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 $884,000 to $1,856,500. This includes approximately $35,000 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: April 29, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 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.

Short Operating History. This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.

Financial Condition. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

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EXHIBITS

A. List of Franchisees

B. Financial Statements – Narwhal's Franchising LLC
Audited Financial Statements as of December 31, 2024
Audited Financial Statements as of December 31, 2023
Audited Financial Statements as of December 31, 2022

C. Franchise Agreement and the following Exhibits:
I. Description of Area
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. State Effective Dates

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. It is a wholly owned subsidiary of 26H Holdings, LLC ("26H"). The principal business address of Narwhal's Franchising, LLC and 26H is101 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 "Narwhal's Crafted®." 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 2021. 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 three 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. The third

Bar is operated by Narwhal's Crafted of Chesterfield, LLC, an affiliate of Narwhal's, and is located at 17081 N. Outer Forty Road, Suite 206, Chesterfield, Missouri 63005. 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 a fast casual gourmet nacho restaurant concept called "Loaded."

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 a fast casual gourmet nacho restaurant concept called "Loaded."

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 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.

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

Maggie Shepherd – Director of Operations. Ms. Shepherd has been Narwhal's Director of Operations since January 2023. From May 2019 to December 2022, Ms. Shepherd served as General Manager for Narwhal's St. Charles. Ms. Shepherd originally joined the Narwhal's organization as a bartender in September 2018 and was promoted to Shift Supervisor in October 2018.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

You must pay an initial franchise fee of $35,000. This initial franchise fee is non-refundable. $5,000 of the franchise fee is payable upon your execution of the Franchise Agreement, and the remaining $30,000 is payable at such time that a site for Your Bar is approved by Narwhal's in writing.

The initial franchise fee is nonrefundable except that if You fail to obtain approval for a site within 120 days of signing the Franchise Agreement, Narwhal's may terminate Your Franchise Agreement in which case the obligation to pay the remaining $30,000 shall be waived. The initial payment of $5,000 is nonrefundable in all events. 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

Name of Fee	Amount	Due Date	Remarks
Royalty Fee (See Note 2 at end of this Table)	8% 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. 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.	Due when billed.	You may spend additional amounts for marketing. This yearly amount is subject to

Name of Fee	Amount	Due Date	Remarks
	After the Bar is open for business, You will be required to spend each calendar year on marketing a minimum of the greater of (i) $12,000 or (ii) two percent (2%) of Your Gross Sales.	.	change from time to time as may be provided in the Confidential Operations Manual.
System Branding Fund	Not yet established. If implemented during the initial term of Your franchise Agreement, Your required contribution to the System Branding Fund will not exceed two percent of Your Gross Sales.	Not yet established.	If implemented, Narwhal's will monitor the System Branding Fund. The System Branding Fund, if implemented, 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 and the General Manager must complete initial training prior to opening. Presently initial training is not offered for additional trainees,	Due in advance.	You pay the travel and living expenses, including lodging, transport, meals and 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	Due when billed.	You remain responsible for lodging, transportation, meals and compensation for

Name of Fee	Amount	Due Date	Remarks
	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.		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 3)	$5,000 or $7,500 (see Note 3) 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: This information applies to all items listed in the table above. 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.

NOTE 2: 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 3: 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	$35,000	Two lump sums	$5,000 upon signing Franchise Agreement; $30,000 upon site approval (see Item 5)	Narwhal's
Real Estate Lease (See Note 1)	$18,000-$45,000	Set by Landlord	Set by Landlord	Landlord
Remodel/Buildout Expense (See Note 2)	$485,000-$1,255,000	Set by Supplier	Prior to Opening	Suppliers and Trades Person
Licenses and Permits (Note 3)	$2,000-$7,000	Lump Sum	Prior to Opening	Governmental Offices and professionals
Furniture & Equipment	$250,000-$370,000	Set by Supplier	Prior to Opening	Suppliers
Signage and Trade Dress / Graphics	$5,000-$25,000	Lump Sum	Prior to Opening	Narwhal's or Approved Suppliers
Systems (See Note 4)	$10,000-$12,500	Set by Supplier	Prior to and after Opening	Suppliers
Inventory (See Note 5)	$15,000-$20,000	Set by Supplier	Prior to Opening	Approved Suppliers
Training (Your costs) (See Note 6)	$2,000-$3,000	Set by Narwhal's	Set by Supplier	Airlines, hotels, etc.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
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
Marketing (See Note 8)	$8,000-$9,000	Multiple payments	Prior to Opening and during three months following opening	Suppliers and Narwhal's
Wages and withholding (pre-opening)	$4,000-$5,000	Biweekly	Biweekly	Employees
Total (See Note 9)	$884,000-$1,856,500			

As described in Item 5, under certain circumstances, Your initial franchise fee may be refundable. No other 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 $6,000 to $15,000 per month. Your costs will vary as estimating such costs is 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 2,600 square feet and up to 3,600 square feet (which includes the Bar area for patrons, bathrooms and back office space) plus additional dedicated patio space approximately between 1,000 to 1,500 square feet, preferably enclosable. 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 to $100 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. Architectural and engineering fees are factored in, at a range of two-and-a-half percent (2.5%) to seven-and-a-half percent (7.5%) of total construction cost. Narwhal's estimates Your estimated Remodel/Buildout Expense is between $280 to $372 per square foot for the interior space, before reimbursement for tenant improvements provided by landlord. In addition, Narwhal's estimates Remodel/Buildout Expense for an enclosed patio to cost up to an additional

$200,000.

(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 Toast 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, miscellaneous expenses, and cash reserve.

(8) Narwhal's requires you to spend a minimum of $3,000 on the Grand Opening Campaign for the Bar and a minimum of $12,000 or 2% of Gross Sales (whichever is greater) during each year. In addition, Narwhal's reserves the right to create a System Branding Fund in which You would be required to contribute up to 2% of Gross Sales toward the System Branding Fund. The table includes the grand opening campaign expenses and the minimum required spend 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 Two Million Dollars ($2,000,000) with an aggregate limit of $4,000,000; (ii) liquor liability insurance with a minimum single limit of Two Million Dollars ($2,000,000) with an aggregate limit of $4,000,000; (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, or 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 3% 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

Obligation		Franchise Agreement	Disclosure Document
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
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 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.

Narwhal's reserves the right to implement the Narwhal's System Branding Fund (the "Fund") which Narwhal's will administer on behalf of all franchisees (See Item 6). As of the date of this Disclosure Document, Narwhal's has not implemented the Fund. If implemented, during Your initial franchise agreement term, the required monthly contributions will not exceed two percent (2%) of Gross Sales. If implemented, all franchisees will contribute at the same rate. Bars owned by Narwhal's or Narwhal's affiliates will not contribute to the Fund. 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. If implemented, 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 would 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 would 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. If implemented, 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 at Your cost for updating the Software as directed by Narwhal's or the licensor of the Software. There is no limit on the frequency or cost of any such upgrade. Narwhal's is not responsible for any maintenance, repair or upgrades to 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. Narwhal's estimates that cost for the hardware and software for computers, phones and point of sale system as required by Narwhal's (currently the Toast POS system) is $7,000.

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 range from $1,000 to $1,500 per month and the up-front costs for computer hardware (i.e. Toast POS), installation and training to be $7,000. 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.

Manuals. 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 232-page Operating Manual which shows the approximate number of pages devoted to each subject:

Table of Contents to Operating Manual*	**Number of Pages**
Introduction	5
Site Selection	5
Equipment & Smallwares	35
Technology & Systems	5
Accounting & Finance	11
Human Resources	5
Marketing	10
Front of House Operations	55

Back of House Operations	101

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**.** While You may own the site on which Your Bar will be located (subject to approval of such site), Narwhal's expects that you will lease the site for Your Bar. 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. It is Narwhal's experience that obtaining a Site Selection Kit shall not involve incurring any costs. 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
Accounting & Human Resources	8	0	St. Louis
Marketing Strategy & Setup	4	0	St. Louis
Accessing Systems and I.T. Setup	4	0	St. Louis
Back of House Training	0	8	St. Louis
Front of House Training	0	8	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 5 day program at one of Narwhal's company owned Bars in St. Louis. There will be a classroom component of 25 hours and 16 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 8 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 5 years 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 makes no representations or warranties of any kind that any of the above listed services will create a successful business operation for You or will not have a negative impact on Your business. You are solely responsible for the success of the Bar and Your business operations. 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. Exclusivity is not contingent on You meeting any performance level or thresholds. 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 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 (provided any such business shall not derive more than 50% of its revenue from the sale of frozen alcoholic beverages) 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") 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
3.	Narwhal's Crafted	3/15/2022	6673163
4.	Narwhal's Crafted and Design	8/30/22	6830249

These registrations are due for Declarations of Continued Use and Incontestability in 2026 or after. 26H 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. However, the Narwhal's Crafted Urban Ice trademark will be allowed to expire naturally in 2024 because Narwhal's no longer uses that particular formulation in connection with its business.

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. 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. The Marks are owned by 26H. 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 at Your cost if Narwhal's modifies or discontinues use of that mark. If Narwhal's determines that the Narwhal's System should use additional or substitute marks, You must comply with Narwhal's direction. 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 hereto as Exhibit III to the Franchise Agreement. In addition, and subject to applicable state law, 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 of the

Franchise Agreement. In addition, and subject to applicable state law, Your key employees must sign a written confidentiality and non-compete agreement to protect Narwhal's trade secrets. An example of a confidentiality and non-compete agreement is attached as Exhibit III 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 30 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 30 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) (subject to applicable state law).
w.	Choice of law	Section 19.2	Missouri law applies (subject to applicable state law)

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 historical 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. Also included below is certain additional information which Narwhal's has calculated from the total actual Gross Sales figures. Please refer to the explanatory information set forth following the Table for the definitions of the terms used in the Table and certain additional information regarding the actual performance of Narwhal's Bars. The source of the data presented in the Actual Sales Table are the Affiliates identified in Item 1.

The financial and operational 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 2024	FY 2023	FY 2022
TOTAL SALES OF NARWHAL'S BARS*	$3,935,274	$3,924,470	$4,226,902
NUMBER OF NARWHAL'S BARS	2	2	2
AVERAGE ANNUAL SALES FOR NARWHAL'S BARS	$1,967,637	$1,962,235	$2,113,451
MEDIAN SALES FOR NARWHAL'S BARS	$1,967,637	$1,962,235	$2,113,451
AVERAGE COST OF GOODS SOLD MARGIN	20.6%	21.4%	21.5%
MEDIAN COST OF GOODS SOLD MARGIN	20.6%	21.4%	21.5%
AVERAGE DIRECT LABOR MARGIN	14.4%	12.4%	9.4%
MEDIAN DIRECT LABOR MARGIN	14.4%	12.4%	9.4%

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:

*Results are included in the table above only for Narwhal's Bars that were open during the entire fiscal year shown. Accordingly, the Narwhal's Bar that opened in Chesterfield, Missouri in October, 2024 is not included in the table above for it was not open at the beginning of FY 2024.

TOTAL SALES OF NARWHAL'S BARS – shall mean the total Gross Sales of all Narwhal's Bars open during the entire 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 and that were open during the entire fiscal year.

AVERAGE ANNUAL SALES FOR NARWHAL'S BARS – shall mean the average Gross Sales for all Narwhal's Bars that were open for the entire relevant time period. The amount shown was calculated by dividing the total Gross Sales for Narwhal's Bars that were open for the entire relevant time period by the total number of Narwhal's Bars that were open for the same period. For FY 2022 the high was $2,277,943 and the low was $1,948,959, for FY 2023 the high was $2,175,340 and the low was $1,749,130; and for FY 2024 the high was $2,221,907 and the low awas $1,713,367.

AVERAGE COST OF GOODS SOLD MARGIN - shall mean the amount calculated by dividing Cost of Goods Sold by Gross Sales and multiplying the result by 100 to yield a percentage. This percentage represents how much of Gross Sales revenue is expended on the costs of the materials that go into the

completed products offered for sale at the Bar. “Cost of Goods Sold” shall mean the direct cost of materials purchased that are the ingredients and components directly attributable to products sold to a customer.

AVERAGE DIRECT LABOR MARGIN-shall mean the amount calculated by dividing Direct Labor Costs by Net Sales and multiplying by 100 to yield a percentage. This percentage represents how much of Net Sales is expended on costs directly related to the production of goods offered for sale at the Bar, the service of Bar patrons, the physical upkeep of the Bar and related ancillary work. “Net Sales” shall mean Gross Sales less discounts and price adjustments. “Direct Labor Costs” shall mean the cost of all employees’ pay but does not include employer’s cost of employee benefits or the employer’s portion of employment taxes.

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 2022 to 2024 (Table 1)

Bar Type	Year	Bars at Start of Year	Bars at End of Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	2	2	0
	2023	2	2	0
	2024	2	3	1
Total Outlets	2022	2	2	0
	2023	2	2	0
	2024	2	3	1

Narwhal’s commenced selling Narwhal’s Crafted Franchises in 2021.
“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 2022 to 2024 (Table 2)

State	Year	Number of Transfers
None	2022	0
	2023	0

State	Year	Number of Transfers
	2024	0

Narwhal's commenced selling Narwhal's Crafted franchises in 2021.

Status of Franchised Bars
For Years 2022 to 2024 (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	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Narwhal's commenced selling Narwhal's Crafted franchises in 2021.

Status of Company Owned Bars
For Years 2022 to 2024 (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	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	1	0	0	0	3
Totals	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	1	0	0	0	3

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

Projected Openings as of March 1, 2025 (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
Illinois	1	1	0
Missouri	0	0	0
Total	1	1	0

Projections are for the time period from the date of this FDD through end of 2025.

ITEM 21. FINANCIAL STATEMENTS

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

Audited Financial Statements as of December 31, 2024 for Narwhal's Franchising LLC,
Audited Financial Statements as of December 31, 2023 for Narwhal's Franchising LLC,
Audited Financial Statements as of December 31, 2022 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 April 26, 2025

Name	Address	City	State	Zip	Phone	Fax	Owner
Narwhal's Crafted of Edwardsville	TBD	Edwardsville	IL	TBD	618-580-4320		Beach Family Holdings, LLC

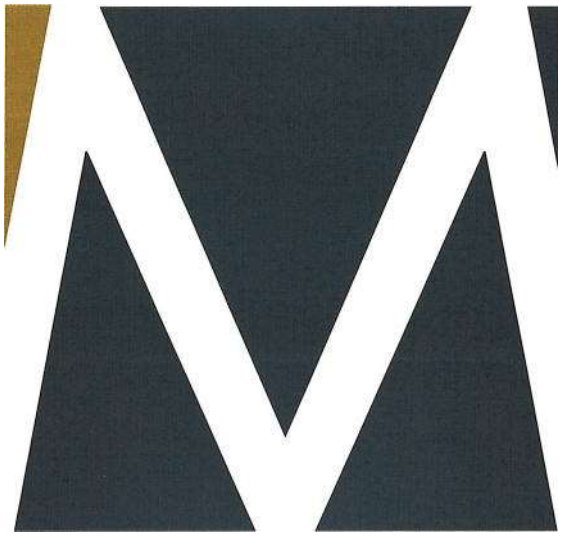
101 S. HANLEY, SUITE 1325
ST. LOUIS, MISSOURI 63105
p: 314.726.0626
f: 314.726.0627

Consent of Independent Auditors

Maher & Company PC consents to the use in the Franchise Disclosure Document issued by Narwhal's Franchising LLC ("Franchisor") on April 29, 2025, of our Independent Auditors' Report dated April 29, 2025, relating to the financial statements of Franchisor which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of operations and member's equity and of cash flows for the years then ended, and the related note to the financial statements (collectively, the "financial statements").

Maher & Company PC

Certified Public Accountants
St. Louis, Missouri
April 29, 2025



Narwhal's Franchising LLC

Financial Statements
and Independent Auditors' Report

Years Ended December 31, 2024 and 2023

MAHER & CO.
CERTIFIED PUBLIC ACCOUNTANTS

www.maherco.com

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 financial statements of Narwhal's Franchising LLC, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and member's equity, and of cash flows for the years then ended, and the related note to the financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Narwhal's Franchising LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are 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 these financial statements.

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 statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Narwhal's Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our 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
April 29, 2025

Narwhal's Franchising LLC
Balance Sheets
December 31

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	$ 139,431	$ 36,987
Franchise fees receivable (no allowance for credit losses considered necessary)	35,000	35,000
Prepaid expenses	8,295	3,201
Total current assets	182,726	75,188
Licensed trademarks intangible	13,746	13,746
Less: Accumulated amortization	(4,191)	(2,621)
	9,555	11,125
	$ 192,281	$ 86,313
Liabilities and Member's Equity		
Current liabilities		
Deferred revenue	$ 19,250	$ 19,250
Due to parent	99,431	-
Total current liabilities	118,681	19,250
Deferred revenue - noncurrent	12,833	14,583
Member's Equity	60,767	52,480
	$ 192,281	$ 86,313

See Note to Financial Statements.

Narwhal's Franchising LLC
Statements of Operations and Member's Equity
Years Ended December 31

	2024	2023
Revenue	$ 1,750	$ 1,167
Costs and Expenses		
Professional fees	33,347	28,487
Amortization of licensed trademarks intangible	1,570	1,570
Insurance	7,265	-
Allocation of shared expenses	6,658	-
	48,840	30,057
Net Loss from Operations	(47,090)	(28,890)
Interest Income	1,370	-
Net Loss	(45,720)	(28,890)
Member's Equity, January 1	52,480	37,628
Member Contributions	54,007	75,927
Member Distributions	-	(32,185)
Member's Equity, December 31	$ 60,767	$ 52,480

See Note to Financial Statements.

Narwhal's Franchising LLC
Statements of Cash Flows
Years Ended December 31

	2024	2023
Cash Flows from Operating Activities		
Net loss	$ (45,720)	$ (28,890)
Adjustment to reconcile net loss to net cash used in operating activities:		
Amortization of licensed trademarks intangible	1,570	1,570
Changes in operating assets and liabilities:		
Franchise fees receivable	-	(35,000)
Deferred revenue	(1,750)	33,833
Prepaid expenses	(5,094)	(3,201)
Net cash used in operating activities	(50,994)	(31,688)
Cash Flows from Financing Activities		
Member contributions	54,007	75,927
Member distributions	-	(32,185)
Cash management advances from parent, net of repayments and shared expenses	99,431	-
Net cash provided by financing activities	153,438	43,742
Net Increase in Cash and Cash Equivalents	102,444	12,054
Cash and Cash Equivalents, January 1	36,987	24,933
Cash and Cash Equivalents, December 31	$ 139,431	$ 36,987

See Note to Financial Statements.

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. In May 2023, the Company entered into a franchise agreement for its first franchised location which is expected to commence operations in 2025.

The Company was organized in August 2020 under the Missouri Limited Liability Company Act and its sole member is 26H Holdings 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 acts as principal in respect to its contract with its franchisee. The Company's contract does not contain a significant financing component as payment by the franchisee is required to occur prior to the one-year anniversary of the franchisee taking control of the goods and services that are the subject of the contract.

Basis of presentation The accompanying financial statements present the assets, liabilities, operations, and cash flows of the Company and are not intended to, and do not, present the consolidated financial position, results of operations, or cash flows of 26H and its subsidiaries.

Effective January 1, 2024, 26H began utilizing the Company to centralize its cash management function and since that date the Company has operated as the disbursing agent with respect to wages, payroll taxes, and related benefits associated with its management-level employees, as well as expenses incurred by 26H related to other goods/services (collectively, the "shared expenses"). The shared expenses are allocated amongst 26H's wholly-owned subsidiaries which include the Company and three Narwhal's Crafted locations owned by 26H. The Company's expenses associated with its franchising operations, including the Company's allocation of the shared expenses, are reported within operating expenses in the accompanying 2024 statement of operations, with the funding thereof reported as member contributions to equity. During 2024, the Company made payments of approximately $722,700 in satisfaction of shared expense obligations of 26H and its subsidiaries, other than those allocated to the Company. Due to parent at December 31, 2024, represents the amount by which advances received from 26H exceeded the payments made through that date associated with shared expenses. Expense allocations to the Company are based on Company management's estimate of the time spent by management-level employees on the Company's operations.

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

Cash equivalents For purposes of the statements of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Intangible asset In years prior to 2023, 26H paid $13,746 on behalf of the Company in connection with applications for registration of certain trademarks, which payments constituted capital contributions to the Company. 26H filed trademark applications in 2021 and prior years, which were accepted by the United States Patent and Trademark Office (the "Office"). Those trademark applications were successfully registered with the Office in 2022.

The trademarks are owned by 26H and are the subject of a 10-year license agreement with the Company, which agreement is automatically renewable for successive one-year terms unless terminated by 26H. A nominal license fee was charged to the Company by 26H in a prior year, in addition to the costs of the trademark application process as borne by the Company. The accumulated costs associated with the licensing arrangement have been capitalized and reported as an intangible asset in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 350, *Intangibles - Goodwill and Other* ("Topic 350').

The intangible asset associated with the licensing agreement is being amortized on a straight-line basis which commenced upon successful trademark registrations with the Office. Costs capitalized associated with the license agreement and related to registered trademarks are being amortized over the term of the license agreement, which period is consistent with the estimated period the underlying trademarks are expected to contribute to future cash flows of the Company. Annual amortization expense in future years is expected to be $1,570.

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.

Revenue recognition The Company's agreement with its franchisee contains a ten-year term and requires the franchisee to pay an initial franchise fee at the commencement of that agreement, in addition to royalties and other fees to be paid periodically after the location opens for business. The franchise agreement stipulates the pre-opening and ongoing obligations of the Company.

With respect to the initial franchise fee, the Company has elected practical expedients available to franchisors under ASC Topic 952, *Franchisors,* whereby the Company accounts for pre-opening services as distinct from the franchise license, and accounts for the pre-opening services as a single performance obligation. The Company's other performance obligation associated with the initial franchise fee is the licensing of the franchise. The transaction price associated with the initial franchise fee was allocated to those two performance obligations based on management's estimates of their relative standalone selling prices in accordance with ASC 606-10-32.

Deferred revenue in the accompanying balance sheets represent the Company's contract liabilities associated with unsatisfied performance obligations. Revenue associated with licensing of the franchise was recognized in 2023 and 2024, and will continue to be recognized ratably in future years, on a straight-line basis over the term of the franchise agreement. Revenue associated with pre-opening services will be recognized over the performance period using an input measure, that being the relationship of costs incurred to date to total expected costs to complete the pre-opening services. There were no significant costs incurred in 2023 or 2024 related to the Company's pre-opening services performance obligation.

The transaction price associated with the initial franchise fee allocated to unsatisfied (or partially unsatisfied) performance obligations as of December 31, 2024 and 2023, are summarized in the tables below.

	Deferred Revenue - 2024		
	Current	Noncurrent	Total
Performance obligation:			
Pre-opening services	$ 17,500	$ -	$ 17,500
Franchise license	1,750	12,833	14,583
	$ 19,250	$ 12,833	$ 32,083

	Deferred Revenue - 2023		
	Current	Noncurrent	Total
Performance obligation:			
Pre-opening services	$ 17,500	$ -	$ 17,500
Franchise license	1,750	14,583	16,333
	$ 19,250	$ 14,583	$ 33,833

Franchise fees receivable Franchise fees receivable include billed amounts owed from franchisees for which the Company has an unconditional right to payment. While the underlying franchise agreement stipulates the initial franchise fee was due and payable upon its execution in May 2023, management does not expect to receive payment until the location commences operations and the franchisee agreed that the amount reflected as franchise fees receivable in the accompanying balance sheets would not be due until the date of opening of the franchisee's location.

The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in receivables as of the balance sheet date. Management regularly assesses the collectability of franchise fees receivable based on a review of outstanding receivables including their age in relation to the payment terms established with the franchisees, a current analysis of the credit worthiness of franchisees, and other existing economic conditions. When management determines a particular receivable is uncollectible, it is charged-off against the allowance for credit losses.

Concentrations of credit risk The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and franchise fees receivable. The Company places its cash and cash equivalents at financial institutions where such balances will, at time, be in excess of the FDIC insurance limit.

Income taxes The Company is a disregarded entity for income tax purposes and as such, income taxes associated with the Company's operations are generally the responsibility of 26H.

Subsequent events The Company has evaluated all subsequent events as of April 29, 2025, which is the date these financial statements were available to be issued, but has not evaluated any events after that date.

****

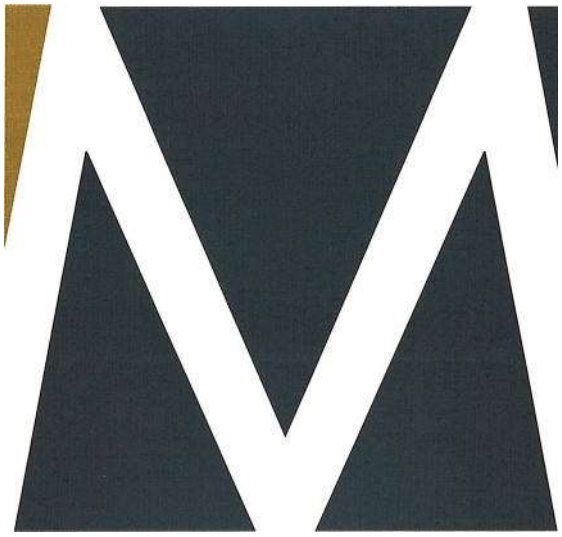
101 S. HANLEY, SUITE 1325
ST. LOUIS, MISSOURI 63105
p: 314.726.0626
f: 314.726.0627

Consent of Independent Auditors

Maher & Company PC consents to the use in the Franchise Disclosure Document issued by Narwhal's Franchising LLC ("Franchisor") on April 29, 2025, of our Independent Auditors' Report dated April 29, 2024, relating to the financial statements of Franchisor which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of operations and member's equity and of cash flows for the years then ended, and the related note to the financial statements (collectively, the "financial statements").

Maher & Company PC

Certified Public Accountants
St. Louis, Missouri
April 29, 2025



Narwhal's Franchising LLC

Financial Statements
and Independent Auditors' Report

Years Ended December 31, 2023 and 2022

MAHER & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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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 financial statements of Narwhal's Franchising LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and member's equity, and of cash flows for the years then ended, and the related note to the financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Narwhal's Franchising LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are 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 these financial statements.

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 statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Narwhal's Franchising LLC's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our 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
April 29, 2024

Narwhal's Franchising LLC
Balance Sheets
December 31

	2023	2022
Assets		
Current assets		
Cash	$ 36,987	$ 24,933
Prepaid expenses	3,201	-
Franchise fees receivable (no allowance for credit losses considered necessary)	35,000	-
Total current assets	75,188	24,933
Licensed trademarks intangible	13,746	13,746
Less: Accumulated amortization	(2,621)	(1,051)
	11,125	12,695
	$ 86,313	$ 37,628
Liabilities and Member's Equity		
Current liabilities		
Deferred revenue	$ 19,250	$ -
Total current liabilities	19,250	-
Deferred revenue - noncurrent	14,583	-
Member's Equity	52,480	37,628
	$ 86,313	$ 37,628

See note to financial statements.

Narwhal's Franchising LLC
Statements of Operations and Member's Equity
Years Ended December 31

	2023	2022
Revenue	$ 1,167	$ -
Costs and Expenses		
Professional fees	28,487	34,727
Amortization of licensed trademarks intangible	1,570	1,051
Other	-	67
	30,057	35,845
Net Loss	(28,890)	(35,845)
Member's Equity, January 1	37,628	34,231
Member Contributions	75,927	39,242
Member Distributions	(32,185)	-
Member's Equity, December 31	$ 52,480	$ 37,628

See note to financial statements.

Narwhal's Franchising LLC
Statements of Cash Flows
Years Ended December 31

	2023	2022
Cash Flows from Operating Activities		
Net loss	$ (28,890)	$ (35,845)
Adjustment to reconcile net loss to net cash used in operating activities:		
Amortization of licensed trademarks intangible	1,570	1,051
Changes in operating assets and liabilities:		
Prepaid expenses	(3,201)	-
Franchise fees receivable	(35,000)	-
Deferred revenue	33,833	-
Net cash used in operating activities	(31,688)	(34,794)
Cash Flows from Investing Activities		
Investment in licensed trademarks intangible	-	(4,515)
Net cash used in investing activities	-	(4,515)
Cash Flows from Financing Activities		
Member contributions	75,927	39,242
Member distributions	(32,185)	-
Net cash provided by financing activities	43,742	39,242
Net Increase (Decrease) in Cash	12,054	(67)
Cash, January 1	24,933	25,000
Cash, December 31	$ 36,987	$ 24,933

See note to financial statements.

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. In May 2023, the Company entered into a franchise agreement for its first franchised location which is expected to commence operations in late 2024 or early 2025.

The Company was organized in August 2020 under the Missouri Limited Liability Company Act and its sole member is 26H Holdings 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 acts as principal in respect to its contract with its franchisee. The Company's contract does not contain a significant financing component as payment by the franchisee is required to occur prior to the one-year anniversary of the franchisee taking control of the goods and services that are the subject of the contract.

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

Intangible asset Through December 31, 2022 and 2021, 26H had paid on behalf of the Company $13,746 and $9,231, respectively, in connection with applications for registration of certain trademarks, in addition to other Company expenses, all such payments constituting capital contributions to the Company. 26H filed trademark applications in 2021 and prior, which were accepted by the United States Patent and Trademark Office (the "Office"). Those trademark applications were successfully registered with the Office in 2022.

The trademarks are owned by 26H and are the subject of a 10-year license agreement with the Company, which agreement is automatically renewable for successive one-year terms unless terminated by 26H. A nominal license fee was charged to the Company by 26H in a prior year, in addition to the costs of the trademark application process as borne by the Company. The accumulated costs associated with the licensing arrangement have been capitalized and reported as an intangible asset in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 350, *Intangibles - Goodwill and Other* ("Topic 350').

The intangible asset associated with the licensing agreement is being amortized on a straight-line basis which commenced upon successful trademark registrations with the Office. Costs capitalized associated with the license agreement and related to registered trademarks are being amortized over the term of the license agreement, which period is consistent with the estimated period the underlying trademarks are expected to contribute to future cash flows of the Company. Annual amortization expense in future years is expected to be $1,570.

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.

Revenue recognition The Company's agreement with its franchisee contains a ten-year term and requires the franchisee to pay an initial franchise fee at the commencement of that agreement, in addition to royalties and other fees to be paid periodically after the location opens for business. The franchise agreement stipulates the pre-opening and ongoing obligations of the Company.

With respect to the initial franchise fee, the Company has elected practical expedients available to franchisors under ASC Topic 952, *Franchisors,* whereby the Company accounts for pre-opening services as distinct from the franchise license, and accounts for the pre-opening services as a single performance obligation. The Company's other performance obligation associated with the initial franchise fee is the licensing of the franchise. The transaction price associated with the initial franchise fee was allocated to those two performance obligations based on management's estimates of their relative standalone selling prices in accordance with ASC 606-10-32.

Deferred revenue on the December 2023 balance sheet represents the Company's contract liabilities associated with unsatisfied performance obligations. Revenue associated with licensing of the franchise was recognized in 2023, and will be recognized ratably in future years, on a straight-line basis over the term of the franchise agreement. Revenue associated with pre-opening services will be recognized over the performance period using an input measure, that being the relationship of costs incurred to date to total expected costs to complete the pre-opening services. There were no costs incurred in 2023 related to the Company's pre-opening services performance obligation.

The transaction price associated with the initial franchise fee allocated to unsatisfied (or partially unsatisfied) performance obligations as of December 31, 2023, is summarized in the table below. There was no deferred revenue as of January 1 or December 31, 2022.

	Deferred revenue		
	Current	Noncurrent	Total
Performance obligation:			
Pre-opening services	$ 17,500	$ -	$ 17,500
Franchise license	1,750	14,583	16,333
	$ 19,250	$ 14,583	$ 33,833

Franchise fees receivable Franchise fees receivable include billed amounts owed from franchisees for which the Company has an unconditional right to payment. While the underlying franchise agreement stipulates the initial franchise fee was due and payable upon its execution in May 2023, management does not expect to receive payment until the location commences operations and the franchisee agreed that the amount reflected as franchise fees receivable in the December 2023 balance sheet would not be due until the date of opening of the franchisee's location.

The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in receivables as of the balance sheet date. Management regularly assesses the collectability of franchise fees receivable based on a review of outstanding receivables including their age in relation to the payment terms established with the franchisees, a current analysis of the credit worthiness of franchisees, and other existing economic conditions. When management determines a particular receivable is uncollectible, it is charged-off against the allowance for credit losses.

There were no franchise fees receivable or allowances for credit losses as of January 1, 2022.

Income taxes 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.

Subsequent events The Company has evaluated all subsequent events as of April 29, 2024, which is the date these financial statements were available to be issued, but has not evaluated any events after that date.

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NARWHAL'S CRAFTED®

FRANCHISE AGREEMENT

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LIST OF SCHEDULES & EXHIBITS

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Addendum	Personal Covenants of Owners
Exhibit I	Description of Area
Exhibit II	Form of Lease Rider
Exhibit III	Form of Confidentiality Agreement
Exhibit IV	Form of Non-Compete Agreement
Exhibit V	Unconditional Guaranty

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 101 W. Argonne Dr., Suite #65, St. Louis, Missouri 63122 (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 (or any other form of electronic commerce (i.e. social media applications and the metaverse)), 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 (or any other form of electronic commerce (i.e. social media applications and the metaverse)), 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 (or any other form of electronic commerce (i.e. social media applications and the metaverse)), 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/or Franchisor's Affiliates may now or in the future engage in other bar or restaurant businesses in the Area or in close proximity to 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. In addition, the lease Franchisee enters into with the landlord must contain the Lease Rider, attached hereto as Exhibit II, or a document substantially similar acceptable to Franchisor.

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 waive Franchisee's obligation to pay the remaining amounts due of the Initial Franchise Fee (the initial $5,000 payment of the Initial Franchise Fee paid upon the signing of the Franchise Agreement is nonrefundable). Further, as provided in Section 9.1 below, at time of site approval by Franchisor, the remaining balance of the Initial Franchise Fee shall be due and payable. After paying the balance of the Initial Franchise Fee per Section 9.1 below, if after using good faith efforts Franchisee is unable to sign a lease for the approved site acceptable to Franchisee and that contains the Lease Rider within the time frame provided in Section 2.2 below or within a reasonable period of time thereafter as agreed by Franchisor, and no other site is identified and approved by Franchisor within 120 days after the date of approval for the initial

site, and provided Franchisee used good faith efforts to locate an acceptable replacement site during such time, Franchisor shall refund to Franchisee the $30,000 portion of the Initial Franchise Fee paid 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 subject to the last sentence of Section 2.1 above, 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, or waive or reduce fees, 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, training fees, 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) employment, wage and workers compensation claims by Franchisee's employees including any claim of joint employment with Franchisor; (v) 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; (vi) any data breach or breach of data privacy laws; (vii) the breach by Franchisee or any Principals of this Agreement or any Related Agreement; (viii) any acts, errors or omissions of

Franchisee or any third party with whom Franchisee or any of its Principals may contract; (ix) any claim of infringement of a third party's patent, trademark, copyright or other intellectual property rights attributable to Franchisee's actions; or (x) 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. In the event of any Claim entitling a party to indemnification hereunder, or in the event any party discovers facts that will likely give rise to a claim for indemnification hereunder, the party entitled to indemnification shall notify the party obligated to provide indemnification. With respect to any Claims for which Franchisee is obligated to provide indemnification, Franchisor reserves the right to determine whether Franchisee or Franchisor shall assume the defense of such Claims, and in either case, to employ counsel selected by Franchisor in its discretion, and to control the defense and settlement of any such Claims, acting reasonably and in accordance with good faith business judgment, at Franchisee's expense and without relieving Franchisee of any of its obligations hereunder.

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 if implemented 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, Franchisor reserves the right to institute a System Branding Fund (the "Fund") to which Franchisee would be required to contribute on a periodic basis. If implemented, the required contribution during the initial term shall not exceed two percent (2%) of Gross Sales. System

Branding Fund payments shall be due at the same time that Royalty payments are due. If implemented, 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 would be maintained in a separate account from Franchisor's other monies and would 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.

If implemented, 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 Thirty Five Thousand Dollars ($35,000.00) as the Initial Franchise Fee, which shall be payable as follows: $5,000.00 upon execution of this Agreement and Thirty Thousand Dollars ($30,000.00) upon site approval by Franchisor. Upon written approval of a site by Franchisor, Franchisor shall provide Franchisee with an invoice for the remaining $30,000 due for the Initial Franchise Fee and Franchisee shall pay such amount within ten days of its receipt thereof. 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 eight percent (8%) 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 Other Fees. Franchisee shall remit to Franchisor the amounts required (and at the times required) for such fees as provided in this Agreement and any Related Agreement all as such fees exist as of the date hereof and as such fees may change from time to time.

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 as Franchisor may reasonably require to reflect Franchisor's then-current standards for a Narwhal's Crafted Bar.

(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. Insurance

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. Franchisee's obligation to obtain and maintain insurance does not relieve Franchisee from its defense and indemnity obligations under this Agreement. 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 license 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 license only and said license 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 strategic, tactical, financial and operational qualifications 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 as Franchisor may reasonably require to reflect Franchisor's then-current standards for a Narwhal's Crafted Bar.

(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 and which form of agreement shall supersede this Agreement in all respects and the terms and conditions of which may materially differ from the terms of this Agreement, including without limitation, differences in (i) royalty, (ii) other fees, (iii) performance standards, and/or (iv) the definition of Area (which may be redefined by Franchisor based on changes in demographics or changes in Franchisor's defining criteria).

(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 cure in full any defaults with respect to non-monetary defaults described in this Section 14.2 within thirty (30) days after notice being given (or such longer period of time required by applicable law), 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 this 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 including without limitation the Confidential Operations Manual, 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 thirty (30) 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 thirty (30) 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, supplier lists, purchase information, Software, Know-How and any other information not readily available to the public or to which Franchisee has access as a result of the operation of the Franchise under this Agreement. Confidential Information includes any and all information, knowledge, trade secrets, techniques and materials used in or related to the System, the terms of this Agreement or any ancillary agreement, financial and marketing information, any information in connection with any supplier to the System, and any other non-public information relating to the System. Confidential Information shall constitute the trade secrets of Franchisor.

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 regarding the methods of development of the System and of establishing and operating a Bar which Franchisee receives, directly or indirectly, at any time or from time to time from Franchisor or its Affiliates or which originates from Franchisor or its Affiliates 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”, 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. Miscellaneous

19.1 Franchisee's Agreement as to Franchise Operation. 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 special, incidental, indirect, or 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 paid during the 12 months preceding such claim.

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 101 W. Argonne Dr., Suite #65 St. Charles, Missouri 63122
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, schedules and addendums 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 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 Sections 13.1A, 13.3, and 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 Sections 13.1A, 13.3 and Article 17.

3. The undersigned agrees that if any sentence, clause, paragraph or combination of the same in Sections 13.1A, 13.3 and 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 Sections 13.1A, 13.3 and Article 17, Se 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,, 101 W. Argonne Dr., Suite #65, St. Louis, Missouri 63122, (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 thirty (30) 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**
_____	By:_____
Date:_____	Name: _____
	Title:_____
	Date:_____

EXHIBIT V
UNCONDITIONAL GUARANTY

Narwhal's Crafted of _____ Effective Date:_____

TO: NARWHAL'S FRANCHISING, LLC. RE:_____
St. Louis, Missouri ("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 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	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104-4428 1-866-275-2677	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 205 Honolulu, Hawaii 96813	Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, Hawaii 96813
Illinois	Attorney General 500 South Second Street Springfield, Illinois 62701	Attorney General 500 South Second Street Springfield, Illinois 62701
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, 1st Floor 525 W. Ottowa Street P.O. Box 30213 Lansing, Michigan 48909 (517) 335-0855
Minnesota	Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 Saint Paul, Minnesota 55101	Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 Saint Paul, Minnesota 55101
New York	Secretary of State 99 Washington Avenue Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 212-416-8222

Rhode Island	State of Rhode Island DEPARTMENT OF BUSINESS REGULATION Securities Division 1511 Pontiac Avenue, Bldg. 68-2 Cranston, Rhode Island 02920	State of Rhode Island DEPARTMENT OF BUSINESS REGULATION Securities Division 1511 Pontiac Avenue, Bldg. 68-2 Cranston, Rhode Island 02920
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 4822 Madison Yards Way, North Tower Madison, WI 53705	Department of Financial Institutions Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

Exhibit E

ILLINOIS ADDENDUM TO THE
NARWHAL'S CRAFTED FRANCHISE AGREEMENT

The state of Illinois requires that the following provisions be included in the Franchise Agreement for all Illinois Narwhal's Crafted 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. Illinois law governs the agreement(s) between the parties to this franchise.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Franchisee's rights upon Termination and Non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act, or any other law of Illinois, is void. 815 ILCS 705/41 (West 2010).

5. As of the date hereof, Franchisor does not offer initial training to more than 2 persons per franchisee.

6. 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 and Franchisee has commenced operations. Franchisor will provide an invoice to Franchisee for such initial franchise fees which will be due and payable upon the opening of the Bar.

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

Narwhal's Franchising, LLC

By:_____

Title:_____

Date:_____

_____

"Franchisee"

By:_____

Title:_____

Date:_____

EXHIBIT E

ILLINOIS ADDENDUM
TO THE NARWHAL'S CRAFTED
FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding any provision to the contrary contained in the Franchise Disclosure Document, the state of Illinois requires that the following disclosure be made and included as a part of the Franchise Disclosure Document. Any conflict between the Franchise Disclosure Document and this State Additional Information page must be resolved in favor of this State Additional Information Page.

1. Illinois law governs the Franchise Agreement(s).

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

5. The initial franchise fee is due upon completion of Franchisor's pre-opening obligations and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

EXHIBIT F

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
Illinois	

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.

-RETAIN 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.

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. Argonne Dr., Suite #65, St. Louis, Missouri 63122, (636)346-7038.

ISSUANCE DATE: _____, 2025

I have received a Franchise Disclosure Document dated _____, 2025, which included the following exhibits:

Exhibit A:	List of Franchisees
Exhibit B:	Financial Statements- Audited Financial Statements as of December 31, 2024, Audited Financial Statements as of December 31, 2023 and Audited Financial Statements as of December 31, 2022
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 Loan Agreement, Promissory Note, Security Agreement, Release and Second Addendum
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.

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.

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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. Argonne Dr., Suite #65, St. Louis, Missouri 63122, (636)346-7038.

ISSUANCE DATE: _____, 2025

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Exhibit F:	Sample Loan Agreement, Promissory Note, Security Agreement, Release and Second Addendum
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)

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 $~~1,048~~884,000 to $1,~~838,000~~856,500. This includes approximately $35,000 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: April 29, ~~2024~~2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 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.

Short Operating History. This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.

Financial Condition. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

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EXHIBITS

A. List of Franchisees

B. Financial Statements – Narwhal's Franchising LLC
~~Audited Financial Statements as of December 31, 2024~~
Audited Financial Statements as of December 31, 2023
Audited Financial Statements as of December 31, 2022
~~Audited Balance Sheet as of December 31, 2021~~
~~Reviewed Balance Sheet for period as of January 31, 2021~~

C. Franchise Agreement and the following Exhibits:
I. Description of Area
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 Loan Agreement, Promissory Note, Security Agreement, Release, and Second Addendum~~

~~G~~F. State Effective Dates

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. It is a wholly owned subsidiary of 26H Holdings, LLC ("26H"). The principal business address of Narwhal's Franchising, LLC and 26H is101 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 "Narwhal's Crafted®." 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 2021. 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~~three 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. The third Bar is operated by Narwhal's Crafted of Chesterfield, LLC, an affiliate of Narwhal's, and is located at 17081 N. Outer Forty Road, Suite 206, Chesterfield, Missouri 63005. 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 a fast casual gourmet nacho restaurant concept called "Loaded ~~– Elevated Nachos.".~~"

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 a fast casual gourmet nacho restaurant concept called "Loaded ~~– Elevated Nachos.".~~"

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 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.

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

Maggie Shepherd – Director of Operations. Ms. Shepherd has been Narwhal's Director of Operations since January 2023. From May 2019 to December 2022, Ms. Shepherd served as General Manager for Narwhal's St. Charles. Ms. Shepherd originally joined the Narwhal's organization as a ~~server~~bartender in September 2018 and was promoted to Shift Supervisor in October 2018.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

You must pay an initial franchise fee of $35,000. This initial franchise fee is non-refundable~~, except as provided below, and~~ . $5,000 of the franchise fee is payable ~~in full in a lump sum~~ upon ~~Your~~your execution of the Franchise Agreement, and the remaining $30,000 is payable at such time that a site for Your Bar is approved by Narwhal's in writing.

The initial franchise fee is nonrefundable except that if You fail to obtain approval for a site within 120 days of signing the Franchise Agreement, Narwhal's may terminate Your Franchise Agreement ~~and provided You used good faith efforts to locate an acceptable site, Narwhal's will give You a refund of the initial franchise fee less any out of pocket costs incurred by Narwhal's in connection with its review of any proposed site(s). In all other circumstances, the initial franchise fee is nonrefundable.~~in which case the obligation to pay the remaining $30,000 shall be waived. The initial payment of $5,000 is nonrefundable in all events. 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

Name of Fee	Amount	Due Date	Remarks
Royalty Fee (See Note 2 at end of this Table)	8% 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. 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 (i) $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	Not yet established. If implemented~~,~~ during the initial term of Your franchise Agreement, Your required contribution to the System Branding Fund will not exceed two percent of Your Gross Sales.	Not yet established.	If implemented, Narwhal's will monitor the System Branding Fund. The System Branding Fund, if implemented, 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.

Name of Fee	Amount	Due Date	Remarks
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 and the General Manager must complete initial training prior to opening. Presently initial training is not offered for additional trainees,	Due in advance.	You pay the travel and living expenses, including lodging, transport, meals and 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 when billed.	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 3)	$5,000 ~~$~~ or $7,500 (see Note 3) 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.

Name of Fee	Amount	Due Date	Remarks
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: This information applies to all items listed in the table above. 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.

NOTE 2: 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 3: 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	$35,000	~~Lump Sum~~Two lump sums	~~Upon~~$5,000 upon signing Franchise Agreement~~-~~; $30,000 upon site approval (see Item 5)	Narwhal's

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Real Estate Lease (See Note 1)	$18,000-$45,000	Set by Landlord	Set by Landlord	Landlord
Remodel/Buildout Expense (See Note 2)	$~~575~~485,000-$1,~~208~~255,000	Set by Supplier	Prior to Opening	Suppliers and Trades Person
Licenses and Permits (Note 3)	$2,000-$7,000	Lump Sum	Prior to Opening	Governmental Offices and professionals
Furniture & Equipment	$~~325~~250,000-$~~400~~370,000	Set by Supplier	Prior to Opening	Suppliers
Signage and Trade Dress / Graphics	$5,000-$25,000	Lump Sum	Prior to Opening	Narwhal's or Approved Suppliers
Systems (See Note 4)	$~~9~~10,000-$~~11,000~~12,500	Set by Supplier	Prior to and after Opening	Suppliers
Inventory (See Note 5)	$15,000-$20,000	Set by Supplier	Prior to Opening	Approved Suppliers
Training (Your costs) (See Note 6)	$2,000-$3,000	Set by ~~Supplier~~Narwhal's	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
Marketing (See Note 8)	$8,000-$9,000	Multiple payments	Prior to Opening and during three months following opening	Suppliers and Narwhal's
Wages and withholding (pre-opening)	$4,000-$5,000	Biweekly	Biweekly	Employees
Total (See Note 9)	$~~1,048~~884,000-$1,~~838,000~~856,500			

As described in Item 5, under certain circumstances, Your initial franchise fee may be refundable. No

other 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 $6,000 to $15,000 per month. Your costs will vary as estimating such costs is 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~~600 square feet and up to 3,600 square feet (which includes the Bar area for patrons, bathrooms and back office space) plus additional dedicated patio space approximately between ~~750~~1,000 to 1,500 square feet, preferably enclosable. 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 to $100 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. Architectural and engineering fees are factored in, at a ~~rate~~range of ~~ten~~two-and-a-half percent (2.5%) to seven-and-a-half percent (7.5%) of total construction cost. Narwhal's estimates Your ~~net~~estimated Remodel/Buildout Expense ~~will be~~is between ~~$230 to $~~$280 to $372 per square foot for the interior space~~.~~, before reimbursement for tenant improvements provided by landlord. In addition, Narwhal's estimates Remodel/Buildout Expense for ~~the required~~an enclosed patio to ~~be between $0~~cost up to an additional $200,000.

(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 Toast 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, miscellaneous expenses, and cash

reserve.

(8) Narwhal's requires you to spend a minimum of $3,000 on the Grand Opening Campaign for the Bar and a minimum of $12,000 or 2% of Gross Sales (whichever is greater) during each year. In addition, Narwhal's reserves the right to create a System Branding Fund in which You would be required to contribute up to 2% of Gross Sales toward the System Branding Fund. ~~-~~The table includes the grand opening campaign expenses~~,~~ and the minimum required spend 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~~Two Million Dollars ($~~1~~2,000,000) with an aggregate limit of $~~2~~4,000,000; (ii) liquor liability insurance with a minimum single limit of ~~One~~Two Million Dollars ($~~1~~2,000,000) with an aggregate limit of $~~2~~4,000,000; (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, or 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~~3% 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
j.	Warranty and customer service requirements	Not applicable.	Item 11
k.	Territorial development and sales quotas	Section 3	Item 12

Obligation		Franchise Agreement	Disclosure Document
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

~~For a limited time for certain qualified candidates, and subject to Narwhal's access to funding from 26H, Narwhal's may, at its sole discretion, and subject to the prospective franchisee meeting certain creditworthiness requirements (which may be more stringent than those credit worthiness requirements for a qualifying franchisee candidate) and any other requirements imposed by Narwhal's at its discretion, offer financing (which may be offered directly from 26H) up to $900,000.00 for costs incurred in building out and developing a new Narwhal's Crafted Bar. If offered, this financing will be, at Narwhal's discretion, either on (i) a reimbursement type basis, where the franchisee would pay the various vendors and suppliers for build out and development costs for the new Bar and Narwhal's will reimburse the franchisee upon submission of proper documentation, or (ii) in one or more lump sum payments to the qualifying franchisee. The interest rate on such financing is at a variable rate of one percent above the 1 Year LIBOR Rate as reported in the Wall Street Journal. The interest rate will adjust annually on the anniversary of the Promissory Note. Repayment terms are 60 months. There is no prepayment penalty. In addition to the payment obligations under the Promissory Note, the royalty rate will increase by one percentage point on the first $1,000,000 of Gross Sales in a calendar year for each $100,000, or part thereof, borrowed until such amount is repaid in full, as set forth in the attached Loan Agreement. Other than the requirement to pay interest, and such additional royalty, there are no other finance charges.~~

~~The first payment due date under the Promissory Note is due 30 days after funding of the loan. Payment~~

~~terms (interest rate, duration of note, and first due date) are subject to change. If You apply for this financing, are offered this financing and You qualify for this financing, Narwhal's will contact You with the details of such financing at such time. If You do qualify and Narwhal's does offer You financing as described above and You do borrow money from Narwhal's, You will be required to sign the attached Loan Agreement, Promissory Note, Security Agreement, Release and Second Addendum and any documents required from such documents. Narwhal's may require Your Principals to co-sign the Promissory Note as well as to sign a release in a form acceptable to Narwhal's as well as such other documents as required by Narwhal's. Sample forms of the Loan Agreement, Promissory Note, Security Agreement, Release and Second Addendum are attached as Exhibit F to this Franchise Disclosure Document. If You default on payment under the Promissory Note, the entire amount may be accelerated as due and owing, You will be required to pay attorneys' fees and costs of collection and the default can be considered a default under the Franchise Agreement. Narwhal's does not presently intend to sell, assign or discount to a third party such financing arrangement. Narwhal's makes no representation regarding the likelihood that financing will be offered to You. Narwhal's may elect not to provide any financing at all to any qualified franchisees, or Narwhal's could provide some financing at its discretion to qualified franchisees and then cease any further financing. Narwhal's may from time to time, at its discretion, offer incentives to qualified franchisees regarding special loan terms, which may include a reduced interest rate, loan forgiveness or other special terms. You understand that You should not purchase a Narwhal's franchise based on receiving this financing unless You have been specifically approved for such financing and been offered such financing by Narwhal's in writing before You purchase Your franchise.~~

~~Other than the limited discretionary financing described in the previous paragraph,~~ 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~~, and you will receive a refund of Your Initial Franchise Fee less any costs incurred by Narwhal's in connection with its review of any proposed site(s).~~.

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 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.

Narwhal's reserves the right to implement the Narwhal's System Branding Fund (the "Fund") which Narwhal's will administer on behalf of all franchisees (See Item 6). As of the date of this Disclosure Document, Narwhal's has not implemented the Fund. If implemented, during Your initial franchise agreement term, the required monthly contributions will not exceed two percent (2%) of Gross Sales. If implemented, all franchisees will contribute at the same rate. Bars owned by Narwhal's or Narwhal's affiliates will not contribute to the Fund. 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. If implemented, 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 would 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 would 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. -If implemented, 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 at Your cost for updating the Software as directed by Narwhal's or the licensor of the Software. There is no limit on the frequency or cost of any such upgrade. Narwhal's is not responsible for any maintenance, repair or upgrades to 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. Narwhal's estimates that cost for the hardware and software for computers, phones and point of sale system as required by Narwhal's (currently the Toast POS system) is $7,000.

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~~range from $1,000 to $1,500 per month and the up-front costs for computer hardware ~~and~~ (i.e. Toast POS), installation and training to be $~~6~~7,000. 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.

Manuals. 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 ~~151~~232-page Operating Manual which shows the approximate number of pages devoted to each subject:

Table of Contents to Operating Manual*	**Number of Pages**
Introduction	~~10~~5
Site Selection ~~& Construction~~	~~39~~5
~~Standards & Compliance~~Equipment & Smallwares	~~4~~35
~~Reporting & Auditing~~Technology & Systems	~~7~~5
Accounting & Finance	~~6~~11
Human Resources~~Branding & Marketing~~	~~9~~5
Marketing~~Human Resources & Payroll~~	10
Front of House Operations	55
~~Safety & Security~~Back of House Operations	~~6~~101
~~Procedures & Checklists~~	~~5~~

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**.** While You may own the site on which Your Bar will be located (subject to approval of such site), Narwhal's expects that you will lease the site for Your Bar. 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. It is Narwhal's experience that obtaining a Site Selection Kit shall not involve incurring any costs. 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~~ Accounting & Human Resources	~~4~~8	~~8~~0	St. Louis
~~Staffing a Bar~~ Marketing Strategy & Setup	4	0	St. Louis
~~Standard Operations & Policy Procedures of Bar~~	~~8~~	~~16~~	~~St. Louis~~
~~Marketing Programs~~Accessing Systems and ~~Policies~~I.T. Setup	~~3~~4	0	St. Louis
~~Software Operating System (including Toast Point of Sale System) Procedures~~Back of House Training	0	~~4~~8	St. Louis
~~Products, Recipes and Making Specialty Beverages~~Front of House Training	0	~~16~~8	St. Louis
~~Best Practices~~	~~4~~	~~4~~	~~St. Louis~~

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
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~~5 day program at one of Narwhal's company owned Bars in St. Louis. ~~-~~There will be a classroom component of ~~32~~25 hours and ~~up to 48~~16 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 ~~7~~8 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 ~~4~~5 years 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 makes no representations or warranties of any kind that any of the above listed services will create a successful business operation for You or will not have a negative impact on Your business. You are solely responsible for the success of the Bar and Your business operations. 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. Exclusivity is not contingent on You meeting any performance level or thresholds. 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 (provided any such business shall not derive more than 50% of its revenue from the sale of frozen alcoholic beverages) 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") 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
3.	Narwhal's Crafted	3/15/2022	6673163
4.	Narwhal's Crafted and Design	8/30/22	6830249

These registrations are due for Declarations of Continued Use and Incontestability in 2026 or after. 26H 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. However, the Narwhal's Crafted Urban Ice trademark will be allowed to expire naturally in 2024 because Narwhal's no longer uses that particular formulation in connection with its business.

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. 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. The Marks are owned by 26H. 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 at Your cost if Narwhal's modifies or discontinues use of that mark. If Narwhal's determines that the Narwhal's System should use additional or substitute marks, You must comply with Narwhal's direction. 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 hereto as Exhibit III to the Franchise Agreement. In addition, and subject to applicable state law, 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~~of the Franchise Agreement. In addition, and subject to applicable state law, Your key employees must sign a written confidentiality and non-compete agreement to protect Narwhal's trade secrets. An example of a confidentiality and non-compete agreement is attached as Exhibit III 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.
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.

	Provision	Franchise Agreement	Summary
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
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~~30 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~~30 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.

	Provision	Franchise Agreement	Summary
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) (subject to applicable state law).
w.	Choice of law	Section 19.2	Missouri law applies (subject to applicable state law)

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 historical 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. Also included below is certain additional information which Narwhal's has calculated from the total actual Gross Sales figures. Please refer to the explanatory information set forth following the Table for the definitions of the terms used in the Table and certain additional information regarding the actual performance of Narwhal's Bars. The source of the data presented in the Actual Sales Table are the Affiliates identified in Item 1.

The financial and operational 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 ~~2023~~2024	**FY ~~2022~~2023**	**FY ~~2021~~2022**
TOTAL SALES OF NARWHAL'S BARS-*	$3,~~924,470~~935,274	$~~4,226,902~~3,924,470	$~~3,398,595~~4,226,902
NUMBER OF NARWHAL'S BARS	2	2	2
AVERAGE ANNUAL SALES FOR NARWHAL'S BARS	$1,~~962,235~~967,637	$~~2,113,451~~1,962,235	$~~1,699,297~~2,113,451
MEDIAN SALES FOR NARWHAL'S BARS	$1,~~962,235~~967,637	$~~2,113,451~~1,962,235	$~~1,699,297~~2,113,451
AVERAGE COST OF GOODS SOLD MARGIN	~~21.4~~20.6%	21.~~5~~4%	~~22.6~~21.5%
MEDIAN COST OF GOODS SOLD MARGIN	~~21.4~~20.6%	21.~~5~~4%	~~22.6~~21.5%
AVERAGE DIRECT LABOR MARGIN	~~10.8~~14.4%	~~9~~12.4%	~~11.5~~9.4%
MEDIAN DIRECT LABOR MARGIN	~~10.8~~14.4%	~~9~~12.4%	~~11.5~~9.4%

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:

*Results are included in the table above only for Narwhal's Bars that were open during the entire fiscal year shown. Accordingly, the Narwhal's Bar that opened in Chesterfield, Missouri in October, 2024 is not included in the table above for it was not open at the beginning of FY 2024.

TOTAL SALES OF NARWHAL'S BARS – shall mean the total Gross Sales of all Narwhal's Bars open during the entire 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 and that were open during the entire fiscal year.

AVERAGE ANNUAL SALES FOR NARWHAL'S BARS – shall mean the average Gross Sales for all Narwhal's Bars that were open for the entire relevant time period. The amount shown was calculated by dividing the total Gross Sales for Narwhal's Bars that were open for the entire relevant time period by the total number of Narwhal's Bars that were open for the same period. For ~~FYE 2021 the high was $1,844,603 and the low was $1,553,902; for FYE~~FY 2022 the high was $2,277,943 and the low was $1,948,959, ~~and~~ for ~~FYE~~FY 2023 the high was $2,175,340 and the low was $1,749,130; and for FY 2024 the high was $2,221,907 and the low awas $1,713,367.

AVERAGE COST OF GOODS SOLD MARGIN - shall mean the amount calculated by dividing Cost of Goods Sold by Gross Sales and multiplying the result by 100 to yield a percentage. This percentage represents how much of Gross Sales revenue is expended on the costs of the materials that go into the completed products offered for sale at the Bar. "Cost of Goods Sold" shall mean the direct cost of materials purchased that are the ingredients and components directly attributable to products sold to a customer.

AVERAGE DIRECT LABOR MARGIN-shall mean the amount calculated by dividing Direct Labor Costs by Net Sales and multiplying by 100 to yield a percentage. This percentage represents how much of Net Sales is expended on costs directly related to the production of goods offered for sale at the Bar, the service of Bar patrons, the physical upkeep of the Bar and related ancillary work. "Net Sales" shall mean Gross Sales less discounts and price adjustments. "Direct Labor Costs" shall mean the cost of all employees' pay but does not include employer's cost of employee benefits or the employer's portion of employment taxes.

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 20212022 to 20242023 (Table 1)

Bar Type	Year	Bars at Start of Year	Bars at End of Year	Net Change
Franchised	20222021	0	0	0
	20222023	0	0	0
	20232024	0	0	0
Company-Owned	20222021	2	2	0
	20232022	2	2	0
	20232024	2	23	01
Total Outlets	20222021	2	2	0
	20232022	2	2	0
	20232024	2	23	01

Narwhal's commenced selling Narwhal's Crafted Franchises in 2021.
"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 20212022 to 20242023 (Table 2)

State	Year	Number of Transfers
None	20222021	0
	20232022	0
	20232024	0

Narwhal's commenced selling Narwhal's Crafted franchises in 2021.

Status of Franchised Bars
For Years 20212022 to 20242023 (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	20212022	0	0	0	0	0	0	0
	20222023	0	0	0	0	0	0	0
	20232024	0	0	0	0	0	0	0

Narwhal's commenced selling Narwhal's Crafted franchises in 2021.

Status of Company Owned Bars
For Years 20212022 to 20232024 (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	20212022	2	0	0	0	0	2
	20232022	2	0	0	0	0	2
	20232024	2	01	0	0	0	23
Totals	20212022	2	0	0	0	0	2
	20222023	2	0	0	0	0	2
	20232024	2	01	0	0	0	23

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

Projected Openings as of March ~~6, 2024~~1, 2025 (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
Illinois	1	~~0~~1	0
Missouri	0	0	~~1~~0
~~Tennessee~~	~~0~~	~~1~~	~~0~~
Total	~~2~~1	~~0~~1	~~1~~0

Projections are for the time period from the date of this FDD through end of ~~2024~~2025.

ITEM 21. FINANCIAL STATEMENTS

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

Audited Financial Statements as of December 31, ~~2023 and~~ 2024~~2022, and~~ for Narwhal's Franchising~~,~~ LLC,

Audited ~~Balance Sheet~~Financial Statements as of December 31, ~~2021~~2023 for Narwhal's Franchising~~,~~ LLC,

~~Reviewed Balance Sheet~~Audited Financial Statements as of ~~January~~December 31, ~~2021~~2022 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 April 26, ~~2024~~ 2025

Name	Address	City	State	Zip	Phone	Fax	Owner
Narwhal's Crafted of Edwardsville	TBD	Edwardsville	IL	TBD	618-580-4320		Beach Family Holdings, LLC

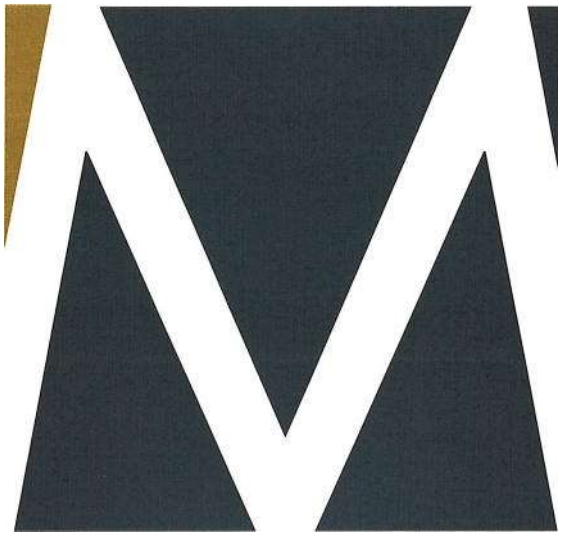
101 S. HANLEY, SUITE 1325
ST. LOUIS, MISSOURI 63105
p: 314.726.0626
f: 314.726.0627

Consent of Independent Auditors

Maher & Company PC consents to the use in the Franchise Disclosure Document issued by Narwhal's Franchising LLC ("Franchisor") on April 29, 2025, of our Independent Auditors' Report dated April 29, 2025, relating to the financial statements of Franchisor which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of operations and member's equity and of cash flows for the years then ended, and the related note to the financial statements (collectively, the "financial statements").

Maher & Company PC

Certified Public Accountants
St. Louis, Missouri
April 29, 2025



Narwhal's Franchising LLC

Financial Statements
and Independent Auditors' Report

Years Ended December 31, 2024 and 2023

MAHER & CO.
CERTIFIED PUBLIC ACCOUNTANTS

www.maherco.com

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 financial statements of Narwhal's Franchising LLC, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and member's equity, and of cash flows for the years then ended, and the related note to the financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Narwhal's Franchising LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are 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 these financial statements.

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 statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Narwhal's Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our 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
April 29, 2025

Narwhal's Franchising LLC
Balance Sheets
December 31

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	$ 139,431	$ 36,987
Franchise fees receivable (no allowance for credit losses considered necessary)	35,000	35,000
Prepaid expenses	8,295	3,201
Total current assets	182,726	75,188
Licensed trademarks intangible	13,746	13,746
Less: Accumulated amortization	(4,191)	(2,621)
	9,555	11,125
	$ 192,281	$ 86,313
Liabilities and Member's Equity		
Current liabilities		
Deferred revenue	$ 19,250	$ 19,250
Due to parent	99,431	-
Total current liabilities	118,681	19,250
Deferred revenue - noncurrent	12,833	14,583
Member's Equity	60,767	52,480
	$ 192,281	$ 86,313

See Note to Financial Statements.

Narwhal's Franchising LLC
Statements of Operations and Member's Equity
Years Ended December 31

	2024	2023
Revenue	$ 1,750	$ 1,167
Costs and Expenses		
Professional fees	33,347	28,487
Amortization of licensed trademarks intangible	1,570	1,570
Insurance	7,265	-
Allocation of shared expenses	6,658	-
	48,840	30,057
Net Loss from Operations	(47,090)	(28,890)
Interest Income	1,370	-
Net Loss	(45,720)	(28,890)
Member's Equity, January 1	52,480	37,628
Member Contributions	54,007	75,927
Member Distributions	-	(32,185)
Member's Equity, December 31	$ 60,767	$ 52,480

See Note to Financial Statements.

Narwhal's Franchising LLC
Statements of Cash Flows
Years Ended December 31

	2024	2023
Cash Flows from Operating Activities		
Net loss	$ (45,720)	$ (28,890)
Adjustment to reconcile net loss to net cash used in operating activities:		
Amortization of licensed trademarks intangible	1,570	1,570
Changes in operating assets and liabilities:		
Franchise fees receivable	-	(35,000)
Deferred revenue	(1,750)	33,833
Prepaid expenses	(5,094)	(3,201)
Net cash used in operating activities	(50,994)	(31,688)
Cash Flows from Financing Activities		
Member contributions	54,007	75,927
Member distributions	-	(32,185)
Cash management advances from parent, net of repayments and shared expenses	99,431	-
Net cash provided by financing activities	153,438	43,742
Net Increase in Cash and Cash Equivalents	102,444	12,054
Cash and Cash Equivalents, January 1	36,987	24,933
Cash and Cash Equivalents, December 31	$ 139,431	$ 36,987

See Note to Financial Statements.

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. In May 2023, the Company entered into a franchise agreement for its first franchised location which is expected to commence operations in 2025.

The Company was organized in August 2020 under the Missouri Limited Liability Company Act and its sole member is 26H Holdings 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 acts as principal in respect to its contract with its franchisee. The Company's contract does not contain a significant financing component as payment by the franchisee is required to occur prior to the one-year anniversary of the franchisee taking control of the goods and services that are the subject of the contract.

Basis of presentation The accompanying financial statements present the assets, liabilities, operations, and cash flows of the Company and are not intended to, and do not, present the consolidated financial position, results of operations, or cash flows of 26H and its subsidiaries.

Effective January 1, 2024, 26H began utilizing the Company to centralize its cash management function and since that date the Company has operated as the disbursing agent with respect to wages, payroll taxes, and related benefits associated with its management-level employees, as well as expenses incurred by 26H related to other goods/services (collectively, the "shared expenses"). The shared expenses are allocated amongst 26H's wholly-owned subsidiaries which include the Company and three Narwhal's Crafted locations owned by 26H. The Company's expenses associated with its franchising operations, including the Company's allocation of the shared expenses, are reported within operating expenses in the accompanying 2024 statement of operations, with the funding thereof reported as member contributions to equity. During 2024, the Company made payments of approximately $722,700 in satisfaction of shared expense obligations of 26H and its subsidiaries, other than those allocated to the Company. Due to parent at December 31, 2024, represents the amount by which advances received from 26H exceeded the payments made through that date associated with shared expenses. Expense allocations to the Company are based on Company management's estimate of the time spent by management-level employees on the Company's operations.

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

Cash equivalents For purposes of the statements of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Intangible asset In years prior to 2023, 26H paid $13,746 on behalf of the Company in connection with applications for registration of certain trademarks, which payments constituted capital contributions to the Company. 26H filed trademark applications in 2021 and prior years, which were accepted by the United States Patent and Trademark Office (the "Office"). Those trademark applications were successfully registered with the Office in 2022.

The trademarks are owned by 26H and are the subject of a 10-year license agreement with the Company, which agreement is automatically renewable for successive one-year terms unless terminated by 26H. A nominal license fee was charged to the Company by 26H in a prior year, in addition to the costs of the trademark application process as borne by the Company. The accumulated costs associated with the licensing arrangement have been capitalized and reported as an intangible asset in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 350, *Intangibles - Goodwill and Other* ("Topic 350').

The intangible asset associated with the licensing agreement is being amortized on a straight-line basis which commenced upon successful trademark registrations with the Office. Costs capitalized associated with the license agreement and related to registered trademarks are being amortized over the term of the license agreement, which period is consistent with the estimated period the underlying trademarks are expected to contribute to future cash flows of the Company. Annual amortization expense in future years is expected to be $1,570.

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.

Revenue recognition The Company's agreement with its franchisee contains a ten-year term and requires the franchisee to pay an initial franchise fee at the commencement of that agreement, in addition to royalties and other fees to be paid periodically after the location opens for business. The franchise agreement stipulates the pre-opening and ongoing obligations of the Company.

With respect to the initial franchise fee, the Company has elected practical expedients available to franchisors under ASC Topic 952, *Franchisors,* whereby the Company accounts for pre-opening services as distinct from the franchise license, and accounts for the pre-opening services as a single performance obligation. The Company's other performance obligation associated with the initial franchise fee is the licensing of the franchise. The transaction price associated with the initial franchise fee was allocated to those two performance obligations based on management's estimates of their relative standalone selling prices in accordance with ASC 606-10-32.

Deferred revenue in the accompanying balance sheets represent the Company's contract liabilities associated with unsatisfied performance obligations. Revenue associated with licensing of the franchise was recognized in 2023 and 2024, and will continue to be recognized ratably in future years, on a straight-line basis over the term of the franchise agreement. Revenue associated with pre-opening services will be recognized over the performance period using an input measure, that being the relationship of costs incurred to date to total expected costs to complete the pre-opening services. There were no significant costs incurred in 2023 or 2024 related to the Company's pre-opening services performance obligation.

The transaction price associated with the initial franchise fee allocated to unsatisfied (or partially unsatisfied) performance obligations as of December 31, 2024 and 2023, are summarized in the tables below.

	Deferred Revenue - 2024		
	Current	Noncurrent	Total
Performance obligation:			
Pre-opening services	$ 17,500	$ -	$ 17,500
Franchise license	1,750	12,833	14,583
	$ 19,250	$ 12,833	$ 32,083

	Deferred Revenue - 2023		
	Current	Noncurrent	Total
Performance obligation:			
Pre-opening services	$ 17,500	$ -	$ 17,500
Franchise license	1,750	14,583	16,333
	$ 19,250	$ 14,583	$ 33,833

Franchise fees receivable Franchise fees receivable include billed amounts owed from franchisees for which the Company has an unconditional right to payment. While the underlying franchise agreement stipulates the initial franchise fee was due and payable upon its execution in May 2023, management does not expect to receive payment until the location commences operations and the franchisee agreed that the amount reflected as franchise fees receivable in the accompanying balance sheets would not be due until the date of opening of the franchisee's location.

The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in receivables as of the balance sheet date. Management regularly assesses the collectability of franchise fees receivable based on a review of outstanding receivables including their age in relation to the payment terms established with the franchisees, a current analysis of the credit worthiness of franchisees, and other existing economic conditions. When management determines a particular receivable is uncollectible, it is charged-off against the allowance for credit losses.

Concentrations of credit risk The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and franchise fees receivable. The Company places its cash and cash equivalents at financial institutions where such balances will, at time, be in excess of the FDIC insurance limit.

Income taxes The Company is a disregarded entity for income tax purposes and as such, income taxes associated with the Company's operations are generally the responsibility of 26H.

Subsequent events The Company has evaluated all subsequent events as of April 29, 2025, which is the date these financial statements were available to be issued, but has not evaluated any events after that date.

****

101 S. HANLEY, SUITE 1325
ST. LOUIS, MISSOURI 63105
p: 314.726.0626
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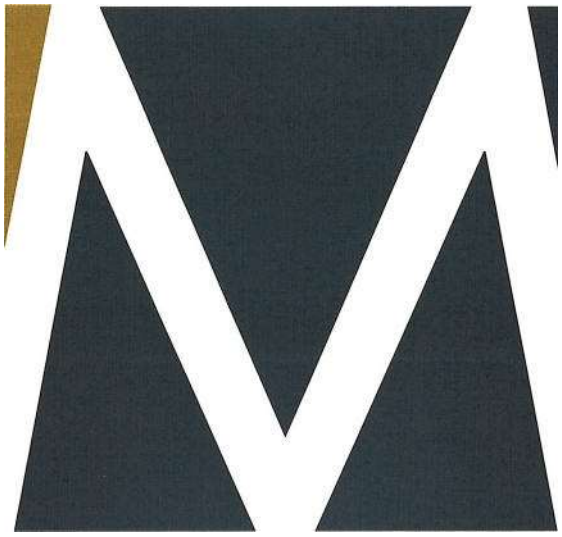
Consent of Independent Auditors

Maher & Company PC consents to the use in the Franchise Disclosure Document issued by Narwhal's Franchising LLC ("Franchisor") on April 29, 2025, of our Independent Auditors' Report dated April 29, 2024, relating to the financial statements of Franchisor which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of operations and member's equity and of cash flows for the years then ended, and the related note to the financial statements (collectively, the "financial statements").

Maher & Company PC

Certified Public Accountants
St. Louis, Missouri
April 29, 2025



Narwhal's Franchising LLC

Financial Statements
and Independent Auditors' Report

Years Ended December 31, 2023 and 2022

MAHER & CO.
CERTIFIED PUBLIC ACCOUNTANTS

www.maherco.com

101 S. HANLEY, SUITE 1325
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INDEPENDENT AUDITORS' REPORT

Member
NARWHAL'S FRANCHISING LLC
Saint Louis, Missouri

Opinion

We have audited the financial statements of Narwhal's Franchising LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and member's equity, and of cash flows for the years then ended, and the related note to the financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Narwhal's Franchising LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are 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 these financial statements.

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 statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Narwhal's Franchising LLC's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our 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
April 29, 2024

Narwhal's Franchising LLC
Balance Sheets
December 31

	2023	2022
Assets		
Current assets		
Cash	$ 36,987	$ 24,933
Prepaid expenses	3,201	-
Franchise fees receivable (no allowance for credit losses considered necessary)	35,000	-
Total current assets	75,188	24,933
Licensed trademarks intangible	13,746	13,746
Less: Accumulated amortization	(2,621)	(1,051)
	11,125	12,695
	$ 86,313	$ 37,628
Liabilities and Member's Equity		
Current liabilities		
Deferred revenue	$ 19,250	$ -
Total current liabilities	19,250	-
Deferred revenue - noncurrent	14,583	-
Member's Equity	52,480	37,628
	$ 86,313	$ 37,628

See note to financial statements.

Narwhal's Franchising LLC
Statements of Operations and Member's Equity
Years Ended December 31

	2023	2022
Revenue	$ 1,167	$ -
Costs and Expenses		
Professional fees	28,487	34,727
Amortization of licensed trademarks intangible	1,570	1,051
Other	-	67
	30,057	35,845
Net Loss	(28,890)	(35,845)
Member's Equity, January 1	37,628	34,231
Member Contributions	75,927	39,242
Member Distributions	(32,185)	-
Member's Equity, December 31	$ 52,480	$ 37,628

See note to financial statements.

Narwhal's Franchising LLC
Statements of Cash Flows
Years Ended December 31

	2023	2022
Cash Flows from Operating Activities		
Net loss	$ (28,890)	$ (35,845)
Adjustment to reconcile net loss to net cash used in operating activities:		
Amortization of licensed trademarks intangible	1,570	1,051
Changes in operating assets and liabilities:		
Prepaid expenses	(3,201)	-
Franchise fees receivable	(35,000)	-
Deferred revenue	33,833	-
Net cash used in operating activities	(31,688)	(34,794)
Cash Flows from Investing Activities		
Investment in licensed trademarks intangible	-	(4,515)
Net cash used in investing activities	-	(4,515)
Cash Flows from Financing Activities		
Member contributions	75,927	39,242
Member distributions	(32,185)	-
Net cash provided by financing activities	43,742	39,242
Net Increase (Decrease) in Cash	12,054	(67)
Cash, January 1	24,933	25,000
Cash, December 31	$ 36,987	$ 24,933

See note to financial statements.

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. In May 2023, the Company entered into a franchise agreement for its first franchised location which is expected to commence operations in late 2024 or early 2025.

The Company was organized in August 2020 under the Missouri Limited Liability Company Act and its sole member is 26H Holdings 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 acts as principal in respect to its contract with its franchisee. The Company's contract does not contain a significant financing component as payment by the franchisee is required to occur prior to the one-year anniversary of the franchisee taking control of the goods and services that are the subject of the contract.

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

Intangible asset Through December 31, 2022 and 2021, 26H had paid on behalf of the Company $13,746 and $9,231, respectively, in connection with applications for registration of certain trademarks, in addition to other Company expenses, all such payments constituting capital contributions to the Company. 26H filed trademark applications in 2021 and prior, which were accepted by the United States Patent and Trademark Office (the "Office"). Those trademark applications were successfully registered with the Office in 2022.

The trademarks are owned by 26H and are the subject of a 10-year license agreement with the Company, which agreement is automatically renewable for successive one-year terms unless terminated by 26H. A nominal license fee was charged to the Company by 26H in a prior year, in addition to the costs of the trademark application process as borne by the Company. The accumulated costs associated with the licensing arrangement have been capitalized and reported as an intangible asset in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 350, *Intangibles - Goodwill and Other* ("Topic 350').

The intangible asset associated with the licensing agreement is being amortized on a straight-line basis which commenced upon successful trademark registrations with the Office. Costs capitalized associated with the license agreement and related to registered trademarks are being amortized over the term of the license agreement, which period is consistent with the estimated period the underlying trademarks are expected to contribute to future cash flows of the Company. Annual amortization expense in future years is expected to be $1,570.

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.

Revenue recognition The Company's agreement with its franchisee contains a ten-year term and requires the franchisee to pay an initial franchise fee at the commencement of that agreement, in addition to royalties and other fees to be paid periodically after the location opens for business. The franchise agreement stipulates the pre-opening and ongoing obligations of the Company.

With respect to the initial franchise fee, the Company has elected practical expedients available to franchisors under ASC Topic 952, *Franchisors,* whereby the Company accounts for pre-opening services as distinct from the franchise license, and accounts for the pre-opening services as a single performance obligation. The Company's other performance obligation associated with the initial franchise fee is the licensing of the franchise. The transaction price associated with the initial franchise fee was allocated to those two performance obligations based on management's estimates of their relative standalone selling prices in accordance with ASC 606-10-32.

Deferred revenue on the December 2023 balance sheet represents the Company's contract liabilities associated with unsatisfied performance obligations. Revenue associated with licensing of the franchise was recognized in 2023, and will be recognized ratably in future years, on a straight-line basis over the term of the franchise agreement. Revenue associated with pre-opening services will be recognized over the performance period using an input measure, that being the relationship of costs incurred to date to total expected costs to complete the pre-opening services. There were no costs incurred in 2023 related to the Company's pre-opening services performance obligation.

The transaction price associated with the initial franchise fee allocated to unsatisfied (or partially unsatisfied) performance obligations as of December 31, 2023, is summarized in the table below. There was no deferred revenue as of January 1 or December 31, 2022.

	Deferred revenue		
	Current	Noncurrent	Total
Performance obligation:			
Pre-opening services	$ 17,500	$ -	$ 17,500
Franchise license	1,750	14,583	16,333
	$ 19,250	$ 14,583	$ 33,833

Franchise fees receivable Franchise fees receivable include billed amounts owed from franchisees for which the Company has an unconditional right to payment. While the underlying franchise agreement stipulates the initial franchise fee was due and payable upon its execution in May 2023, management does not expect to receive payment until the location commences operations and the franchisee agreed that the amount reflected as franchise fees receivable in the December 2023 balance sheet would not be due until the date of opening of the franchisee's location.

The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in receivables as of the balance sheet date. Management regularly assesses the collectability of franchise fees receivable based on a review of outstanding receivables including their age in relation to the payment terms established with the franchisees, a current analysis of the credit worthiness of franchisees, and other existing economic conditions. When management determines a particular receivable is uncollectible, it is charged-off against the allowance for credit losses.

There were no franchise fees receivable or allowances for credit losses as of January 1, 2022.

Income taxes 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.

Subsequent events The Company has evaluated all subsequent events as of April 29, 2024, which is the date these financial statements were available to be issued, but has not evaluated any events after that date.

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NARWHAL'S CRAFTED®

FRANCHISE AGREEMENT

v.7

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LIST OF SCHEDULES & EXHIBITS

Schedule A	Franchisee Ownership Information
Addendum	Personal Covenants of Owners
Exhibit I	Description of Area
Exhibit II	Form of Lease Rider
Exhibit III	Form of Confidentiality Agreement
Exhibit IV	Form of Non-Compete Agreement
Exhibit V	Unconditional Guaranty

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 101 W. Argonne Dr., Suite #65, St. Louis, Missouri 63122 (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 (or any other form of electronic commerce (i.e. social media applications and the metaverse)), 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 (or any other form of electronic commerce (i.e. social media applications and the metaverse)), 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 (or any other form of electronic commerce (i.e. social media applications and the metaverse)), 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/or Franchisor's Affiliates may now or in the future engage in other bar or restaurant businesses in the Area or in close proximity to 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~~In addition, the lease Franchisee enters into with the landlord ~~contains~~must contain 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).~~waive Franchisee's obligation to pay the remaining amounts due of the Initial Franchise Fee (the initial $5,000 payment of the Initial Franchise Fee paid upon the signing of the Franchise Agreement is nonrefundable). Further, as provided in Section 9.1 below, at time of site approval by Franchisor, the remaining balance of the Initial Franchise Fee shall be due and payable. After paying the balance of the Initial Franchise Fee per Section 9.1 below, if after using

good faith efforts Franchisee is unable to sign a lease for the approved site acceptable to Franchisee and that contains the Lease Rider within the time frame provided in Section 2.2 below or within a reasonable period of time thereafter as agreed by Franchisor, and no other site is identified and approved by Franchisor within 120 days after the date of approval for the initial site, and provided Franchisee used good faith efforts to locate an acceptable replacement site during such time, Franchisor shall refund to Franchisee the $30,000 portion of the Initial Franchise Fee paid 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 subject to the last sentence of Section 2.1 above, 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, or waive or reduce fees, 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, training fees, 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) employment, wage and workers compensation claims by Franchisee's employees including any claim of joint employment with Franchisor; (v) 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; (vi) any data breach or breach of data privacy laws; (vii) the breach by Franchisee

or any Principals of this Agreement or any Related Agreement; (viii) any acts, errors or omissions of Franchisee or any third party with whom Franchisee or any of its Principals may contract; (ix) any claim of infringement of a third party's patent, trademark, copyright or other intellectual property rights attributable to Franchisee's actions; or (x) 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. In the event of any Claim entitling a party to indemnification hereunder, or in the event any party discovers facts that will likely give rise to a claim for indemnification hereunder, the party entitled to indemnification shall notify the party obligated to provide indemnification. With respect to any Claims for which Franchisee is obligated to provide indemnification, Franchisor reserves the right to determine whether Franchisee or Franchisor shall assume the defense of such Claims, and in either case, to employ counsel selected by Franchisor in its discretion, and to control the defense and settlement of any such Claims, acting reasonably and in accordance with good faith business judgment, at Franchisee's expense and without relieving Franchisee of any of its obligations hereunder.

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 if implemented 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, Franchisor reserves the right to institute a System Branding Fund (the

"Fund") to which Franchisee would be required to contribute on a periodic basis. If implemented, the required contribution during the initial term shall not exceed two percent (2%) of Gross Sales. System Branding Fund payments shall be due at the same time that Royalty payments are due. If implemented, 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 would be maintained in a separate account from Franchisor's other monies and would 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.

If implemented, 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 Thirty Five Thousand Dollars ($35,000.00) as the Initial Franchise Fee, which shall be payable as follows: ~~$35,000.00 upon execution of this Agreement.~~5,000.00 upon execution of this Agreement and Thirty Thousand Dollars ($30,000.00) upon site approval by Franchisor. Upon written approval of a site by Franchisor, Franchisor shall provide Franchisee with an invoice for the remaining $30,000 due for the Initial Franchise Fee and Franchisee shall pay such amount within ten days of its receipt thereof. 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 eight percent (8%) 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 Other Fees. Franchisee shall remit to Franchisor the amounts required (and at the times required) for such fees as provided in this Agreement and any Related Agreement all as such fees exist as of the date hereof and as such fees may change from time to time.

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 as Franchisor may reasonably require to reflect Franchisor's then-current standards for a Narwhal's Crafted Bar.

(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. Insurance

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. Franchisee's obligation to obtain and maintain insurance does not relieve Franchisee from its defense and indemnity obligations under this Agreement. 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 license 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 license only and said license 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 strategic, tactical, financial and operational qualifications 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 as Franchisor may reasonably require to reflect Franchisor's then-current standards for a Narwhal's Crafted Bar.

(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 and which form of agreement shall supersede this Agreement in all respects and the terms and conditions of which may materially differ from the terms of this Agreement, including without limitation, differences in (i) royalty, (ii) other fees, (iii) performance standards, and/or (iv) the definition of Area (which may be redefined by Franchisor based on changes in demographics or changes in Franchisor's defining criteria).

(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 cure in full any defaults with respect to non-monetary defaults described in this Section 14.2

within thirty (30) days after notice being given (or such longer period of time required by applicable law), 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 this 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 including without limitation the Confidential Operations Manual, 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~~thirty (30) 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~~thirty (30) 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, supplier lists, purchase information, Software, Know-How and any other information not readily available to the public or to which Franchisee has access as a result of the operation of the Franchise under this Agreement. Confidential Information includes any and all information, knowledge, trade secrets, techniques and materials used in or related to the System, the terms of this Agreement or any ancillary agreement, financial and marketing information, any information in connection with any supplier to the System, and any other non-public information relating to the System. Confidential Information shall constitute the trade secrets of Franchisor.

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 regarding the methods of development of the System and of establishing and operating a Bar which Franchisee receives, directly or indirectly, at any time or from time to time from Franchisor or its Affiliates or which originates from Franchisor or its Affiliates 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", 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. Miscellaneous

19.1 Franchisee's Agreement as to Franchise Operation. 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 special, incidental, indirect, or 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 paid during the 12 months preceding such claim.

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 101 W. Argonne Dr., Suite #65 St. Charles, Missouri 63122
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, schedules and addendums 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 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 Sections 13.1A, 13.3, and 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 Sections 13.1A, 13.3 and Article 17.

3. The undersigned agrees that if any sentence, clause, paragraph or combination of the same in Sections 13.1A, 13.3 and 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 Sections 13.1A, 13.3 and Article 17, Se 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,, 101 W. Argonne Dr., Suite #65, St. Louis, Missouri 63122, (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~~thirty (30) 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**
_____	By:_____
Date:_____	Name: _____
	Title:_____
	Date:_____

EXHIBIT V
UNCONDITIONAL GUARANTY

Narwhal's Crafted of _____ Effective Date:_____

TO: NARWHAL'S FRANCHISING, LLC. RE:_____
St. Louis, Missouri ("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 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	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104-4428 1-866-275-2677	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 205 Honolulu, Hawaii 96813	Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, Hawaii 96813
Illinois	Attorney General 500 South Second Street Springfield, Illinois 62701	Attorney General 500 South Second Street Springfield, Illinois 62701
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, 1st Floor 525 W. Ottowa Street P.O. Box 30213 Lansing, Michigan 48909 (517) 335-0855
Minnesota	Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 Saint Paul, Minnesota 55101	Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 Saint Paul, Minnesota 55101
New York	Secretary of State 99 Washington Avenue Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 212-416-8222

Rhode Island	State of Rhode Island DEPARTMENT OF BUSINESS REGULATION Securities Division 1511 Pontiac Avenue, Bldg. 68-2 Cranston, Rhode Island 02920	State of Rhode Island DEPARTMENT OF BUSINESS REGULATION Securities Division 1511 Pontiac Avenue, Bldg. 68-2 Cranston, Rhode Island 02920
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 4822 Madison Yards Way, North Tower Madison, WI 53705	Department of Financial Institutions Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

Exhibit E

ILLINOIS ADDENDUM TO THE
NARWHAL'S CRAFTED FRANCHISE AGREEMENT

The state of Illinois requires that the following provisions be included in the Franchise Agreement for all Illinois Narwhal's Crafted 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. Illinois law governs the agreement(s) between the parties to this franchise.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Franchisee's rights upon Termination and Non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act, or any other law of Illinois, is void. 815 ILCS 705/41 (West 2010).

5. As of the date hereof, Franchisor does not offer initial training to more than 2 persons per franchisee.

6. 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 and Franchisee has commenced operations. Franchisor will provide an invoice to Franchisee for such initial franchise fees which will be due and payable upon the opening of the Bar.

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

Narwhal's Franchising, LLC

By:_____

Title:_____

Date:_____

_____

"Franchisee"

By:_____

Title:_____

Date:_____

EXHIBIT E

ILLINOIS ADDENDUM
TO THE NARWHAL'S CRAFTED
FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding any provision to the contrary contained in the Franchise Disclosure Document, the state of Illinois requires that the following disclosure be made and included as a part of the Franchise Disclosure Document. Any conflict between the Franchise Disclosure Document and this State Additional Information page must be resolved in favor of this State Additional Information Page.

1. Illinois law governs the Franchise Agreement(s).

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

5. The initial franchise fee is due upon completion of Franchisor's pre-opening obligations and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

~~EXHIBIT F~~

~~NARWHAL'S~~

~~CRAFTED~~

~~Sample Loan Agreement, Sample Promissory Note, Sample Security Agreement, Sample Release~~

~~See attached.~~

~~{00530321-1 28195-010}~~

Sample

LOAN AGREEMENT

THIS LOAN AGREEMENT ("Agreement") is made and entered into by and between Narwhal's Franchising, LLC ("Lender") and _____, a _____ ("Borrower") as of _____, 202_ (the "Effective Date").

Whereas, Borrower has entered into a Narwhal's Crafted Franchise Agreement with Lender dated _____ to become a Narwhal's Crafted Franchisee and operate a Narwhal's Crafted Bar ("Franchise Agreement");

Whereas, Borrower desires to borrow money from Lender and to use such proceeds in the development and buildout of a Narwhal's Bar pursuant to the Franchise Agreement; and

Whereas, Lender is willing to loan money to Borrower on the terms herein.

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 acknowledge, it is agreed as follows:

A. DEFINITIONS.

Capitalized terms used, but not otherwise defined, herein shall have the meanings as set forth in Exhibit A to this Agreement, which are incorporated by reference.

B. GENERAL PROVISIONS.

1. Borrower has received and read copies of this Agreement and all other documents delivered by Lender to Borrower in connection with this Agreement including but not limited to the Promissory Note, the Security Agreement, the Second Addendum to Franchise Agreement and the Release (collectively, the "Loan Documents" which are incorporated herein by this reference). Borrower agrees to be bound by the terms and conditions contained in the Loan Documents.

2. Borrower agrees to execute and deliver to Lender such additional or supplemental documents as Lender reasonably deems necessary or appropriate to effectuate this Agreement.

C. ESTABLISHMENT OF LOAN AMOUNT, LOAN DOCUMENTS.

1. Upon approval of Borrower by Lender for the loan and the signing of the Loan Documents and upon such other requirements of Lender being satisfied to Lender's discretion ("Other Requirements"), Lender shall loan Borrower the sum of $_____ (the "Loan Amount"). The Loan Amount will be provided to Borrower in one lump sum within 10 days of the signing of this Agreement and the Loan Documents and the satisfaction of the Other Requirements

(a) Borrower shall sign simultaneously with this Agreement the Promissory Note attached hereto as Exhibit B to evidence Borrower's obligation to pay the Loan Amount on the terms provided therein.

(b) Borrower shall sign simultaneously with this Agreement the Second Addendum to Franchise Agreement attached hereto as Exhibit C. Borrower acknowledges that the Royalty Addendum provides for increased royalty obligations under the Franchise Agreement as a result of Borrower borrowing money from Lender.

(c) Borrower shall sign simultaneously with this Agreement the Security Agreement attached hereto as Exhibit D.

(d) Borrower shall sign simultaneously with this Agreement the Release attached hereto as Exhibit E.

(e) Prior to the Loan Amount being funded, Borrower shall sign and deliver to Lender such other documentation as Lender may reasonably require.

D. PAYMENTS; PREPAYMENTS.

1. Borrower shall repay the Loan Amount with interest in accordance with the terms of the Promissory Note. In addition, Borrower shall pay the finance charges as described in Section G below and also as specified in the Promissory

Note.

2. All payments of principal, interest, or other amounts payable under the Promissory Note will be made in immediately available funds. All payments under the Promissory Note will be made by wire transfer of funds to an

account specified by Lender or by another method agreed upon by Lender and Borrower. Upon receipt of all payments, Lender shall apply the proceeds of any payments in the following order: first to any fees, costs of collection and expenses; second to accrued interest; and third to the outstanding principal amount of the Promissory Note.

3. In no event will the total interest and fees, if any, charged under this Agreement exceed the maximum interest rate or total fees permitted by law. In the event any excess interest or fees are collected, the same will be refunded or credited to Borrower.

4. Borrower may prepay the amount due under the Promissory Note at any time, in whole or in part, without cost.

E. EVENT OF DEFAULT.

1. Upon or at any time after the occurrence and during the continuation of an Event of Default, all or any portion of the Loan Amount, shall, at the option of Lender and without presentment, demand, protest or further notice by Lender, become at once due and payable and Borrower shall forthwith pay to Lender, the full amount of such Loan Amount.

2. The occurrence of one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Borrower shall be in default of the Franchise Agreement (as amended by the Franchise Agreement Royalty Addendum) and fails to cure such default within the time provided therein (some defaults do not provide cure rights)

(b) Borrow fails to pay when due any amount under the Promissory Note on or before the date on which such amounts are due and payable, and Borrower fails to cure such payment default within ten (10) days after Borrower's receipt of written notice from Lender.

(c) Borrower shall be in default of any of the Loan Documents and fails to cure such default within the cure period provided therein, if any.

(d) Any representation, warranty, certification or other statement made or furnished to Lender by or on behalf of Borrower, or any instrument, certificate, budget, or financial statement furnished in compliance with or in reference to the Loan Documents proves to have been false or misleading or later becomes false or misleading in any material respect.

(e) Borrower fails or neglects to perform, keep or observe any covenant contained in the Loan Documents on the date that Borrower is required to perform, keep or observe such covenant; provided, however, Borrower shall have 30 days to cure such default following written notice from Lender.

(f) Any event of default shall occur under, or Borrower shall default in the performance or observance of any term, covenant, condition or agreement contained in, any of the Loan Documents and such default shall continue beyond any applicable grace or notice period.

(g) Borrower ceases or fails to be Solvent, or Borrower, (i) generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing.

(h) (i) Any involuntary Insolvency Proceeding is commenced or filed against Borrower, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against any of Borrower's Property and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) Borrower admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) Borrower acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its Property or business.

(i) There shall occur a curtailment or cessation of a substantial part of the business of Borrower for a period which significantly affects Borrower's capacity to continue its business on a profitable basis; or Borrower dissolves or terminates its corporate existence; or Borrower shall be enjoined, restrained or in any way prevented by court, governmental or administrative order from conducting all or any material part of its business affairs; or any

material lease or agreement pursuant to which Borrower leases, uses or occupies any Property shall be canceled or terminated other than by Borrower prior to the expiration of its stated term; or any part of the Collateral shall be taken through condemnation or the value of such Property shall be impaired through condemnation.

(j) Any material provision of any Loan Document shall at any time cease to be in full force and effect (other than in accordance with such Loan Document's terms) or Borrower shall challenge or contest in writing or in any suit or proceeding the validity or enforceability of this Agreement, or any of the other Loan Documents, the legality or enforceability of any of Borrower's obligations hereunder or under the Loan Documents or the perfection or priority of any Lien granted to Lender under the Loan Documents.

(k) If Lender shall cease to have a valid and perfected first priority Lien and security interest in the Collateral except to the extent expressly permitted by the terms of the Loan Documents or consented to by Lender.

(l) If Borrower shall sell all or substantially all of Borrower's assets in one or a series of more than one transactions; or if more than 50% of the equity of Borrower should be sold to a third party in one or a series of more than one transactions, without the prior written consent of Lender.

(m) Borrower borrows from a third party funds without the prior written consent of Lender, unless such borrowing is subordinate to this Loan from Lender or the funds are used to pay off the full amount of the Promissory Note.

F. COLLATERAL; GRANT OF SECURITY INTEREST.

1. To secure payment or performance of Borrower's obligations under this Agreement and the Loan Documents, Borrower assigns, transfers, and pledges to Lender, and grants to Lender a first priority Lien and security interest in the Collateral. Concurrently with the execution of this Agreement, Borrower shall sign the Security Agreement. Lender shall have all rights and remedies as set forth in the Security Agreement, in addition to (and not in lieu of) those found in this Agreement, all of which are incorporated herein by this reference.

G. FINANCE CHARGE/INCREASED ROYALTY RATE PER FRANCHISE AGREEMENT. In addition to paying principal and interest under the Promissory Note, Borrower agrees and acknowledges that an additional obligation of Borrower under this Loan Agreement is to pay an additional finance charge that Borrower will be required to pay Lender as a result of borrowing money from Lender is in increased royalties payable to Lender under the Franchise Agreement pursuant to the Second Addendum to Franchise Agreement. The increased royalties will be due and payable throughout the initial 10 year term of the Franchise Agreement until the Promissory Note is paid in full. The increased royalties shall only apply toward the first $1,000,000 of Gross Sales generated by Borrower's Narwhal's Crafted Bar (the "Cap") calculated on a calendar year basis. The royalties are increased by one percentage point for each $100,000, or part thereof, of money borrowed. Borrower acknowledges that this means this extra charge could be up to $1,000 in extra royalty for each $100,000, or part thereof, borrowed. For purposes of illustration of the maximum amount of this finance charge that could be imposed on Borrower: The Loan Amount is $900,000.00, the royalty rate is increased by nine percentage points and the maximum amount of extra royalty charged would be as follows: 9% x $1,000,000 (the cap) x 10 years = $900,000 payable over 120 monthly royalty payments which yields an average of $7,500 per monthly payment ($900,000/120 = $7,500), in addition to the amount due under the Promissory Note. Borrower acknowledges that this increased royalty obligation, subject to the Cap, applies during the entire 10 year franchise agreement initial term until the Loaned Amount is repaid.

Borrower's Initials to Reviewing and Agreeing to Section G: _____

H. REPRESENTATIONS, WARRANTIES, AND COVENANTS BY BORROWER.

Borrower makes the following representations, warranties, and covenants to Lender:

1. Representations and Warranties.

(a) Borrower is a _____ duly organized and validly existing under the laws of the state of _____ and qualified and licensed to do business in, and is in good standing in, any state in which the conduct of its business or its ownership of Property requires that it be so qualified or in which the Collateral is located.

(b) Neither the execution and delivery of any Loan Document to which Borrower is a party nor the consummation of the transactions therein contemplated nor compliance with the terms, conditions and provisions thereof will conflict with or result in a breach of any of the terms, conditions or provisions of the certificate of formation, the by-laws, or any other organizational documents of Borrower or any law or any regulation, order, writ, injunction or decree of any court or governmental instrumentality or any material agreement or instrument to which Borrower is a party or by which it or any of its Property is bound or to which it or any of its Property is subject. There is no impediment to the granting of a security interest in or transfer of the Collateral to the Lender.

(c) The execution and delivery of this Agreement, the granting of the security interest in the Collateral, the execution and delivery of the other Loan Documents to which Borrower is a party and the consummation of the transactions herein and therein contemplated have each been duly authorized by all necessary action on the part of Borrower. No authorization, consent, approval, license or exemption of, and no registration, qualification, designation, declaration or filing with, or notice to, any Person is, was or will be necessary to (i) the valid execution and delivery of any Loan Document to which Borrower is a party, (ii) the performance of Borrower's obligations under any Loan Document, or (iii) the granting of the security interest in the Collateral, except for filings in connection with the perfection of the security interest in any of the Collateral. The Loan Documents have been duly executed and delivered and constitute legal, valid and binding obligations of Borrower, enforceable in accordance with their respective terms.

(d) Borrower has good and marketable title to the Collateral, free and clear of Liens, and Borrower has not pledged the Collateral or granted a security interest in the Collateral, except for the Lien granted to Lender under the Loan Documents. Borrower has good title and ownership of, or valid and enforceable licenses for, all of Borrower's current Intellectual Property. Borrower has not received any communications (whether oral, written or otherwise) alleging that Borrower has violated or misappropriated, or by conducting its business as proposed, would violate or misappropriate any intellectual property rights or proprietary rights (including but not limited to rights of privacy or publicity) of any other Person. Borrower has no knowledge of any infringement, misappropriation or violation by it of the intellectual property rights, proprietary rights, right of privacy, or rights of publicity of any third party and has no knowledge of any violation, misappropriation or infringement by a third party of Borrower's intellectual property. The Collateral and the Intellectual Property (to the extent any Intellectual Property is not included in the Collateral), constitute substantially all of the assets and property of Borrower. Borrower: (a) is and except to the extent such Collateral is sold in the ordinary course of Borrower's business, at all times will continue to be the legal and beneficial owner of all of the Collateral, and (b) there is no contractual or other restrictions on use that would prevent the use of such assets to (i) repay Lender or (ii) be pledged as Collateral in favor of Lender.

(e) No suit, action or other proceeding, or injunction, order, decree or judgment related thereto, is threatened or pending in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with the financing provided hereunder or that would reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, condition (financial or otherwise), operating results, business prospects, cash flow, net worth, or employee, customer or supplier relations of Borrower, and to Borrower's knowledge no injunction, judgment, order or decree or ruling with respect thereto is currently in effect.

(f) No event has occurred and no condition exists, which could reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, condition (financial or otherwise), operating results, business prospects, cash flow, net worth or any key employee, customer or supplier relations of Borrower since the date of the last financial statement which was previously provided to Lender by Borrower. Borrower is in compliance with all statutes, laws, codes, ordinances and government rules and regulations to which it is subject, noncompliance with which could reasonably be expected to materially adversely affect the financial condition, operations or business of Borrower. Borrower has made all filings and shall have obtained all material governmental and/or third party permits, authorizations, consents and approvals required to be obtained by Borrower to consummate the financing hereunder, and Borrower shall have received any governmental and/or third party permits, authorizations, consents and approvals required to be obtained in connection with the financing hereunder. Any filings that may be necessitated as the result of the actions of Lender shall be made at the cost and expense of Lender.

(g) No representation, warranty or other statement made by Borrower in any Loan Document, certificate or written statement furnished to Lender contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not misleading. There is no fact known to Borrower which materially adversely affects, or which could in the future be reasonably expected to materially adversely affect, its ability to perform its obligations under this Agreement.

(h) Borrower is Solvent and, after the execution and delivery of the Loan Documents and the consummation of the transactions contemplated thereby, Borrower will be Solvent.

(i) Borrower has duly filed all tax and information returns required to be filed and has paid all taxes, fees, assessments, and other governmental charges or levies that have become due and payable, except to the extent such taxes or other charges are being contested in good faith and are adequately reserved against in accordance with generally accepted accounting principles consistently applied.

2. Affirmative Covenants. Borrower, until the full and complete satisfaction of all of Borrower's obligations under the Loan Documents covenants and agrees that:

(a) Borrower shall maintain its corporate existence and its good standing in the State of _____and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a material adverse effect on the financial condition, operations or business of Borrower. Borrower shall maintain in force all licenses, approvals and agreements, the loss of which could reasonably be expected to have a material adverse effect on its financial condition, operations or business.

(b) Borrower shall comply with all statutes, laws, ordinances and government rules and regulations to which it is subject, noncompliance with which could reasonably be expected to materially adversely affect the financial condition, operations or business of Borrower. Borrower shall obtain all government approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest for Lender.

(c) As soon as reasonably possible, and in any event within five (5) days after the discovery of a default under the Loan Documents, including but not limited to any Event of Default, Borrower shall provide Lender with an Officer's Certificate setting forth the facts relating to or giving rise to such default or Event of Default and the action which Borrower proposes to take with respect thereto.

(d) Borrower shall make due and timely payment or deposit of all federal, state, and local taxes, assessments, or contributions required of it by law or imposed upon any Property belonging to it; and Borrower will make timely payment or deposit of all tax payments and withholding taxes required of it by applicable laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes; provided that Borrower may defer any payment of contested taxes if the amount or validity of such payment is contested in good faith by appropriate proceedings which suspend the collection thereof (provided that such proceedings do not involve any substantial danger of the sale, forfeiture or loss of any material item of Collateral or Collateral which in the aggregate is material to Borrower and that Borrower has adequately bonded such amounts or reserves sufficient to discharge such amounts have been provided on the books of Borrower).

(e) Borrower shall keep and maintain all items of equipment and other similar types of personal property that form any significant portion or portions of the Collateral in good operating condition and repair, ordinary wear and tear excepted, and shall make all necessary replacements thereof and renewals thereto so that the value and operating efficiency thereof shall at all times be maintained and preserved. Borrower shall not permit any such material item of Collateral to become a fixture to real estate or an accession to other personal property, without the prior written consent of Lender. Borrower shall not permit any such material item of Collateral to be operated or maintained in violation of any applicable law, statute, rule or regulation. With respect to items of leased equipment (to the extent Lender has any security interest in any residual Borrower's interest in such equipment under the lease), Borrower shall keep, maintain, repair, replace and operate such leased equipment in accordance with the terms of the applicable lease.

(f) Borrower shall keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location, and as Lender may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are satisfactory to Lender. All property policies shall have a lender's loss payable endorsement showing Lender as an additional loss payee and all liability policies shall show Lender as an additional insured and all policies shall provide that the insurer must give Lender at least thirty (30) days' notice before canceling, amending or declining to renew its policy. At Lender' request, Borrower shall deliver certificates of insurance evidencing the policies and evidence of all premium payments. If Borrower fails to obtain insurance as required under the Loan Documents or to pay any amount or furnish any required proof of payment to third persons and Lender, Lender may make all or part of such payment or obtain such insurance policies required under the Loan Documents, and take any action under the policies Lender deem prudent. Prior to funding of he loan, Borrower shall furnish to Lender certificates of insurance or other evidence satisfactory to Lender that insurance complying with all of the above requirements is in effect.

(g) Borrower has not granted to any third party a security interest in the Collateral which would take priority over Lender's security interest.

(h) At any time and from time to time Borrower shall execute and deliver such further instruments and take such further action as may reasonably be requested by Lender to make effective the purposes of this Agreement, including without limitation, the continued perfection and priority of Lender's security interest in the Collateral.

3. Negative Covenants. Borrower, until the full and complete satisfaction of all of Borrower's obligations under the Loan Documents, covenants and agrees that Borrower shall not:

(a) Create, incur, assume or suffer to exist any Lien of any kind upon any of Borrower's Property, whether now owned or hereafter acquired, except for the Lien granted to Lender hereunder or subordinate to the Lien granted to Lender hereunder

(b) Convey, sell, lease or otherwise dispose of all or any part of the Collateral to any Person (collectively, a "Transfer"), except for: (i) Transfers of inventory in the ordinary course of business; (ii) Transfers of worn-out or obsolete equipment; (iii) Transfers which are approved in writing by Lender prior thereto.

(c) (i) Pay any dividends or make any distributions on its Equity Securities; or (ii) purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Securities

(d) Merge or consolidate with or into any other Person or acquire all or substantially all of the capital stock or assets of another Person other than mergers or consolidations of a Subsidiary into another Subsidiary of the Borrower or into the Borrower.

(e) Enter into any contractual obligation with any Affiliate or engage in any other transaction with any Affiliate except upon terms at least as favorable to Borrower as an arms-length transaction with Persons who are not Affiliates of Borrower.

(f) (i) Prepay, redeem, purchase, defease or otherwise satisfy in any manner prior to the scheduled repayment thereof any Indebtedness for borrowed money (other than amounts due under this Agreement) or lease obligations other than repayment of such Indebtedness or obligations by conversion into Equity Securities of the Borrower, (ii) amend, modify or otherwise change the terms of any Indebtedness for borrowed money or lease obligations so as to accelerate the scheduled repayment thereof or (iii) repay any notes to officers, directors or shareholders of the Borrower.

(g) Create, incur, assume or permit to exist any other indebtedness, other than the Promissory Note and this Agreement.

I. REMEDIES.

1. Upon the occurrence of an Event of Default hereunder and during the continuation thereof, Lender shall have, in addition to the rights and remedies provided herein, all of the rights and remedies set forth in the Loan Documents.

2. All rights and remedies of Lender under this Agreement are cumulative and are in addition to all other rights and remedies that Lender may have at law or equity or under any other contract or other writing for the enforcement of the security interest herein or the collection of any amount due under this Agreement.

3. Except as expressly provided in this Agreement, any non-exercise of rights, remedies, and powers by Lender under this Agreement and the Loan Documents shall not be construed as a waiver of any rights, remedies, and powers. Lender fully reserves its rights to invoke any of its rights, remedies, and powers at any time it may deem appropriate.

4. To the extent permitted by applicable law, neither Lender, nor any party acting as attorney for Lender, shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct hereunder. The rights and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right or remedy which Lender may have.

5. Lender is hereby authorized, without notice or demand (each of which is hereby waived by Borrower), at any time and from time to time during the continuance of any Event of Default and to the fullest extent permitted by applicable requirements of any law, statute, regulation and/or ordinance, to set off and apply any indebtedness, claims or other obligations at any time owing by Lender to or for the credit or the account of Borrower against any obligations under the Loan Documents or this Agreement now or hereafter existing, whether or not any demand was made under any Loan Document with respect to such obligations. Lender agrees promptly to notify Borrower after any such setoff and application made by Lender; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights under this Section H.5 are in addition to any other rights and remedies (including other rights of setoff) that Lender may have.

I. MISCELLANEOUS PROVISIONS.

1. Indemnification; Limitation on Liability of Lender.

Borrower agrees to indemnify and hold harmless Lender and Lender's members, agents, representatives, beneficiaries, and employees against any and all claims, causes of action, liabilities, lawsuits, demands, and damages, including any and all court costs and reasonable attorneys' fees incurred, in any way relating to or arising out of or in connection with this Agreement, except to the extent caused by Lender's breach of its obligations under this Agreement. Lender shall not be liable to Borrower or any third party for any special (including lost business or lost profits), incidental, indirect, consequential, punitive, or similar losses or damages arising out of any act or omission by either of them with respect to this Agreement, the Security Agreement whether or not the likelihood of such losses or damages was known by Lender at any time, and whether such losses or damages arise from tort, contract, or otherwise. Lender shall not be liable for any damage, cost, loss, liability, or delay caused by accident, strike, fire, flood, war, riot, terrorist act, equipment breakdown, electrical or mechanical failure, acts of nature, any cause which is attributable to a third party, or any other cause or event that was beyond Lender's reasonable control. The provisions of this Section I.1. will survive the termination of this Agreement or the Loan Documents and the repayment of the Loan Amount.

2. Acceptance of Agreement; Applicable Law.

(a) THIS AGREEMENT, AND THE OTHER LOAN DOCUMENTS WILL BE RECEIVED AND ACCEPTED BY LENDER IN THE STATE OF MISSOURI AND WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MISSOURI WITHOUT REGARD TO THE LAWS OF CONFLICT.

3. Assignment.

This Agreement may not be assigned by Borrower without the prior written consent of Lender. This Agreement will be binding upon and inure to the benefit of the heirs, successors, and permitted successors to and assigns of Borrower. Lender may assign this Agreement. This Agreement will inure to the benefit of Lender's successors and assigns.

4. Amendment; Oral Agreements.

This Agreement and the Loan Documents may be amended only by the written consent of Lender and Borrower, except as expressly provided herein. This Agreement may not be amended orally. Borrower or Lender may waive

compliance with any provision of this Agreement in its sole and absolute discretion, but any waiver must be in writing

and will not be deemed to be a waiver of any other provision of this Agreement. The provisions of the Loan Documents constitute the entire agreement between Lender and Borrower with respect to the subject matter hereof and supersede all prior or contemporaneous agreements, proposals, understandings, and representations, written or oral, between the parties with respect to the subject matter hereof.

Notice Provided Under Section 432.045 R.S. Mo.:

ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT, INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT, ARE NOT ENFORCEABLE. TO PROTECT YOU (BORROWER(S)) AND US (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

5. Severability; Survival.

If any provision of this Agreement or any of the Loan Documents is held to be invalid, illegal, void, or unenforceable, by reason of any law, rule, administrative order, or judicial or arbitral decision, the determination will not affect the validity of the remaining provisions of this Agreement and the Loan Documents. Each representation, warranty and covenant contained in this Agreement shall survive the termination of this Agreement until the expiration of the applicable statute of limitation period with respect thereto.

6. Choice of Forum; Waiver of Jury Trial.

ANY SUIT, ACTION, OR PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY JUDGMENT ENTERED BY ANY COURT REGARDING THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT WILL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE CIRCUIT COURT OF ST. LOUIS COUNTY, MISSOURI, OR IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF MISSOURI, EASTERN DIVISION. BORROWER IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE CIRCUIT COURT OF ST. LOUIS COUNTY, MISSOURI, OR THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF MISSOURI, EASTERN DIVISION FOR THE PURPOSE OF ANY SUCH ACTION OR PROCEEDING AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH ACTION OR PROCEEDING. BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE NOW OR IN THE FUTURE TO THE LAYING OF VENUE OF ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

BORROWER (FOR ITSELF, ANYONE CLAIMING THROUGH IT OR IN ITS NAME, AND ON BEHALF OF ITS EQUITY HOLDERS) IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY REGARDING ANY CLAIM BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE LOAN DOCUMENTS, OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

7. If Lender utilizes the services of an attorney for purposes of enforcing its rights under this Agreement, or attempting to collect the amounts due hereunder or to enforce the terms of this Agreement or any other agreements related hereto, Borrower shall pay to Lender, on demand, all costs and expenses so incurred by Lender, including without limitation, reasonable attorney's fees, court costs and costs of litigation, whether or not a lawsuit is instituted.

8. Notices.

Unless otherwise required by law, all notices to Borrower may be oral or in writing, in Lender's discretion, and if in writing, delivered or mailed by the United States mail, or by overnight carrier or by telecopy to the address of Borrower shown on the records of Lender. Borrower agrees to send notices to Lender, in writing, at such address as provided by Lender from time to time.

IN WITNESS WHEREOF, THE PARTIES HAVE SIGNED THIS AGREEMENT AS OF THE EFFECTIVE DATE.

"Borrower"	"Lender"
_____	Narwhal's Franchising, LLC
By: _____	By: _____
Title: _____	Title: _____
Print Name: _____	Print Name: _____

EXHIBIT

A

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IONS

In addition to the terms defined elsewhere in this Agreement, in any other Loan Documents, or in any exhibit or schedule thereto, when used in this Agreement, the following terms shall have the following meanings (such meanings shall be equally applicable to the singular and plural forms of the terms used, as the context requires):

"Business Day" means a day other than Saturday, Sunday or a nationally recognized holiday in the United States. For notices and determinations of Index, Business Day must also be a day for trading by and between banks in the United States and dollar deposits in the London interbank market.

"Collateral" shall have the same meaning as set forth in the Security Agreement, and such definition is hereby incorporated herein by reference.

"Equity Securities" of any Person means (a) all common stock, preferred stock, participations, shares, partnership interests, membership interests or other equity interests in and of such Person (regardless of how designated and whether or not voting or non-voting) and (b) all warrants, options and other rights to acquire any of the foregoing.

"Index" means the greater of: (a) 30-Day LIBOR and (b) Zero.

"Insolvency Proceeding" means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each case in (a) and (b) above, undertaken under U.S. federal, state or foreign law, including the Bankruptcy Code.

"LIBOR" means the prevailing London InterLender Offered Rate for deposits in U.S. dollars having a maturity of 30 days as published in The Wall Street Journal "Money Rates" Table; provided that, if such rate ceases to be regularly published by The Wall Street Journal, LIBOR will be determined by Lender in its sole and absolute discretion. For any day that is not a Business Day, LIBOR will be the applicable LIBOR in effect immediately prior to that day.

"Lien" means any voluntary or involuntary security interest, pledge, bailment, lease, mortgage, hypothecation, conditional sales and title retention agreement, encumbrance or other lien with respect to any Property in favor of any Person.

"Maturity Date" means the first anniversary of the Effective Date.

"Party" means either Borrower or Lender, and "Parties" means both Borrower and Lender.

"Person" means any natural person, company, corporation, firm, partnership, joint venture, limited liability company or limited liability partnership, association, organization, or any other legal entity.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, whether tangible or intangible.

"Security Agreement" means that certain Security Agreement, dated of even date herewith, by and between Lender and Borrower, a copy of which is attached hereto.

"Solvent" means, with respect to any Person on any date, that on such date (a) the fair value of the property of such Person is greater than the fair value of the liabilities (including, without limitation, contingent liabilities) of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital.

~~"UCC" means the current version of the Uniform Commercial Code, as enacted in Missouri, Section 400.1-101 R.S.Mo., et seq.~~

Second Addendum to
Narwhal's Crafted Franchise Agreement

This Second Addendum ("Addendum") is attached to and made a part of that certain Franchise Agreement ("Franchise Agreement") by and between Narwhal's Franchising, LLC ("Franchisor") and the undersigned Franchisee (as defined in the attached Franchise Agreement). Any reference in the Franchise Agreement to the Agreement shall also constitute a reference to this Addendum. Capitalized terms not defined herein have the meaning given them in the Franchise Agreement.

For good and valuable consideration, Franchisor and Franchisee agree as follows:

1. Section 9.2 of the Franchise Agreement is amended by adding the following at the end thereof:

"Notwithstanding anything to the contrary contained above, during the initial term of the Franchise Agreement, if Franchisee borrows money from Franchisor in connection with the buildout of Franchisee's Narwhal's Crafted Bar (the "Loan"), Franchisee's Royalty Rate will be adjusted upward by one percent (1%) for every $100,000, or part thereof, borrowed from Franchisor and such adjusted Royalty Rate shall apply on the first One Million Dollars ($1,000,000) of Gross Sales during each calendar year during the initial term of the Franchise Agreement (the "Cap"). In the event the first or last year of the initial term of the Franchise Agreement is not a full calendar year the Cap shall be appropriately prorated. For example, if Franchisee borrows $210,000 from Franchisor, Franchisee's Royalty Rate will be increased by three percentage points from 10% to 13% (the "Adjusted Royalty Rate") This Adjusted Royalty Rate shall apply until the Loan is paid in full.

Amount Borrowed: $_____ Franchisee's Initials: _____

Adjusted Royalty Rate: _____% Franchisee's Initials: _____

Franchisee acknowledges that Franchisor is not obligated to loan Franchisee any money whatsoever and any such Loan would have to be approved by Franchisor in its sole discretion. Further, the example above shall not be construed as an indication of the amount of money that Franchisor may loan an approved Franchisee. All financing is subject to Franchisee meeting certain creditworthiness requirements (which may be more stringent than those creditworthiness requirements for a qualifying franchisee candidate) and any other requirements imposed by Franchisee at its discretion, as well as subject to Franchisor's general ability to provide such financing."

2. If there is a conflict between the terms of the Franchise Agreement and the terms of this Second Addendum, the terms of this Second Addendum shall control.

Agreeing to be bound, the parties sign this Second Addendum effective as of the Commencement Date of the Franchise Agreement.

Franchisor: Franchisee:

Narwhal's Franchising, LLC

_____

By _____ By _____

Title _____ Title _____

SAMPLE PROMISSORY NOTE

$_____ _____, 202___

FOR VALUE RECEIVED, _____, and _____, jointly and severally ("Makers"), promise to pay to the order of Narwhal's Franchising, LLC ("Company") the principal sum of _____Dollars and _____/100 ($_____), together with interest thereon, as provided for in this Note.

Commencing on _____, 202_, and the first day of each calendar month thereafter, Makers shall make 60 equal monthly payments of $_____each, including interest and principal; and, on _____, 202_, all principal and unpaid accrued interest thereon shall be due and payable, unless this Note has matured sooner in accordance with the terms and provisions of this Note.

This Note shall bear interest at a variable rate equal to the LIBOR Rate plus one percent. The LIBOR Rate shall mean the prevailing London Inter Lender Offered Rate for deposits in U.S. dollars having a maturity of 30 days as published in The Wall Street Journal "Money Rates" Table; provided that, if such rate ceases to be regularly published by The Wall Street Journal, LIBOR will be determined by Lender in its sole and absolute discretion. The interest rate will adjust only on each anniversary date hereof. The payment amounts specified above are based on the LIBOR Rate as of date hereof but will be modified at such time that the interest rate is adjusted as determined by Company. After maturity or after a default by either or both Makers, interest shall accrue and be payable on this Note at a rate per annum equal to ten percent in excess of the LIBOR Rate. Under no circumstances shall the rate of interest charged, collected, or received on this Note exceed the maximum rate allowed by law. The amount of interest accruing hereunder shall be computed on an actual day, 360-day year basis.

All payments shall be made to Company at 101 W. Argonne Dr., Suite #65, St. Louis, Missouri 63122, or to such other address as Company shall notify Makers in writing. All payments received by Company shall be applied first against accrued interest with the balance, if any, applied against principal. Makers may prepay without penalty all or any portion of this Note at any time, provided that Makers provide written notice to Company of such prepayment along with the prepayment.

The obligations of Makers under this Note are secured by that certain Security Agreement signed by Maker in favor of Company of even date herewith (the "Security Agreement").

Makers shall be deemed to be in default under this Note upon the occurrence of any one or more of the following events: (a) if Makers shall fail to make any required principal or interest payment on this Note as and when due, or (b) if Makers, or either of them, or any party or entity affiliated with them shall fail to observe and perform all obligations, covenants, and agreements contained in the Narwhal's Crafted Franchise Agreement with Company or any related agreement; or (c) if Makers is in default of the Security Agreement; or (d) if Makers, or either of them, shall file or have filed against Makers, or either of them, a petition in bankruptcy, reorganization or adjustment of debts or for other relief under the U.S. Bankruptcy Code or any other similar federal or state law affecting creditors' rights, or (e) if Makers, or either of them, shall make an assignment for the benefit of creditors; or (f) if any receiver, trustee or custodian is appointed for or on behalf of Makers, or either of them, to take possession of all or substantially all of the assets of Makers, or either of them; or (g) if Makers, or either of them, shall be unable to pay their debts as they mature; or (h) if Makers, or either of them, shall cease doing business as a going concern; or (h) if Makers, or either of them, shall be in default of any other promissory note, loan

agreement, line of credit agreement, security agreement, deed of trust or mortgage or other agreement with Company or any affiliate of Company or with any other lender.

Upon the occurrence of a default under this Note, the Company shall have all rights and remedies available to Company at law and in equity, and Company may declare a default and accelerate the unpaid principal balance of this Note, together with all unpaid accrued interest thereon, such that all outstanding principal and unpaid accrued interest shall become immediately due and payable. Company may also exercise any other rights and remedies available to Company hereunder or otherwise. No failure to exercise, or any delay in exercising, any right, remedy, power or privilege hereunder on the part of the Company shall operate as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. All rights and remedies of Company herein provided are cumulative and may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law. All rights and remedies of Company herein provided may be exercised against either or both Makers, and the exercise of any rights or remedies against one Maker shall not constitute a waiver of Company's right to exercise any right or remedy against the other Maker.

If Makers, or either of them, are in default of this Note and if: (i) this Note is placed in the hands of an attorney for collection or enforcement, regardless of whether suit is filed against the Makers, or either of them, or regardless of whether it is collected or enforced through legal proceedings; (ii) an attorney is retained to represent the Company in any bankruptcy, reorganization, receivership or any other action or proceeding affecting creditors' rights and involving a claim under this Note; or (iii) an attorney is retained to protect or enforce the terms or conditions of this Note, then Makers, jointly and severally, shall pay to Company all reasonable attorneys' fees, costs and expenses incurred by Company in connection with the collection or enforcement of this Note, in addition to all other amounts due hereunder.

Presentment, demand for payment, dishonor, notice of dishonor, protest, and notice of protest are hereby waived by Makers. This Note shall be freely assignable by Company without the consent of Makers.

This Note shall be interpreted and governed in accordance with the laws of the State of Missouri, without regard to the laws of conflicts. Makers expressly and irrevocably submit to the jurisdiction of the courts of the State of Missouri, and the Federal District Court for the Eastern District of Missouri, with respect to all matters pertaining to or arising from the making, enforcement or collection of this Note, and specifically agree to be bound by any and all rulings and decisions of any such court. In the event that any term or provision of this Note is held or declared to be invalid or unenforceable by a court of competent jurisdiction, then such invalid or unenforceable term or provision shall be deemed to have never been a part of this Note and all other terms and provisions of this Note shall remain in full force and effect.

This Note and all other written agreements between one or more of the Makers and Company constitute the entire agreement between the parties and there are no oral agreements between the parties. Said

written agreements may only be amended by written amendments signed by the parties to be bound by such amendments. The following is added pursuant to Sections 432.045 and 432.047, R.S.Mo., as applicable, and as used below "borrower(s)" shall mean Makers and "creditor" shall mean Company:

"Oral agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable (if RSMo. 432.047 applies, then add: regardless of the legal theory upon which it is based that is in any way related to the credit agreement). To protect you (borrower(s))

and us (creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing (and in any other written agreements as set forth in the preceding paragraph), which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it."

EXECUTED AS OF THE DAY AND DATE SET FORTH ABOVE.

"Makers":

_____

By: _____

Name, printed: _____

Title: _____

_____

_____, Individually

Sample

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") is made as of the ____ day of _____, 202_ ("Effective Date") by and between _____, a _____ _____ (hereinafter referred to as "Debtor") and Narwhal's Franchising, LLC ("Secured Party").

WITNESSETH:

WHEREAS, Debtor is a Narwhal's Crafted franchisee of Secured Party and desires to borrow money for the buildout costs associated with a new Narwhal's Crafted Bar from Secured Party for a Bar to be located at _____ (the "Location"); and

WHEREAS, Debtor desires Secured Party to finance a portion of the build out costs associated with the buildout of a new Narwhal's Crafted Bar at the Location and Secured Party is willing to finance a portion of same; and

WHEREAS, to induce Secured Party to provide financing to Debtor, and as a condition for Secured Party providing such financing, Debtor shall grant to Secured Party a security interest in and lien on the Collateral hereinafter described.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are hereby incorporated by reference herein, and the covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Definitions. The following words and terms shall have the following meanings when used in this Agreement. Words and terms not otherwise defined in this Agreement shall have the meanings as defined in the Commercial Code.

(a) Collateral. The word "Collateral" as used in this Agreement shall mean the following described property with respect to Debtor's operation of the Narwhals Crafted Bar at the Location, whether now owned or hereafter acquired, and whether now existing or hereafter arising, and wherever located, in which Debtor is granting to Secured Party a security interest for the payment of the Indebtedness and the performance of all other obligations secured by this Agreement:

(1) Debtor's equipment, including without limitation, bar equipment, machinery, furniture, furnishings, fixed assets and any and all other tangible personal property, and any parts thereof and inserts thereto (hereinafter referred to as "Equipment"), and

(3) All fixtures, fittings, appliances, apparatus, equipment, machinery, furniture and furnishings, and all other personal property, now or at any time hereafter annexed, affixed or attached to the real property where the Bar is located, and

(4) All right, title and interest of Debtor in, to and under any and all leases,

subleases, rental agreements, concessions, licenses, occupancy and use agreements and similar arrangements, whether oral or written, and whether now existing or hereafter arising, relating to any real or personal property, and all rights, powers, privileges and benefits of Debtor therein, thereto and thereunder, including but not limited to the leases

on the real proper3ties located at the Locations, as amended, extended, renewed or otherwise modified from time to time (hereinafter collectively referred to as "Lease"); and

(5) All inventory, accounts, contract rights, chattel paper, documents, instruments, general tangibles, investment property, patronage dividends, rebates, refunds, allowances, letter of credit rights, payment intangibles, supporting obligations, instruments, rents, monies, payments and other forms of obligation and other rights to the payment of money (the foregoing includes without limitation all sums of money which Debtor or a Related Party receives or is entitled to receive from ProSource Cooperative, Inc.), and all rights arising out of a sale, lease or other disposition of any of the property described in this Section 1(a); and

(6) All accessions, attachments, accessories, tools, parts, supplies, replacements, additions to and substitutions for any of the collateral described in this Section 1(a), whether added now or later; and

(7) All products and proceeds of products of any of the property described in this Section 1(a); and

(8) All proceeds, including proceeds which constitute property of the types described in Section 1(a) 1 through 7 above, and all cash and non-cash proceeds, including without limitation, all insurance proceeds from the sale, destruction, loss or other disposition of any of the foregoing, and any indemnity, warranty or guaranty payable by reason of any loss or damage to or otherwise with respect to any of the foregoing items; and

(9) All books and records relating to any of the property described in this Section 1(a), including all data relating thereto, whether in the form of a writing, photograph, or electronic media, together with all of Debtor's right, title and interest in and to all computer software required to utilize, create, maintain and process any such books and records and data on electronic media.

(b) Commercial Code. "Commercial Code" shall mean the Uniform Commercial Code as adopted in Missouri and as heretofore or hereafter amended from time to time.

(c) Event of Default. The words "Event of Default" shall mean any of the events of default set forth in Section 2 of this Agreement.

(d) Indebtedness. The word "Indebtedness" as used in this Agreement shall mean:

(1) All obligations, indebtedness and liabilities of Debtor of every kind and description, whether direct or indirect, absolute or contingent, now existing or hereafter arising, to Secured Party, including without limitation, all of Debtor's obligations arising under this Agreement, the Note, and other agreements, including but not limited to all outstanding principal and unpaid accrued interest thereon, together with all other indebtedness and costs and expenses for which Debtor is responsible thereunder;

(2) All interest due or to become due on any of the foregoing obligations and any or all other monies due or to become due on any of the foregoing obligations as provided in any instrument or agreement evidencing those obligations, including without limitation, the Note, and this Agreement;

(3) All costs and expenses of collection, including without limitation, court costs, legal expenses and attorney's fees incurred by Secured Party upon the occurrence of an Event of Default under this Agreement, in collecting or enforcing payment of any or all such Indebtedness, or in preserving, protecting or realizing on any of the Collateral under this Agreement.

All obligations described and set forth in this Section 1(d)(1) through (3) above shall hereinafter be referred to as the "Indebtedness".

(e) Note. The word "Note" shall mean the Promissory Note of the same date herewith executed by Debtor in the principal amount of $_____ and payable to the order of Secured Party, together with interest thereon, plus all renewals, extensions, modifications, refinancings, consolidations, replacements and substitutions for said Promissory Note.

(f) Proceeds. "Proceeds" shall include, but are not limited to, inventory, accounts, chattel paper, general intangibles, insurance proceeds, documents, money, goods, equipment, instruments, shares of stock and any other tangible or intangible property arising under the sale, lease, license, or other disposition of the Collateral or any part thereof.

(g) Related Documents. The words "Related Documents" shall mean all promissory notes, credit agreements, loan agreements, security agreements, guaranties, mortgages, deeds of trust, collateral pledge agreements, and all other agreements, documents and instruments, whether now or hereafter existing, executed in connection with or related to the Indebtedness.

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

2. Event of Default. Any one or more of the following events shall constitute an Event of Default under this Agreement:

(a) Debtor fails to make any payment when due under the Indebtedness and fails to cure such default within the applicable cure period, if any, set forth in the Note; or

(b) Debtor fails to comply with or to perform or observe any other term, obligation, covenant, condition or agreement contained in this Agreement, the Security Agreement, or in any related document; or

(c) Debtor fails to comply with or to perform or observe any term, obligation, covenant, condition or agreement contained in any other agreement between Secured Party and Debtor, whether now existing or hereafter arising, including without limitation the Narwhal's Franchise Agreement; or

(d) Debtor fails to comply with or perform or observe any term, obligation, covenant, condition or agreement contained in any promissory note, agreement, security agreement, deed of trust, mortgage, collateral pledge agreement or other document with any other lender, whether now existing or hereafter arising; or

(e) Any loss, damage, destruction or diminution in value of or to the Collateral or any part thereof or Secured Party in good faith believes, in Secured Party's sole discretion, that any loss, damage, destruction or diminution in value of or to the Collateral or any part thereof may occur; or

(f) Any warranty, representation or statement made or furnished to Secured Party by Debtor in or under the Security Agreement, or this Agreement is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter; or

(g) A material adverse change occurs in Debtor's financial condition or Secured Party believes in good faith that the prospect of payment of the Indebtedness and performance of all obligations under this Agreement, the Security Agreement, and/or any related documents is impaired; or

(h) The commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Debtor or by any governmental agency against any collateral securing the Indebtedness. Notwithstanding the foregoing, it shall not be an Event of Default if the Debtor has a good faith dispute as to the validity or reasonableness of the claim which is the basis of a creditor or forfeiture proceeding, provided that Debtor gives Secured Party notice in writing of such creditor or forfeiture proceeding and defends such claim through the exercise of due diligence and deposits with Secured Party monies, a surety bond or irrevocable standby letter of credit for the benefit of Secured Party with respect to such creditor or forfeiture proceeding in an amount to be determined by Secured Party, in its sole discretion, as being an adequate reserve, bond or letter of credit for the dispute; or

(i) The dissolution or termination of Debtor's existence as a going business, the insolvency of Debtor or the institution by or against Debtor of voluntary or involuntary proceedings in bankruptcy or insolvency under any federal or state law affecting creditors rights, or the making of an assignment for the benefit of Debtor's creditors; or the appointment of a receiver, trustee or custodian for all or substantially all of the assets of Debtor under any bankruptcy or insolvency laws by or against Debtor; or

3. Grant of Security Interest. To secure Debtor's payment of all Indebtedness and the performance by Debtor of all of its obligations arising under or set forth in this Agreement, the Security Agreement, and any related documents, Debtor hereby grants to Secured Party an ongoing and continuing security interest under and pursuant to the Commercial Code in and to all of the Collateral, whether now owned or hereafter acquired and whether now existing or hereafter arising. Debtor hereby appoints Secured Party its attorney in fact for the purpose of filing, and Debtor hereby authenticates and authorizes Secured Party to file, any and all UCC financing statements, continuation statements and amendments that are necessary or desirable to perfect, and continue the perfection of, and amend from time to time the security interest of Secured Party in the Collateral as described in this Agreement. In addition, Debtor agrees to execute any and all financing statements, continuation statements, amendments or other documents that may be necessary or desirable for Secured Party to perfect and continue the perfection of and amend its security interest in and to the Collateral under the Commercial Code.

4. Representations and Warranties. Debtor hereby represents and warrants to Secured Party that:

(a) Debtor has full power and authority to borrow money from Secured Party and to grant to Secured Party the security interest in the Collateral;

(b) Debtor is the sole and absolute owner of the Collateral, free and clear of all liens and encumbrances of every kind and nature, except only the lien and encumbrance in favor of Secured Party hereby granted and created;

(c) All of the tangible Collateral is located in the State of _____;

(d) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i) for the grant by Debtor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by Debtor or (ii) for the perfection of or the exercise by Secured Party of its rights and remedies hereunder; and

(e) Debtor has authority to bind any Related Party to this Agreement.

5. Covenants and Agreements. Debtor hereby covenants and agrees with Secured Party that Debtor will:

Maintain the tangible Collateral in good working order, condition and repair;

Keep the tangible Collateral in its possession and control and will not move the tangible Collateral without first notifying Secured Party in writing at least 10 days prior to such move, provided however, to the extent that the Collateral consists of inventory, said inventory may be sold in the normal course of business and the security interest granted herein shall continue to attach to the proceeds of the sale of said inventory;

From time to time execute and deliver such other instruments or papers and perform such other or further acts as may be necessary or proper to carry out more effectively the purposes of this Agreement, and to continue the perfection of the security interest granted hereby;

Maintain the Collateral free from adverse liens, security interests or encumbrances, except for the security interest granted hereby, and Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

Debtor agrees that notwithstanding anything to the contrary contained in this Agreement, in the Event of a Default, upon written notice to Debtor, Secured Party may be paid directly by ProSource Cooperative, Inc. that portion of Debtor's accrued patronage dividends (or rebates, as the case may be) necessary, in Secured Party's determination, to satisfy the Event of Default. Debtor agrees that Secured Party may be paid directly by ProSource Cooperative, Inc. upon written notice by Secured Party to ProSource Cooperative, Inc. Debtor authorizes Secured Party to provide ProSource Cooperative, Inc. a copy of this Security Agreement to evidence authority of such payment(s). Debtor agrees that to the extent that Secured Party is paid any of Debtor's accrued patronage dividends or rebates from ProSource Cooperative, Inc., ProSource Cooperative, Inc. will be no longer obligated to pay Debtor such accrued patronage dividends or rebates.

~~Debtor will comply with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect ("Laws").~~

6. Insurance. Debtor shall procure and continuously maintain and pay for (a) all-risk insurance against loss of, or damage or destruction to, the Collateral from any cause whatsoever in an amount not less than the full replacement value thereof naming Secured Party as Loss Payee, (b) combined general public liability and property damage insurance with a single limit of not less than $1,000,000.00 per occurrence and not less than $2,000,000 in the aggregate, naming Secured Party as an Additional Insured and (c) Business Income and Extra Expense Insurance for at least 12 months. All such insurance shall be in a form and with companies acceptable to Secured Party, shall provide at least thirty (30) days advance written notice to Secured Party of cancellation, change or modification in any term, condition or amount of protection provided therein. Debtor shall provide Secured Party with an original policy or a certificate evidencing such insurance. If Debtor defaults in providing any required insurance, Secured Party shall have the right, but no obligation, to procure such insurance for the benefit of Secured Party and charge the cost to Debtor.

7. Taxes. All taxes that may be assessed upon or paid by Secured Party with respect to any of the Collateral shall be charged to and paid by Debtor who agrees to indemnify Secured Party against loss by reason of any such taxes. Debtor will make due and timely payment or deposit of all federal, state and local taxes, assessments or contributions required of Debtor by law, and will execute and deliver to Secured Party, on demand, appropriate certificates attesting to the payment or deposit thereof.

8. Safekeeping of Collateral. Secured Party shall not be liable or responsible in any way for the safekeeping of any of the Collateral, or for any loss or damage thereto or for any diminution in the value thereof, or for any act or default of warehousemen or of any carrier, forwarding agency, or other person whomsoever, or for the collection of any proceeds of the Collateral, but the same shall be at Debtor's sole risk at all times.

9. Perfection of Security Interest. Debtor will pay all costs of filing any financing, continuation, amendment and/or termination statements with respect to the security interest created by this Agreement; Secured Party is hereby appointed Debtor's attorney-in-fact to do, at Secured Party's option and at Debtor's expense, all acts and things which Secured Party may deem necessary to perfect and continue perfection of and amend from time to time the security interest created by this Agreement as well as to protect and preserve the Collateral. Debtor shall be responsible for paying for any filing fees or taxes incurred in connection with any such filing, and to the extent so paid by Secured Party Debtor will promptly reimburse Secured Party upon receipt of written notice requesting same.

10. Place of Business Change. Debtor shall give Secured Party at least fifteen (15) days advance written notice of any change of its principal place of business and chief executive office and of the cessation of maintenance of any place of business of Debtor.

11. Collateral Location Change. Debtor shall notify Secured Party in writing at least ten (10) days prior to any change of the location of the Collateral.

12. Rights and Remedies on Default. If an Event of Default occurs under this Agreement, at any time thereafter, Secured Party shall have all the rights and remedies of a secured party under the Commercial Code. In addition, Secured Party may exercise any or all other rights and remedies it may have available at law, in equity or otherwise, including without limitation:

(a) Secured Party may declare the entire Indebtedness, including without limitation, all unpaid accrued interest thereon and any prepayment penalty, which Debtor would be

required to pay, immediately due and payable, without notice of any kind to Debtor;

(b) Secured Party may require Debtor to deliver to Secured Party all or any portion of the Collateral and all documents relating thereto. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party. Secured Party shall also have full power to enter upon the property of Debtor to take possession of and remove the Collateral or any part thereof;

(c) Secured Party shall have full power to sell, lease, transfer, deal with or otherwise dispose of the Collateral and/or proceeds thereof either in Secured Party's or Debtor's name. Secured Party may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor and any other persons as required by law reasonable notice of the date, time and place of any public sale, or the date and time after which any private sale or any other disposition of the Collateral may take place. However, no notice need be provided to any person who after an Event of Default occurs, enters into an agreement which is authenticated, waiving the right of such person to notification of sale with respect to the Collateral. The requirements of reasonable notice shall be deemed satisfied if such notice is given at least ten (10) days before the date of the sale or disposition. All expenses related to the sale or disposition of the Collateral, including without limitation, the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become part of the Indebtedness secured by this Agreement. All expenses related to the sale or disposition of the Collateral shall be payable on demand, with interest at the rate of interest charged on the Note from the date of expenditure until repaid in full.

(d) Secured Party shall have the right to have a receiver, custodian or trustee appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral prior to any foreclosure or sale and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver, custodian or trustee may serve without bond if permitted by law. Secured Party's right to the appointment of a receiver, custodian or trustee shall exist, regardless of whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Any employee or agent of Secured Party may serve as a receiver, custodian or trustee.

(e) Secured Party may collect the payments, rents, income and revenue from the Collateral. Secured Party may at any time in Secured Party's sole discretion, transfer any Collateral into the name of Secured Party or the name of Secured Party's nominee and receive the payments, rents, income and revenue therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Secured Party may determine. With respect to the accounts, general intangibles, instruments, chattel paper, choses in action and similar property, Secured Party may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose or realize on the Collateral as Secured Party may determine, whether or not the Indebtedness secured by the Collateral is then due. Debtor hereby appoints Secured Party as attorney in fact to endorse all notes, checks, drafts, money orders, documents of title, instruments and items pertaining to any payments, rents, income or revenue from the Collateral. Secured Party may also notify account debtors and obligors on any Collateral to make payments directly to Secured Party without notice to Debtor of any kind.

(f) If Secured Party sells any or all of the Collateral, the proceeds of sale shall be applied as follows: (i) first, to all expenses of sale, including without limitation, all expenses of retaking, holding, preparing for disposition, processing, and disposing of the Collateral, and all

attorneys' fees and legal expenses incurred by Secured Party; (ii) second, to the payment and satisfaction of the Indebtedness (including without limitation all outstanding principal thereof and all unpaid accrued interest thereon, together with all expenditures made by Secured Party to preserve and protect the Collateral) to Secured Party secured by this Agreement; and (iii) third to the payment and satisfaction of the obligations secured by any subordinate security interest in or lien on the Collateral if Secured Party receives an authenticated demand from the holder of the subordinate security interest or other lien for the proceeds of sale before Secured Party has completed distribution of the proceeds. Debtor shall be liable for any deficiency balance remaining on the Indebtedness due to Secured Party after applying all amounts received from the sale or disposition of the Collateral in accordance with the terms of this Agreement and by applicable law. Debtor shall be liable for a deficiency even if the sale involves accounts or chattel paper. If there is a surplus remaining after the proceeds of sale have been applied in accordance with the terms of this Agreement and/or by applicable law, Secured Party will refund the surplus to Debtor.

Except as prohibited by applicable law, all of Secured Party's rights and remedies, whether evidenced by this Agreement, the Security Agreement, the Note, the related documents or by any other writing, shall be cumulative and may be exercised singularly or concurrently. The election by Secured Party to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Debtor under this Agreement, after Debtor's failure to perform, shall not affect Secured Party's right to declare a default and exercise its remedies.

13. Waivers. No delay or omission to exercise any right, power, or remedy accruing to Secured Party upon any breach or Event of Default of Debtor under this Agreement or upon the occurrence of an Event of Default shall impair any such right, power, or remedy of Secured Party, nor shall it be construed to be a waiver of any such breach or Event of Default, or acquiescence therein, or of or to any similar breach or Event of Default thereafter occurring; nor shall any waiver of any single breach or Event of Default be deemed a waiver of any other breach or Event of Default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of Secured Party of any Event of Default under this Agreement, or any waiver on the part of Secured Party of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

14. Effect on Other Agreements. Nothing in this Agreement shall in any way limit the effect of the covenants, conditions, terms, promises, and provisions set forth in any other agreements or any other writings executed by Debtor with Secured Party, and each and every condition of this Agreement shall be in addition to all covenants, conditions, terms, promises and provisions in such other agreements and documents.

15. Notices. All notices required or permitted to be given hereunder shall be in writing, and shall be given: (1) by confirmed telecopy (so long as notice is also given on the same date by one of the other notice methods), or (2) by personal delivery, or (3) by nationally recognized overnight delivery service, or (4) by United States Certified Mail, Return Receipt Requested, postage prepaid; at the addresses of the parties stated below, or at such other address as any party hereto entitled to notice may register with the other party by like notice. All notices shall be deemed given and effective on the date sent, or transmitted, or deposited in the U.S. Mail, or delivered to the delivery service, whichever is applicable. However, where applicable, the time period for responding to a notice shall commence from the date of actual receipt thereof. Notices given in behalf of a party by its attorney shall be effective for and in behalf of such party, and shall be binding upon such party.

If to Secured Party, to: Narwhal's Franchising LLC.

101 W. Argonne Dr., Ste #65
St. Louis, MO 63122

Attn: Brandon Holzhueter
Fax: 314-291-0672

With a copy to: Riezman Berger, P.C.

7700 Bonhomme, 7th Floor
Clayton, Missouri 63105
Attn: Robert D. Jacobs, Esq.
Fax: 314-727-6458

If to Debtor, to: _____

_____
_____
_____

16. Miscellaneous.

(a) Relationship of Parties. The parties hereto hereby acknowledge that the sole purpose of this Agreement is to grant Secured Party a security interest in the Collateral described above of Debtor to secure the Indebtedness and performance of all obligations of Debtor secured by this Agreement. The relationship created by this Agreement shall not be construed as an agency, partnership, or joint venture between Debtor and Secured Party.

(b) Entire Agreement; Amendments. This Agreement, together with all exhibits attached hereto, if any, and the Note, Security Agreement, and related documents, shall constitute the entire understanding and agreement between the parties as to the subject matters set forth therein. No amendment or modification to this Agreement shall be effective unless given in writing and signed by the party sought to be charged or bound by such amendment or modification.

(c) Attorney's Fees; Expenses and Court Costs. Debtor agrees to pay upon demand all of Secured Party's costs and expenses, including without limitation Debtor's attorney fees and legal expenses, incurred in connection with the collection or enforcement of this Agreement. Costs and expenses include Secured Party's attorneys' fees and legal expenses, whether or not any lawsuit has been filed, including attorney's fees and legal expenses for any bankruptcy or insolvency proceedings. In addition, Debtor shall be responsible to pay for all court costs and such additional fees as the court may direct.

(d) Governing Law; Survival. The Agreement shall be construed under and in accordance with the laws of the State of Missouri without regard to the laws of conflicts. All representations, warranties and covenants made by Debtor in this Agreement shall survive the execution and delivery of this Agreement and shall be continuing in nature and shall remain in full force and effect until such time as Debtor's Indebtedness shall be paid in full.

(e) Jurisdiction and Venue. Debtor consents to the jurisdiction and venue of any court of general jurisdiction in 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 with respect to this Agreement, the security interest in the

Collateral or the Collateral hereunder.

(f) Authority. Each party hereto hereby covenants, represents and warrants that such party has full authority to enter into and execute this Agreement and carry out its terms and conditions, and that, when executed, this Agreement shall be a valid and binding obligation on such party, enforceable in accordance with its terms.

(g) Successors and Assigns. This Agreement shall be binding on the parties hereto and their successors and assigns.

(h) Severability. If a court of competent jurisdiction finds any term or provision of this Agreement to be invalid or unenforceable, the invalid or unenforceable term or provision shall not be considered a part of this Agreement, and the other terms and provisions shall remain in full force and effect.

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

DEBTOR:	SECURED PARTY:
_____	Narwhal's Franchising LLC.
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

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~~ F

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
Illinois	

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.

-RETAIN 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.

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. Argonne Dr., Suite #65, St. Louis, Missouri 63122, (636)346-7038.

ISSUANCE DATE: ~~April 29, 2024~~_____, 2025

I have received a Franchise Disclosure Document dated ~~April 29, 2024~~_____, 2025, which included the following exhibits:

Exhibit A:	List of Franchisees
Exhibit B:	Financial Statements- Audited Financial Statements as of December 31, ~~2023, and for the year ended December 31, 2022; 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.~~2024, Audited Financial Statements as of December 31, 2023 and Audited Financial Statements as of December 31, 2022
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 Loan Agreement, Promissory Note, Security Agreement, Release~~,~~ and Second Addendum
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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ISSUANCE DATE: ~~April 29, 2024~~ _____, 2025

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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)