisee of Narwhal's;

WHEREAS, Franchisee desires to borrow money from Narwhal's;

WHEREAS, Narwhal's will agree to loan Franchisee money pursuant to separate loan documents so long as Franchisee and Owner agree to release any and all claims they may have against Narwhal's and

WHEREAS, Franchisee and Owner desire to execute this Release to facilitate Franchisee's borrowing of money from Narwhal's.

NOW, THEREFORE, in consideration of the premises stated above which are incorporated herein as if fully set forth below and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. Release. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisee and Owner, on behalf of each of them and each of its shareholders, members, officers, directors, and anyone else claiming through either or both of them, hereby jointly and severally release and forever discharge Narwhal's, and its affiliates, parent, and subsidiaries, and each of their respective shareholders, members, officers, directors, attorneys, employees, and agents (herein the "Released Parties"), from and against any and all damages, liabilities, demands, debts, actions, claims, suits, costs, expenses, and attorneys' fees, whether known or unknown, contingent or certain (hereinafter collectively referred to as "Claims"), which Franchisee and/or Owner may have had, may now have or hereafter have against any or all of the Released Parties directly or indirectly arising out of or related to (i) Franchisee's Narwhal's Crafted Franchise(s) or Narwhal's offer and sale thereof, or (ii) any other act, omission, matter or state of facts existing between Franchisee and/or Owner on the one hand and any of the Released Parties on the other hand from the beginning of time through and including the date of this Release. Franchisee and Owner each represent and warrant to Narwhal's that neither of them have assigned any Claims that they have, may have had, or may have to any other person or entity.

2. Authority. Franchisee and Owner jointly and severally warrant and represent to Narwhal's that such party has full authority to enter into and execute this Release and when executed, this Release shall be a legally binding obligation on Franchisee and Owner enforceable in accordance with its terms and conditions.

3. Successors Bound. This Release is binding upon and shall inure to the parties hereto and their successors and assigns.

4. Choice of Law. This Release shall be governed in all respects by the laws of the State of Missouri.

IN WITNESS WHEREOF, the parties have signed this Release as of the day and year set forth below their respective signature.

Narwhal's Franchising, LLC.	______________________
("Narwhal's")	("Franchisee")
By________________________	By________________________
Title_____________________	Title_____________________
Date______________________	Date______________________

____
"Owner"

STATE OF ___________)
) SS.
COUNTY OF __________)

On this _____ day of ____________________, 202_, before me, a Notary Public in and for said State, personally appeared ____, _____________________ of ________________________, known to me to be the person who executed the within instrument on behalf of said company and acknowledged to me that ____ executed the same for the purpose therein stated.

____
Notary Public

My Commission Expires:

STATE OF ___________)
) SS.
COUNTY OF __________)

On this _____ day of ____________________, 202_, before me, a Notary Public in and for said State, personally appeared ____, known to me to be the person who executed the within instrument and acknowledged to me that _____ executed the same for the purpose therein stated.

____
Notary Public

My Commission Expires:

EXHIBIT G

State Effective Dates

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

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

State	Effective Date
California	Renewal Pending

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

RECEIPT

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

If Narwhal's Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an Affiliate in connection with the proposed franchise sale. New York state law requires that Narwhal's Franchising, LLC provide You with 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 Narwhal's Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or 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 state agency for your state listed on Exhibit D to this disclosure document.

Narwhal's Franchising, LLC authorizes the state agency for Your state listed on Exhibit D to this disclosure document, whose address is listed on Exhibit D, to receive service of process for Narwhal's Franchising, LLC.

The name of the person selling this franchise to you is: Brandon Holzhueter or Brad Merten, and the address of the person selling this franchise to You is Narwhal's Franchising, LLC, 101 W. Agronne Dr., Suite #65, St. Louis, Missouri 63122, (636)346-7038.

ISSUANCE DATE: March 8, 2022

I have received a Franchise Disclosure Document dated _____________, which included the following exhibits:

Exhibit A:	List of Franchisees
Exhibit B:	Financial Statements-Audited Balance Sheet for Narwhal's Franchising, LLC as of December 31, 2021; Reviewed Balance Sheet for Narwhal's Franchising, LLC as of January 31, 2021.
Exhibit C:	Franchise Agreement with the following Exhibits: (I) Description of Area; (II) Form of Lease Rider, (III) Form of Confidentiality Agreement; (IV) Form of Non-Compete Agreement; and (V) Unconditional Guaranty
Exhibit D:	Agents for Service of Process
Exhibit E:	State Addenda to the Franchise Disclosure Document, if applicable
Exhibit F:	Sample Release
Exhibit G:	State Effective Dates

____
Print Name of Franchisee Candidate

Check one: ___ (Individual); ___ (Corporation); ___ (Partnership); ___ (Limited Liability Company); ___ (Other)

By: ____ Date:________________
Signature

____ ___________________________
Print Name Title (if applicable)

-SIGN AND RETURN THIS COPY-

RECEIPT

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

If Narwhal's Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an Affiliate in connection with the proposed franchise sale. New York state law requires that Narwhal's Franchising, LLC provide You with 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.

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____
Print Name of Franchisee Candidate

Check one: ___ (Individual); ___ (Corporation); ___ (Partnership); ___ (Limited Liability Company); ___ (Other)

By: ____ Date:________________
Signature

____ ____________________________
Print Name Title (if applicable)