FRANCHISE DISCLOSURE DOCUMENT
Skrimp Shack LLC
a Virginia limited liability company
201A Dexter Street, Suite 103
Chesapeake, Virginia 23324
Phone: 757-452-3101
www.theskrimpshack.com
theskrimpshack@gmail.com

The franchise offered is for a restaurant operating under the names "Skrimp Shack" offering shrimp, fish, chicken and other food items and beverages that we approve for dine-in or take-out, and operates using the franchisor's proprietary recipes, formulae, techniques, trade dress, trademarks and logos.

The total investment necessary to begin operation of a Skrimp Shack Restaurant franchise is $280,981 to $614,361. This includes $40,000 that must be paid to the franchisor and/or its affiliate, as appropriate.

The total investment necessary to begin operation of a Skrimp Shack Restaurant multi-unit franchise is $295,981 to $624,361 with a minimum of two Skrimp Shack Restaurants to be developed. This includes $55,000 that must be paid to the franchisor and/or its affiliate, as appropriate.

If you enter into a Development Agreement to develop at least three Restaurants, when you sign the Development Agreement you will pay a development fee equal to 100% of the initial franchise fee for the first Restaurant to be developed, plus 50% of the reduced initial franchise fee for each additional Restaurant to be developed under the Development Agreement. The total investment under a Development Agreement will vary depending on the number of Restaurants to be developed. Franchisees who enter into Development Agreements will be referred to in this Disclosure Document as "Multi-Unit Operators."

We estimate the costs of the opening assistance that must be paid to the franchisor and/or its affiliate, as appropriate, will between $4,200 and $10,000. This amount is not refundable. You must spend between $500 and $2,000 on a grand opening marketing campaign.

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 the 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.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Kevin Harrison at 744 City

Center Blvd., Ste. 400, Newport, Virginia 23606, (757) 879-3279 or by email at franchise@theskrimpshack.com.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, such as 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, DC 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 30, 2022

How to Use this Franchise Disclosure Document

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

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

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 and multi-unit operator agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Virginia. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Virginia than in your own state.

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from $ 280,981 to $614,361. This amount exceeds the franchisor's stockholder's equity as of December 31, 2021, which is $(2,019,195.00).

Short Operating History. The 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 in a system with a longer operating history.

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 has no **ownership interest in the franchise. This guarantee will place both your and your spouse's** marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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<u>EXHIBITS</u>

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

The Franchisor

Skrimp Shack LLC (referred to in this Disclosure Document as "Skrimp Shack," "we," "us," or "our" and where the context requires also includes our affiliates) was formed as a Virginia limited liability company on June 8, 2011. Our principal place of business is 201A Dexter Street, Suite 103, Chesapeake, Virginia 23324, and we do business under our corporate name and the Marks as described below. In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as "you," "your," or "franchisee," which includes all franchise owners and partners, if you are a corporation, partnership or other entity.

We do not directly own or operate any businesses of the type being franchised. We have not offered franchises in any other line of business and we do not engage in any other business activity. We began offering franchises in April 2015. From 2011 through 2014, we operated a restaurant which we called "Skrimp Shack" that was a predecessor to the System.

Our agents for service of process are listed in Exhibit H.

Our Parents, Predecessors and Affiliates

We have no parents or predecessors. We have six affiliates. Our first affiliate is Catch Five Six LLC ("CFS"), formed on January 25, 2019 and located at our headquarters. CFS operates a restaurant of the type being franchised in this Disclosure Document located in Charlottesville, Virginia. CFS does not offer franchises in this or any other type of business.

Our second affiliate is 5 Talents Franchise Services, LLC, a Virginia limited liability company formed on April 10, 2020 with a principal address of 201 Dexter Street West, Suite 100, Chesapeake, VA 23324. 5 Talents Franchise Services, LLC operates a business that provides optional management consulting services to Franchisees. 5 Talents Franchise Services, LLC has never offered franchises in this or any other line of business.

Our third affiliate is Skrimp Shack Mallory, LLC, a Virginia limited liability company formed on November 30, 2020 with a principal address of 201 Dexter Street West, Suite 100, Chesapeake, VA 23324. SSM operates a restaurant of the type being franchised in this Disclosure Document located in Hampton, Virginia. SSM does not offer franchises in this or any other type of business.

Our fourth affiliate is Skrimp Shack Harrisonburg, LLC, a Virginia limited liability company formed on November 30, 2020 with a principal address of 201 Dexter Street West, Suite 100, Chesapeake, VA 23324. SSH operates a restaurant of the type being franchised in this Disclosure Document located in Harrisonburg, Virginia. SSH does not offer franchises in this or any other type of business.

Our fifth affiliate is Fish485, LLC, a Virginia limited liability company formed on January 27, 2020 with a principal address of 201 Dexter Street West, Suite 100, Chesapeake, VA 23324. Fish485 operates a restaurant of the type being franchised in this Disclosure Document located in Charlotte, North Carolina. Fish485 does not offer franchises in this or any other type of business.

Our sixth affiliate is Fish485-2, LLC, a Virginia limited liability company formed on January 28, 2020 with a principal address of 201 Dexter Street West, Suite 100, Chesapeake, VA 23324. Fish485-2 operates a restaurant of the type being franchised in this Disclosure Document located in Charlotte, North Carolina. Fish485-2 does not offer franchises in this or any other type of business.

Description of Franchise

We offer franchises for the right to establish and operate a full-service restaurant offering shrimp, fish, chicken and other food items and beverages that we approve for dine-in or take-out ("Restaurant" or "Franchised Business"). The Restaurants operate under the trade name and mark "Skrimp Shack" and the additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin identified in Item 13. These principal marks and all other marks which may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the "Marks" or "Proprietary Marks". We own the Proprietary Marks, and we may sublicense them to our franchisees as described in Item 13.

Restaurants are operated under the Marks and the System in accordance with the terms of the Franchise Agreement. Restaurants are typically located in strip centers and will need between 1,800 and 2,500 square feet of space. Each Restaurant will offer dine-in and take out services. With our prior written consent only, you may offer catering and delivery services.

The Restaurants are established and operated under a comprehensive and unique system (the "System"). The System includes distinctive signage, interior and exterior design, décor and color scheme; special recipes and menu items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of purchase and tracking systems); training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion. You may have to make additional investments in the franchised business periodically during the term of the franchise if those kinds of changes are made or if your store's equipment or facilities wear out or become obsolete, or for other reasons (for example, as may be needed to comply with a change in the System standards or code changes). Uniformity of products sold in the Restaurant is important, and you have no discretion in the products you sell. Certain aspects of the System are more fully described in this Disclosure Document and the Confidential Operations Manual (the "Manual"), which you should expect to evolve over time, that are provided to you as a franchisee (described in Item 11).

Periodically, franchisees sell existing Restaurants at varying prices and terms. We may also periodically sell existing company-operated Restaurants or existing franchised Restaurants we have bought or taken back from franchisees. We currently own 6 such Restaurants. Many factors affect the sales price and terms for existing Restaurants, such as location, age, length of remaining occupancy and franchise rights, rent, physical condition, operating history, whether the purchase price is paid in cash or financed over time, the prices and terms on which comparable stores have been sold in the market and the negotiations of the parties.

If you agree to buy an existing Restaurant from a franchisee, we may exercise our right of first refusal. If we do not, then you and the seller must comply with the transfer provisions of the seller's franchise agreement, such as obtaining our approval of the terms of sale and of your qualifications to be a franchisee, correcting any defects in the condition of the Restaurant, paying a transfer fee, signing a new franchise agreement, and other conditions in the franchise agreement. You may also have to comply with transfer provisions of the seller's lease.

If you enter into a Development Agreement to operate multiple Restaurants, you may not achieve potential economies of scale until you have a number of Restaurants operating in the Development Area. You should have sufficient working capital to cover potential operating losses and development costs which may be incurred until the additional Restaurants have been approved, and become operational.

We may pursue opportunities to convert similar businesses operating under different trade names to the System. We may provide conversion incentives to those businesses. The terms of conversion incentives vary depending on factors such as the number of outlets to convert, perceived competitive advantage of the outlets, their location, physical condition and age, length of remaining occupancy and franchise rights, rent, the outlets' production or satellite capability, access, visibility, demographic profile, hours of operation, operating history, the prices and terms on which comparable outlets have been sold in the market, our then current conversion policy, the negotiations of the parties, among others. Information on past conversion incentives is available from us upon request, if applicable.

Franchise Agreement

We offer the right to establish and operate a Restaurant under the terms of a single-unit franchise agreement within a specific Territory (the “Franchise Agreement”). Our current form of Franchise Agreement is Exhibit A to this Disclosure Document. You may be an individual, corporation, partnership or other form of legal entity. Under the Franchise Agreement, certain parties are characterized as Franchisee’s Principals (referred to in this Disclosure Document as “your Principals”). The Franchise Agreement is signed by us, by you, and by those of your Principals whom we designate as Controlling Principals. In most instances, we will designate your principal equity owners, executive officers, and certain affiliated entities as “Controlling Principals.” By signing the Franchise Agreement, your Controlling Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement (see Item 15). Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals, General Managers, and any other persons with authority, as designated by us in our sole discretion, to sign additional confidentiality and non-competition agreements.

You must designate a general manager who will be the main individual responsible for your business (the “General Manager”). If you are an individual, we recommend, but do not require, that you be the General Manager. Your General Manager does not have to own an equity interest in you or the Franchised Business. The General Manager must sign covenants to maintain the confidentiality of information he or she learns while employed as your General Manager, and your General Manager must sign non-competition covenants.

You must also designate one of your Principals as an operating principal for your Restaurant who must have at least a 10% ownership interest in you (if you are an entity) (the “Operating Principal”). Your Operating Principal will be our primary point of contact for matters related to your Restaurant, and we will rely on your Operating Principal to make decisions affecting your Restaurant. Your Operating Principal must sign covenants to maintain the confidentiality of information he or she learns, as well as non-competition covenants.

Development Agreement

In certain circumstances, we will offer the right to enter into a development agreement in the form attached as Exhibit B to this Disclosure Document (the “Development Agreement”) to develop multiple Restaurants to be located within a specifically described geographic territory (the “Development Area”). We will determine the Development Area before you sign the Development Agreement and it will be included in the Development Agreement. You must establish a minimum of three Restaurants within the Development Area according to a minimum performance schedule, and you must sign a separate Franchise Agreement for each Restaurant established under the Development Agreement. The Franchise Agreement for the first Restaurant developed under the Development Agreement will be in the form attached as Exhibit A to this Disclosure Document, and we expect that you will sign the first Franchise Agreement at the same time you sign the Development Agreement. For each additional Restaurant developed under the Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees. The size of the Development Area will vary depending upon local market conditions and the number of Restaurants to be developed (see Item 12).

Market and Competition

The market for restaurants in general is well-developed and intensely competitive. You will serve the general public and will compete with a variety of businesses, including locally owned to regional, national and chain restaurants, some of which may be franchise systems. We may establish other Restaurants in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell products in your area. Also, we may sell products through the Internet, toll-free telephone numbers, catalogs, or other similar means of distribution to customers at any location, which may be located in your area. See Items 12 and 16 for a description of your permitted activities and your rights, and our permitted and restricted activities and rights.

Restaurants compete on the basis of factors such as price, service, store location, and food quality. Additionally, you may find that there is competition for suitable store locations. Principal factors that will vary but that will impact our brand’s competitive position are name recognition (which is stronger in some regions than in others), product quality, variety, store appearance, location, and advertising. A business such as a Restaurant may also be affected by other factors, such as changes in consumer taste, economic conditions, population, and travel patterns.

Industry Regulations

The restaurant industry is heavily regulated. A wide variety of federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Restaurant, and may include those which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Restaurant’s premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; availability of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) regulate advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. It is important to note that food safety inspections may be required and performed by various governmental organizations with different names in different jurisdictions, including, without limitation, Departments of Agriculture and Departments of Health. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Restaurant and you should consider both their effect and costs of compliance.

Many of the laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, federal wage and hour laws and the Occupational Safety and Health Act, also apply to restaurants. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and restaurant sanitary conditions. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

Government contractor laws may also apply if your Restaurant is located (or if, subject to your Franchise Agreement, you sell products) at military bases or other government facilities. For example, you may be required to comply with requirements such as government contractors' wage and hour restrictions, preparation and maintenance of written affirmative action plans, retention and access of records, special procedures for resolving contractual disputes, listing employment openings with state employment services, and termination of the contract for default or for the convenience of the government. You should carefully review these requirements with your own attorney before entering into any government contracts or deciding to locate a Restaurant at a military base or other government facility.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Restaurant, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Restaurant. You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments.

You may offer alcoholic beverages for sale at your Restaurant, unless we in our sole discretion do not permit you to operate a Restaurant that offers alcoholic beverages or if the offer of alcoholic beverages is not permitted by local law. If alcoholic beverages are approved to be sold at your Restaurant, then you must comply with any federal, state, county, municipal or other local laws and regulations relating to alcoholic beverages that may apply to your Restaurant. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Restaurant. You must obtain any applicable real estate permits (such as zoning), real estate licenses, liquor licenses and operational licenses.

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required. The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA.

Each of your managers and other employees we designate must be ServSafe (or similar) certified. Certain managers and other employees we designate (including bartenders) must also complete alcohol awareness or TIPS training.

ITEM 2
<u>BUSINESS EXPERIENCE</u>

Chairman – Glenn Heard. Since January 2020, Mr. Heard has been our owner and the owner of our affiliate, Catch Five Six LLC. Since November 2020, Mr. Heard has been the owner of Skrimp Shack, Mallory, LLC and Skrimp Shack Harrisonburg, LLC. Since January 2020 Mr. Heard has been the Managing Member of Fish485, LLC and Fish485-2, LLC. Since December 2019, he has been President of Heard Events, Inc. located in Chesapeake, Virginia. From May 2007 to December 2019, Mr. Heard was Managing Member of HMDT LLC located in Chesapeake, Virginia.

CEO - Kevin Harrison. Since December 31, 2020 Mr. Harrison has been an owner and our CEO. Beginning August 1989, Mr. Harrison was a franchisee with Chick-fil-A retiring in 2020 after operating multiple locations. Mr. Harrison is Managing Member of Uncommon Influence, LLC and a partner in Point 2 Running Company, LLC and Flat-Out Events, LLC.

President - Chaz Crenshaw. Since December 31, 2020 Mr. Crenshaw has been and owner and our President. Since 2006 Mr. Crenshaw has been the President of Summit Construction and Environmental Services, LLC. He is also the President of Delivering Hope Human Services, Inc.

ITEM 3
LITIGATION

Commonwealth of Virginia *ex rel.* State Corporation Commission v. Skrimp Shack, LLC and Stacey Lynn Arena, Case No. SEC-2016-00042. On December 27, 2016, Skrimp Shack LLC and Stacey Lynn Arena (Mrs. Hartman) entered into a Settlement Order with the Commonwealth of Virginia State Corporation Commission (the “Commission”) related to certain allegations made by the Commission’s Divisions of Securities and Retail Franchising (the “Division”) that Skrimp Shack LLC and Mrs. Hartman violated the Virginia Retail Franchising Act, Va. Code §§ 13.1-557 *et seq.* (the “Virginia Act”), by selling or offering to sell six franchises in Virginia before registering under the provisions of the Virginia Act (Skrimp Shack LLC and Mrs. Hartman entered into a mutual termination agreement with one alleged franchisee and returned the initial fee paid by the alleged franchisee), and by failing to provide franchisees with the franchise agreement and disclosure document as required by rule or order of the Commission. Pursuant to the Settlement Order, Skrimp Shack LLC and Mrs. Hartman agreed to pay to the Treasurer of Virginia $12,000 in monetary penalties and $3,500 to defray costs of investigation, make an offer of rescission to the five remaining Virginia alleged franchisees, provide all franchisees as of the date of the Settlement Order, and all prior franchisees, a copy of the Settlement Order, and not violate the Act in the future. On August 25, 2017, the Commission entered a Final Order in recognition of Skrimp Shack LLC’s and Mrs. Hartman’s fulfillment of the requirements of the Settlement Order dismissing the action. Neither Skrimp Shack LLC nor Mrs. Hartman admit the Division’s allegations.

Commonwealth of Virginia *ex rel.* State Corporation Commission v. Skrimp Shack, LLC and Stacey Hartman a/k/a Stacey Lynn Arena, Case No. SEC-2020-00013. On March 13, 2020 Skrimp Shack LLC and Stacey Hartman entered into a Settlement Order with the Commonwealth of Virginia State Corporation Commission (the “Commission”) related to certain allegations made by the Commission’s Divisions of Securities and Retail Franchising (the “Division”) that Skrimp Shack LLC and Mrs. Hartman violated the Virginia Retail Franchising Act, Va. Code §§ 13.1-563 (2) by making untrue statements of a material fact or omitting to state a material fact necessary in order to avoid misleading the offeree when Skrimp Shack provided financial statements of existing Skrimp Shack outlets to at least four (4) prospective Virginia franchisees in connection with the sale of seven (7) Skrimp Shack franchises. Skrimp Shack’s Franchise Disclosure Documents on file with the Division from May 2017 to March 2019 did not provided financial performance representations to prospective franchisees. Pursuant to the Settlement Order, Skrimp Shack LLC and Mrs. Hartman agreed to pay to the Treasurer of Virginia $20,000 in monetary penalties and

$5,000 to defray costs of investigation, provide a copy of this Order to the four Virginia alleged franchisees, and not violate the Act in the future.

Other than these actions, 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

Franchise Agreement: You must pay us an initial franchise fee of $40,000 for the right to establish a single Restaurant under a Franchise Agreement. You must pay the initial franchise fee in full when you sign the Franchise Agreement. This fee is used in part for working capital and in part for profit. The initial franchise fee is fully earned by us and is not refundable under any circumstances.

Opening Assistance: We will provide a team of up to four of our representatives to provide up to two weeks of opening assistance and training around the opening of your Restaurant. You must pay for the costs of this training for two of our trainers, including travel, lodging, meals, wages, our per diem fee, and any additional out-of-pocket expenses incurred, and we will pay for the costs of the remaining trainers. We estimate the costs of the opening assistance you must pay for will be between $4,200 and $10,000. This amount is not refundable.

Grand Opening Marketing: You must spend between $500 and $2,000 on a grand opening marketing campaign. At our request, you must give $2,000 to us and we will conduct the grand opening marketing campaign on your behalf. If we require you to pay this money to us, it is not refundable.

Development Agreement: If you qualify to develop and operate multiple Restaurants and enter into a Development Agreement, the franchise fee for your second restaurant is $30,000 and any additional restaurants (third or greater) shall be $20,000. At the time you qualify to develop and operate multiple Restaurants, you must pay to us a development fee equal to 100% of the initial franchise fee for the first Restaurant to be developed, plus 50% of the reduced initial franchise fee for each additional Restaurant you commit to develop under the Development Agreement. For example, if you commit to develop two Restaurants, the development fee is calculated as $40,000 + (1/2 of $30,000=$15,000) + (½ of $20,000=$10,000) = $65,000. The development fee is fully earned by us when received and is not refundable. The reduced initial franchise fee for additional franchises is only offered to Multi-Unit Operators under the Development Agreement.

When you sign the Franchise Agreement for the first Restaurant to be developed, which we expect will be signed at the same time the Development Agreement is signed, we will apply a portion of the development fee to pay the initial franchise fee for the first Restaurant in full. For each additional Restaurant you will develop under the Development Agreement, we will apply a pro rata portion of the development fee toward the initial franchise fee for that Restaurant and the balance of the initial franchise fee, is payable in a lump sum when you sign the Franchise Agreement for that Restaurant or when you sign the lease for that Restaurant, whichever occurs first.

We reserve the right to modify the development fees or the initial franchise fee or offer incentives to a specific franchisee under certain circumstances, which may include, for example, where the franchisee proposes to develop a Restaurant at unique sites or in a new market or where the franchisee agrees to an aggressive development schedule.

Celebrity Program: We may offer certain celebrities a discount on their initial franchise fee in exchange for certain promotional considerations.

Referral Incentives and Fees: We may provide referral incentives to existing franchisees, employees, real estate professionals, franchise brokers and others for qualified referrals of prospective franchisees. We may, from time to time, pay membership fees to public, quasi-public and private services who refer potential franchisees from identified groups (such as veterans or military personnel planning to leave the service).

ITEM 6
OTHER FEES

Fees[1]	Amount	Due Date	Remarks
Royalty Fee	In the first year of operation, 6% of Gross Sales. In each year of operation after the first year, 5% of Gross Sales.	Payable on a monthly basis between the first and fifteenth of each month.	Calculated based on Gross Sales for the previous month. See note (2).
Brand Development Fee	Up to 1% of Gross Sales	Payable together with the Royalty Fee.	Calculated based on Gross Sales for the previous month. See notes (2) and (3).
Local Marketing	At least 1% of Gross Sales	Must be spent monthly.	See note (4) and note (5).
Cooperative Marketing	As determined by the members of a Cooperative.	As determined by the members of a Cooperative.	See note (5).
Social Media fee	$100 per month	When invoiced	Payable to social media consultant to handle all social media for the Franchised Business. See note (8).
Initial Training (For New or Replacement Employees)	Our then-current per person training fee, plus expenses.	Before training.	The cost to train up to three people is included in the initial franchise fee. If you request that we provide our initial training program to any additional employees, or to new or replacement employees during the term of your

	Current per person training fee = $2,000.		Franchise Agreement, you must pay our training fee as well as the trainees’ expenses, including travel, lodging, meals and wages.
Additional On-Site Training	Our then-current per diem rate per trainer, plus expenses. Current per diem rate = $350.	When billed.	If you request that we provide additional training at your Restaurant, or if we determine that additional training is necessary, you must pay our daily fee for each trainer we send to your Restaurant, and you must reimburse each trainer’s expenses, including travel, lodging and meals
Relocation Fee	30% of our then-current initial franchise fee.	Upon approval of your relocation request.	If you wish to relocate your Restaurant.
Insufficient Funds Fee	$100.	On demand, if incurred.	Payable if there are insufficient funds in your account to pay fees due to us. If you incur three insufficient funds fees in any 12-month period, we have the right to terminate your Franchise Agreement.
Interest	18% per annum or the highest interest rate allowed by applicable law, whichever is less.	On demand.	Interest may be charged on all overdue amounts. Interest accrues from the original due date until payment is received in full.
Late Fee	$250 per incident	Upon your receipt of our late fee notice.	Payable to us on any overdue or past due amounts of any fees or charges.

Audit Fee	Cost of audit (estimated to be between $1,000 and $5,000).	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us or Gross Sales by 2% or more. You must also pay the understated amount plus interest.
Prohibited Product or Service Fine	$250 per day of use of unauthorized products or services.	If incurred.	In addition to other remedies available to us.
Transfer Fee (Franchise Agreement)	60% of our then-current initial franchise fee, if the transfer is to a new franchisee for the System. 40% of our then-current initial franchise fee if the transfer is to an existing franchisee in the System.	Upon completion of the transfer.	No fee charged for a one-time transfer from individual(s) to a corporate entity formed for convenience of ownership of the Franchised Business.
Transfer Fee (Development Agreement)	$20,000.	Upon completion of the transfer.	No fee charged for a one-time transfer from individual(s) to a corporate entity formed for convenience of ownership of the Franchised Businesses.
Renewal Fee	N/A		We do not charge a renewal fee.
Inspection and Testing	Reimbursement of our costs (but not more than $1,000).	On demand.	Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use for your Restaurant (see Item 8). Also payable if we determine that your Restaurant is offering items that do not conform to our specifications.
Liquidated Damages			See note (6)

Costs and Attorneys' Fees	Will vary under circumstances.	On demand.	If you default under your Franchise Agreement or Development Agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement.
Indemnification	Will vary under circumstances.	On demand.	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business or for costs associated with defending claims that you used the Marks in an unauthorized manner.
Repair, Maintenance, and Remodeling/ Redecorating	Will vary under circumstances.	As incurred.	Payable to approved suppliers. You must regularly clean and maintain your Restaurant and its equipment. We may require you to remodel or redecorate your Restaurant to meet our then-current image for all Restaurants. We will not require you to remodel or redecorate your Restaurant more frequently than every five years
Gift Cards / Loyalty Cards			See note (7).
ServSafe / TIPS (or similar) Certification	$150 per person or the then-current market rate.	As needed.	Each of your managers and other employees we designate must be ServSafe and/or TIPS or similarly certified. Payable to an approved supplier.
Insurance Premiums	Reimbursement of our costs, plus 10% administrative fee.	On demand.	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf.

Management Fee	10% of Gross Sales, plus expenses.	If incurred	We may step in and manage your Restaurant in certain circumstances, such as death, disability or prolonged absence. We will charge a management fee if we manage your Restaurant, and you must reimburse our expenses. See note (2) for definition of Gross Sales.
Point of Sale System Maintenance	$479	Payable monthly	Payable to approved supplier as updates are needed. We reserve the right to change the POS system at any time at your expense.
Quality Assurance Audits	To be determined.	To be determined	We reserve the right to contract with a quality assurance auditing company to inspect your Restaurant to make sure you are operating according to our specifications. May be payable to us as a reimbursement or directly to the approved supplier.
Health and Safety Inspection	$50-$300.	As incurred.	We may designate a third party to conduct health and safety inspections at your Restaurant. Payable to the approved supplier.

Notes:

1. All fees described in this Item 6 payable to us are non-refundable. We have no control over the refundability of any fees paid to approved suppliers or other third parties. Except as otherwise indicated in this chart, we impose all fees and expenses listed and you must pay them to us. Except as specifically stated above, the amounts given may change due to changes in market conditions, our cost of providing services and future policy changes. As of the date of this Disclosure Document we have no intention to increase payments over which we have control.

2. "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Restaurant, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point of sale system and any cash shortage will not be considered in the determination. Gross

Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments.

The Royalty Fee and Brand Development Fee will be payable between the 1st and the 15th of each month based on the Restaurant's Gross Sales for the preceding month. Amounts due will be transferred to the appropriate account or check paid to Skrimp Shack LLC, 201A Dexter Street, Suite 103, Chesapeake, Virginia 23324. If you do not report the Restaurant's Gross Sales, we may debit your account for 120% of the last Royalty Fee and Brand Development Fee that we debited. If the fees we debit are less than the fees you actually owe us, once we have been able to determine the true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the fees we debit are greater than the fees you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week. Upon written notice to you, you may be required to pay fees to us by electronic funds transfer, at our sole discretion.

If any state imposes a sales or other tax on the Royalty Fees, then you shall be solely responsible for the payment of any such taxes; provided, however, that we have the right to collect this tax from you if such taxes are not timely paid.

If a state or local law applicable to your Restaurant prohibits or restricts in any way your ability to pay Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Restaurant, then the percentage rate for calculating Royalty Fees shall be increased, and the definition of Gross Sales shall be changed to exclude sales of alcoholic beverages, so that the Royalty Fees to be paid by you shall be equal to the amounts you would have had to pay if sales from alcoholic beverages were included in Gross Sales. For example, if you generated $1,000 in Gross Sales, of which $200 is from the sale of alcoholic beverages, then your Royalty Fee is $70 (7% x $1,000) during your first year, or $60 (6% x $1,000) after your first year. If you are not permitted by law to pay Royalty Fees on the sale of alcoholic beverages, then we must recalculate your royalty percentage so that you still pay the full Royalty Fee. In our example, we must deduct $200 from the Gross Sales and raise your royalty percentage to 8.75% during your first year (7.5% after your first year) so that we may collect the same $70 Royalty Fee during your first year ($1,000 - $200 = $800 x 8.75% = $70. After your first year, the Royalty Fee in our example would be $60 (calculated as $1,000 - $200 = $800 x 7.5% = $60).

3. The Brand Development Fee is contributed to the Brand Development Fund, established and administered by us on behalf of the System to provide national or regional creative materials for the benefit of the System (see Item 11).

4. Subject to any allocation of your expenditures to a Cooperative (see note (5), you must spend each month an amount equal to 1% of Gross Sales on marketing and promotion of your Restaurant in your Territory. This Local Marketing spend may be met by giving away free products at your Restaurant as part of a grand opening or periodic marketing events.

5. Cooperatives, if established, will include all Restaurants in a designated geographic area, whether owned by us, our affiliates or our franchisees. Each Restaurant has one vote in the Cooperative. No Cooperatives have been established as of the date of this Disclosure Document. Any amounts required to be contributed to a Cooperative, as established by the members of the Cooperative, will be counted toward the required local marketing expenditure (though the 1% local marketing requirement does not serve as a limit to the amount Cooperatives may require their members to contribute). See Item 11.

6. If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

7. We have established a gift card program and/or a loyalty card program, and you must participate in our gift card and loyalty card programs as required by us.

8. Social Media fee/consultant is optional and not required.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

The table below includes cost ranges according to a restaurant that is constructed and equipped to make shrimp, fish, chicken and other food products. If we approve, in our sole discretion, of (i) a restaurant that is not constructed or equipped to make shrimp, fish, chicken and other food products or (ii) alternative points of distribution (including non-traditional outlets such as carts, kiosks, or stadium opportunities), then, in each case, the initial investments outlined below may vary.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee(1)	$40,000	Lump Sum	When Franchise Agreement Signed	Us
Rent – 3 Months(2)	$5,400 to $18,000	As arranged	As arranged	Landlord
Security Deposits(3)	$1,800 to $8,000	As arranged	As arranged	Landlord, Utility Companies
Leasehold Improvements(4)	$110,000 to $350,000	As arranged	As arranged	Contractor
Signage(5)	$4,000 to $12,000	As arranged	As arranged	Suppliers
Furniture and Fixtures(6)	$5,000	As arranged	As arranged	Suppliers
Equipment(7)	$65,000 to $85,000	As arranged	As arranged	Suppliers
Point of Sale System – 3 months(8)	$11,781	As arranged	As arranged	Suppliers
Business Licenses and Permits(9)	$1,000	As arranged	As arranged	Government Agencies

Professional Fees[10]	$1,000 to $2,000	As arranged	As arranged	Attorney, Accountant
Architectural/ Design Fees[11]	$0 to $19,000	As arranged	As arranged	Architect, Engineer, Designer
Insurance – 1 Year[12]	$1,200 to $2,000	As arranged	As arranged	Insurance Companies
Inventory[13]	$10,000	As arranged	As arranged	Suppliers
Uniforms[14]	$800 to $1,000	As arranged	As arranged	Suppliers
Video Surveillance[15]	$3,500 to $5,000	As arranged	As arranged	Suppliers
Training Expenses[16]	$10,000 to $22,580	As arranged	As arranged	Airline, Hotel, Restaurant, etc. and Us
Grand Opening Marketing[17]	$500 to $2,000	As arranged	As arranged	Suppliers or Us
Additional Funds – 3 Months[18]	$10,000 to $15,000	As arranged	As arranged	Vendors, employees, suppliers, landlords, etc.
Total[19]	**$280,981 to $614,361**			

None of the expenses listed in the above chart payable to us are refundable. We have no control over the refundability of amounts paid to suppliers or other third parties. We do not finance any portion of your initial investment. All of our estimates assume that you will purchase the required items (except our estimate for rent). Your costs may be lower if you choose to lease some items.

Notes:

1. ***Initial Franchise Fee.*** The initial franchise fee is discussed in Item 5.

2. ***Rent; Security Deposits.*** Our estimates assume that you will lease space for your Restaurant. It is preferred that the Restaurants are in a free-standing building, but we may agree otherwise in writing. Although locations vary in size, you will need approximately 1,800 to 2,500 square feet for the Restaurant. Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, your lease may require you to pay common area maintenance charges for your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the Restaurant, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region (for example, rental rates in major cities such as New York, Chicago, Los Angeles, and Washington, D.C. are likely to be higher).

If you choose to purchase real property on which to build your Restaurant, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

3. ***Security Deposits.*** In addition to rent, you may have to pay security and/or utility deposits to your landlord and your local utility companies, such as water, gas and electric.

4. ***Leasehold Improvements.*** The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (including demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location or whether you must use union labor for the build-out of your Restaurant. These figures are our best estimate based on remodeling/finish-out rates in the Newport News, Virginia area. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord or through landlord tenant improvement contributions, and the condition of the space before you take possession of the premises. The low end of our estimate assumes that you have leased space that previously operated as a restaurant and that you will convert to a Restaurant. The high end of our estimate assumes that you have leased a “vanilla box” space and that more improvements are required. Our estimate does not include any tenant improvement allowance that you may negotiate. Upon renewal of the Franchise Agreement, we may require you to make additional leasehold improvements to the Restaurant, such as, without limitation, updating and refreshing equipment, furniture and fixtures used in the Restaurant. These improvements will be in addition to any other obligations required under the Franchise Agreement.

5. ***Signage.*** These amounts represent your cost for interior and exterior signage. Your landlord or your local ordinances may have different restrictions it places on interior and exterior signage which may affect your costs.

6. ***Furniture and Fixtures.*** The furniture and fixtures you will need for your Restaurant include: booths, tables, chairs, artwork, and décor items.

7. ***Equipment.*** The equipment you will need for your Restaurant includes: ovens, refrigerators, walk-in freezers and coolers, commercial toaster, fryers, sinks, prep tables, small wares, ice machine, microwave, and shelving racks. You must obtain all equipment and small wares from our approved vendors.

8. ***Point*** *of* ***Sale System.*** *You* must obtain the point of sale system that we specify. The point of sale system is described in Item 11. You must maintain and update any Point of Sale systems in accordance with the vendor guidelines, instructions, and/or recommendations. Our estimate includes the cost of purchasing and installing the required point of sale system plus three months of maintenance fees.

9. ***Licenses and Permits.*** These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. These figures do not include occupancy and construction permits which are included in the blueprints estimate. The cost of these permits and licenses will vary substantially depending on the location of the Franchised Business. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

We may permit you to offer alcoholic beverages at your Restaurant. Since the availability and expenses of acquiring a liquor license vary substantially from jurisdiction to jurisdiction, you should consult the appropriate governmental authority concerning the availability of the required license and the associated expenses for your Restaurant before you sign a Franchise Agreement. The cost of a liquor license can range from under $2,000 to over $300,000, depending on the location and jurisdiction, but can be even higher in some states. We strongly recommend that you verify the cost and availability of a liquor license in your jurisdiction before signing the Franchise Agreement.

10. Professional Fees. We strongly recommend that you engage an accountant and a franchise attorney to advise you in your evaluation of the franchise we are offering.

11. Architect/Design Fees. These are the estimate of your costs to obtain architectural and design services necessary for the construction of the Restaurant. We must approve of your construction plans before you begin to build out the Restaurant, and we reserve the right to inspect the Restaurant during its build-out to make sure that construction is being done according to the plans we approved and our specifications. We reserve the right to require you to use our designated architect/designer.

12. Insurance. These figures are estimates of the cost of the annual premiums for the insurance you must obtain and maintain for your Restaurant, as described in Item 8. Insurance premiums may be payable monthly, quarterly, semi-annually or annually, based on the insurance company's practices and your creditworthiness.

13. Inventory. These amounts represent your initial inventory of food and beverage supplies, paper products, cleaning materials and supplies.

14. Uniforms. Includes your initial inventory of "Skrimp Shack" branded t-shirts.

15. Video Surveillance. To enable both store and remote view of activities, inclusive of a POS overlay, we may require you to purchase and install a video surveillance camera system that is integrated into your POS System. We may require you to purchase this system from a single, approved vendor.

16. Training Expenses. We provide two forms of initial training. For your Operating Principal, General Manager, and any one other manager you choose, we provide initial training regarding the System, as described in Item 11. With respect to this training, we do not charge a training fee, so these estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. We also provide a team of up to four of our representatives to provide up to two weeks of opening assistance and training around the opening of your Restaurant. You must pay for the costs of this training for two of our trainers, including travel, lodging, meals, wages, our per diem fee, and any additional out-of-pocket expenses incurred, and we will pay for the costs of the remaining trainers. You must also pay for all wages of all of your employees to attend this training. If you request additional days of on-site assistance, you must reimburse our costs for the additional days, including our per diem fee for our representatives and the additional out-of-pocket expenses our representatives incur (Franchise Agreement, Section 6.5). If you are opening your second or later Restaurant, we reserve the right to reduce the size of the team we send to your Restaurant to provide opening assistance and the duration of the team's visit.

17. Grand Opening Marketing. You must conduct a grand opening marketing campaign. We reserve the right to approve all advertisements and promotional materials used in your grand opening marketing campaign, and your campaign must be conducted in the initial 60 days of operation. We may designate a different period for you to conduct the grand opening marketing. Your grand opening marketing campaign must include free giveaways of food samples and other promotions, as we require, and we must approve of your grand opening marketing campaign before it is conducted. At our request, you must give the grand opening marketing money to us and we will conduct the grand opening marketing campaign on your behalf.

18. Additional Funds. You will need capital to support ongoing expenses, such as payroll, utilities, rent, royalty fees and brand development fees, if these costs are not covered by sales revenue for your first three months of operation. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after.

19. Total. We relied upon our experience in operating similar restaurants in Virginia from 2011 through 2020 when preparing these figures, as well as the reported experiences of our franchisees. Your actual costs may vary greatly and will depend on factors such as the size and condition of the space and cost to convert to a Restaurant, your management skill, experience and business acumen; local economic conditions; the local market for the Restaurant's products; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

YOUR ESTIMATED INITIAL INVESTMENT
MULTI-UNIT OPERATOR – DEVELOPMENT OF TWO RESTAURANTS

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee	$55,000	Lump Sum	On signing Development Agreement	Us
Other Expenditures for First Restaurant(2)	$240,981 to $569,361	See First Table	See First Table	See First Table
Total	**$295,981 to $624,361**			

None of the expenses listed in the above chart payable to us are refundable. We have no control over the refundability of amounts paid to suppliers or other third parties. We do not finance any portion of your initial investment.

Notes:

1. Development Fee. This fee is discussed in Item 5. Our estimate assumes you will develop a minimum of two Restaurants. If you choose to develop additional Restaurants, the development fee will increase by $10,000 for each additional Restaurant you commit to develop.

2. Other Expenditures for First Restaurant. These are the estimates to build-out your first Restaurant as described in the preceding table entitled "Your Estimated Initial Investment," less the amount of the Franchise Fee described in that table (because this amount is included in the Development Fee as described in Item 5), and is subject to all of the notes accompanying that table.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment (including point of sales system and communication systems), décor items, signs and related items we require, all of which must conform to the standards and specifications stated in the Manual or otherwise in writing, unless you have first obtained our written consent to do otherwise. You may not install or permit to be installed on the Restaurant premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications. To make sure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards and specifications that we prescribe in the Manual or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies and paper goods that meet our standards and specifications. All menu items must be prepared in accordance with the recipes and procedures specified in the Manual or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items, or differing amounts of any items, without obtaining our written consent first. You must sell and offer for sale only those menu items, products and services that we have expressly approved for sale in writing. You must offer for sale all products and services required by us in the manner and style we require, including dine-in and take-out services. You must stop offering for sale any items, products and services we may disapprove in writing at any time. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in the Manual or otherwise in writing (such as via e-mail) of any changes in our standards and/or specifications.

You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to reimburse our costs for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications.

You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale system and communication systems), and other products used or offered for sale at the Restaurant solely from suppliers that we approve and who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications.

A complete list of our approved products and suppliers will be included in the Manual and is subject to change over time. We will provide you notice in the Manual or otherwise in writing (such as via e-mail) of any changes to the lists of approved products and approved suppliers. Currently neither we nor any of our affiliates are an approved supplier for any items. None of our officers has an ownership interest in any approved supplier.

If you wish to purchase, lease or use any products that we have not previously approved, or purchase or lease from a supplier we have not previously approved, you must submit a written request for approval or you must request the supplier to do so. You must reimburse our costs related to our testing and inspection (not to exceed $1,000). We must approve any supplier in writing before you make any purchases from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. We will notify you in writing within 90 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We are not required to make available to you or to any supplier our criteria for product or supplier approval. We are not obligated to approve any specific product or supplier if we believe that approval of that product or supplier is not in the best interests of the System. We may revoke our prior approval of any product or supplier at any time, and after your receipt of written notice from us regarding our revocation you must stop using that product or stop purchasing from that supplier. We may limit the number of potential suppliers that we consider for approval and for some categories of products we may designate a third party or ourselves as an exclusive supplier. We have exclusive supplier arrangements for some categories of products or services including distribution, fountain and packaged beverage products, point-of-sale equipment, integrated point-of-sale back office, help desk support, and high speed internet access.

If we permit you to provide catering and/or delivery services, any vehicle that you use to deliver Restaurant products and services to customers must meet our standards for appearance and ability to satisfy the requirements imposed on you under the Franchise Agreement, and must be properly licensed/registered and insured. You must place the signs and décor items on the vehicle we require and must at all times keep the vehicle clean and in good working order. You must have each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles. Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you use.

We and/or our affiliates may develop for use in the System certain products which are prepared from confidential proprietary recipes and other proprietary products which bear the Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Therefore, you will use only our proprietary recipes and other proprietary products and will purchase those items solely from us or from a source designated by us for all of your inventory of those products.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives in which you must participate. When determining whether to grant new, additional or renewal franchises, we consider many factors, including your compliance with the requirements described in this Item 8, but your compliance with these requirements does not automatically give you the right to an additional or renewal franchise.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Restaurants in our System. We and/or our affiliates may negotiate supply contracts with our suppliers under which we can purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Restaurants. There are currently two purchasing arrangements for franchisees. One is with PepsiCo, Inc., the second is with Dr. Pepper and these are the only approved soft drink products. Franchisees receive contract pricing with Sysco for seafood. You must purchase your fryers (henny pennys) from Carlisle Foodservice Products, headquartered in Oklahoma City, Oklahoma. We may change this vendor at any time we deem appropriate, but you must purchase fryers from the vendor we require.

We and/or our affiliates may receive payments or other compensation from approved suppliers on account of the suppliers' dealings with us, you, or other Restaurants in the System, such as signing bonuses, rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We receive rebates based on volume purchases of PepsiCo products (1.25 per 5-gallon box). In fiscal year 2021, we received $98,508 in rebates or 34% of our total revenues of $2,857,328.00.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 30% of your costs to establish your Franchised Business and approximately 25% of your costs for ongoing operation.

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Restaurant) and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Manual or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans if we have not prepared or approved them during the 12 months before their proposed use. Any advertising and promotional materials you submit to us for our review will become our property.

You must obtain our acceptance of the site for the Restaurant before you acquire the site. You must also obtain our acceptance of any contract of sale or lease for the Restaurant before you sign the contract or lease. We may require you and your landlord to sign a Collateral Assignment of Lease which permits us to assume your lease in certain circumstances, including the termination or expiration of your Franchise Agreement (Attachment 2 to the Franchise Agreement).

Your Restaurant must be constructed according to plans that we have approved. We will provide you with sample plans and specifications for a Restaurant, and we reserve the right to designate the architect/designer that you must use. You must arrange for construction plans to be created that incorporate our requirements into the size and shape of the approved site for your Restaurant. You may not use the plans or begin building out your Restaurant until we have approved the construction plans, and any changes to the construction plans must also be approved by us before the change may be implemented. Our review is not meant to assess compliance with any applicable laws, regulations or building codes. Our review is only to verify that the construction plans accurately present our trade dress, the Marks and meet our specifications. We reserve the right to inspect your Restaurant while it is being constructed.

Before you open the Restaurant for business, you must obtain the insurance coverage for the Restaurant that is required by the terms of your lease and applicable law, and that we specify in the Manual or otherwise in writing. Your insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible, duly licensed carrier or carriers acceptable to us. All insurance must be on an "occurrence" basis. Currently you must maintain the following insurance: (a) general liability insurance with limits not less than $1,000,000 per occurrence and $2,000,000 aggregate; (b) personal injury insurance with limits of not less than $1,000,000 per occurrence and $2,000,000 aggregate; (c) liquor liability insurance with limits not less than $1,000,000 per occurrence and $2,000,000 aggregate; (d) automobile liability insurance in the amount of $1,000,000 combined single limit and including hired and non-hired vehicles; (e) property damage insurance with coverage at replacement cost; (f) business interruption insurance in an amount to cover expenses for at least 90 days); (g) product liability insurance with limits of not less than $1,000,000 per occurrence and $2,000,000 aggregate; (h) worker's compensation with limits required by applicable state law, but not less than $500,000; (i) any insurance required by the terms of lease (or mortgage) for the Restaurant; and (j) any other insurance we may require in the future.

All insurance policies, except for workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds. Also, all insurance policies required hereunder shall expressly provide that not less than 30 days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies. We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We reserve the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes. If you do not obtain any insurance as required, we have the right (but not the obligation) to purchase insurance on your behalf and you must reimburse our costs related to this purchase plus an administrative fee (see Item 6).

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.

In the table below, the following abbreviations have these meanings: FA means the Franchise Agreement and MUOA means the Development Agreement.

Obligation	Section in Agreement	Disclosure Document Item
Site selection and acquisition/ lease	FA – Section 2 MUOA – Section 3	Items 8 and 11
Pre-opening purchases/leases	FA – Sections 6, 7 and 8	Items 5, 6, 7, 8 and 11
Site development and other pre-opening requirements	FA – Section 2	Items 1, 8 and 11
Initial and ongoing training	FA – Section 6	Items 5, 6 and 11
Opening	FA – Sections 6 and 8	Items 5, 6 and 11
Fees	FA – Sections 4 and 8 MUOA – Sections 2 and 3	Items 5 and 6
Compliance with standards and policies/Manuals	FA – Sections 2, 3, 6, 8, 9, 10, 11 and 12	Items 11 and 14
Trademarks and proprietary information	FA – Sections 9 and 10 and Attachment 4 MUOA – Section 7	Items 11, 13 and 14

Restrictions on products/services offered	FA – Section 7 MUOA – Section 7	Items 8 and 16
Warranty and customer service requirements	FA – Section 7	Item 8
Territorial development and sales quotas	MUOA – Section 3	Item 12
Ongoing product/service purchases	FA – Section 7	Items 6 and 8
. Maintenance, appearance and remodeling requirements	FA – Sections 2, 7 and 14	Items 8 and 11
Insurance	FA – Section 12	Items 7 and 8
Advertising	FA – Section 8	Items 6, 8 and 11
Indemnification	FA – Section 15 MUOA – Section 14	Item 6
q. Owner's participation/ management/staffing	FA – Sections 6 and 14 MUOA – Section 7	Items 1, 11 and 15
Records and Reports	FA – Sections 4, 7 and 11	Item 6
s. Inspections and audits	FA – Sections 2, 7 and 11 MUOA – Section 12	Items 6, 8 and 11
Transfer	FA – Section 14 MUOA – Section 11	Items 6 and 17
Renewal	FA – Section 3 MUOA – Section 5	Items 6 and 17
Post-termination obligations	FA – Section 18 MUOA – Section 10	Items 6 and 17
Non-competition covenants	FA – Sections 10 and 18 and Attachment 4 MUOA – Section 12	Item 17
Dispute Resolution	FA – Section 19 MUOA – Section 19	Items 6 and 17
Liquidated Damages	FA –Section 18	Item 6

ITEM 10
FINANCING

We do not offer, either directly or indirectly, any financing arrangements to you. We do not guarantee your notes, leases or other obligations.

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

Except as listed below, Skrimp Shack LLC is not required to provide you with any assistance.

Pre-Opening Obligations

Development Agreement: Under the Development Agreement, we will provide you with the following assistance:

1. We will grant to you rights to a Development Area within which you will establish and operate an agreed-upon number of Restaurants under separate Franchise Agreements (Development Agreement, Section 1.1).

2. We will review the information regarding potential sites that you provide to us to determine whether the sites meet our standards and criteria for a Restaurant and, if the site meets our criteria, accept the site for a Restaurant (Development Agreement, Section 8.1). We may require you to use a national broker that we have engaged to assist with our franchisees' site location searches.

3. We will provide you with standard specifications and layouts for building and furnishing the Restaurant (Development Agreement, Section 8.2).

4. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications (Development Agreement, Section 8.3).

5. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Operators (Development Agreement, Section 8.4).

Franchise Agreement: Before the opening of a Restaurant we will provide the following assistance and services:

1. Our written site selection guidelines and the site selection assistance we deem advisable, which may include the use of a national brokerage that we have engaged to assist with our franchisees' site location searches (Franchise Agreement, Sections 2.2 and 5.1). We will also designate your Territory (see Item 12).

2. If we deem it necessary, one on-site evaluation of the proposed site for your Restaurant (Franchise Agreement, Section 5.2.).

3. Standard specifications and layouts for building and furnishing the Restaurant, which you will use to have site plans and build-out plans prepared, at your expense (Franchise Agreement, Section 5.3). We reserve the right to require you to use the architect/designer we designate and to inspect your Restaurant during its construction.

4. On loan, our Manual, which we may revise during the term of your Franchise Agreement (Franchise Agreement, Sections 5.4 and 10.1). We may provide all or a portion of the Manual to you electronically, such as via a password-protected website.

5. A list of approved products and suppliers, which we may revise during the term of your Franchise Agreement (Franchise Agreement, Sections 5.9 and 7.4).

6. An initial training program at our headquarters for up to three people, the cost of which is included in the initial franchise fee (Franchise Agreement, Sections 5.10 and 6.5). You are responsible for all travel expenses.

7. A team of up to four of our representatives to provide up to two weeks of opening assistance and training around the opening of your Restaurant. You will be responsible for the costs of such training for two of our trainers, including wages, our per diem fee, and any additional out-of-pocket expenses incurred, and we will be responsible for the costs of the remaining trainers. You will also be responsible for all wages of all of your employees to attend such training. If you request additional days of on-site assistance, you must reimburse our costs for the additional days, including our per diem fee for our representatives and the additional out-of-pocket expenses our representatives incur (Franchise Agreement, Section 6.5). If you are opening your second or later Restaurant, we reserve the right to reduce the size of the team we send to your Restaurant to provide opening assistance and the duration of the team's visit.

8. Site Selection (Franchise Agreement, Sections 2.1, 2.2, 5.1, 5.2, 5.3, and 5.4): You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Restaurant and for constructing and equipping the Restaurant at the accepted site. You will select the site for the Restaurant subject to our acceptance and using our site selection criteria. Before you lease or purchase the site for the Restaurant, you must locate a site that satisfies our site selection guidelines. If we deem it necessary, we will conduct one on-site evaluation, but before we conduct the evaluation you must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site. You must ensure, prior to the opening of the Restaurant, that the restaurant is accessible to and usable by persons with disabilities and meets the Standards for Accessible Design for new construction in the ADA Accessibility Guidelines as may be amended from time to time, or any more stringent accessibility standard under federal, state or local law.

You must submit to us information and materials relating to the proposed site for our review no later than 90 days after you have signed the Franchise Agreement. We will have 60 days after we receive this information and materials from you to accept or decline the proposed site as the location for your Restaurant. If we do not provide our specific acceptance of a proposed site, the site is deemed not accepted. You cannot develop a site until we approve it. We do not warrant or guarantee that your Restaurant will be successful at any site that we accept. Our acceptance only means that the site meets our minimum requirements for a Restaurant, subject to any deviation from our standards as we may permit.

We will provide you with our current written site selection guidelines and any other site selection counseling and assistance we think is advisable. Our criteria for site selection include: location of the site and its setting (free-standing building, shopping center, downtown location, etc.); other tenants in the building; availability of parking; visibility from main roads; availability, size and placement of signage; co-tenants in the shopping center or immediate area; accessibility to the site; condition of the premises and how much build-out or construction it will need; proximity to competitive businesses; and availability of utilities. We will use these and other factors in determining the suitability of your proposed site for a

Restaurant. Once the location for your Restaurant has been determined, your Restaurant may not be relocated without our prior written consent and payment of our relocation fee.

Opening

We estimate that the time from the Franchise Agreement is signed to the opening of the Restaurant will be approximately three to six months. Your total timeframe may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Restaurant, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Restaurant, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Restaurant, including purchasing inventory and supplies. You must open the Restaurant and begin business within nine months after signing the Franchise Agreement or six months after you sign the lease for the accepted location, whichever occurs first. If you are not able to open your Restaurant within this period, we have the right to terminate your Franchise Agreement or, in our discretion, we may extend the period for you to open.

If you are a Multi-Unit Operator, you must sign your first Franchise Agreement at the same time you sign the Development Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your Restaurant is the same as for an individual franchisee.

Continuing Obligations

During the operation of a Restaurant we will provide the following assistance and services: As we reasonably determine necessary, visits to and evaluations of the Restaurant and the products and services provided to make sure that our high standards of quality, appearance and service of the System are maintained (Franchise Agreement, Sections 5.5 and 7.5.6).

1. Marketing and promotional materials for in-store marketing and local marketing for the Restaurant at a reasonable cost to you (Franchise Agreement, Section 5.6).

2. Advice and written materials (including updates to the Manual) concerning techniques of managing and operating the Restaurant, including new developments and improvements in equipment, food products, packaging and preparation (Franchise Agreement, Section 5.7).

3. Training programs and seminars and other related activities regarding the operation of the Restaurant as we may conduct for you or Restaurant personnel generally, which may be mandatory for your Operating Principal, General Manager and other Restaurant personnel (Franchise Agreement, Section 6.5).

4. At your request, additional on-site training or assistance at your Restaurant. You must pay our per diem fee for each trainer providing the training and you must reimburse our expenses (Franchise Agreement, Section 6.5).

5. Administration of the Brand Development Fund (Franchise Agreement, Section 8.3).

6. Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), if you and your Controlling Principals have fully complied with the terms of the Franchise Agreement (Franchise Agreement, Section 9.4).

7. Recommend the maximum prices you may charge for certain menu items, as permitted by applicable law (Franchise Agreement, Section 7.15). You understand that by following our maximum pricing requirements we are not guaranteeing that you will achieve any specific level of sales or profitability.

Advertising Program

Grand Opening Marketing (Franchise Agreement, Section 8.6): You must conduct a marketing campaign announcing the grand opening of your Restaurant, and you must spend between $500 and $2,000 for this campaign. Your grand opening marketing campaign must be conducted in the initial 60 days of operation. We may designate a different period for you to conduct the grand opening marketing. Your grand opening marketing campaign must include giveaways of food samples and other promotions, as we require, and we must approve of your grand opening marketing campaign before it is conducted. At our request, you must give us the money for your grand opening marketing campaign and we will conduct the campaign on your behalf.

Brand Development Fund (Franchise Agreement, Section 4.3, 5.1.2, and 8.3): We reserve the right to establish and administer a Brand Development Fund (the "Brand Development Fund") to advertise the System and the products offered by Restaurants on a regional or national basis. You must contribute to the Brand Development Fund an amount equal to up to 1% of the Restaurant's Gross Sales each month, to be paid in the same manner as the Royalty Fee. During the fiscal year ended December 31, 2021, 100% of the funds expended from the Brand Development Fund were spent on media placement expenses, with no portion of the Band Development Fund being expended on production or administrative expenses or used for any other purpose. No advertising funds have been used to solicit new franchise sales.

The Brand Development Fund is maintained and administered by us or our designee as follows:

1. We direct all advertising programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. Marketing and promotional materials may be developed in-house by us or we may employ one or more advertising agencies to develop these materials. The Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Restaurants operating under the System. We may use monies from the Brand Development Fund to support our website and to conduct social media initiatives. Any Restaurants operated by us or our affiliates will contribute to the Brand Development Fund generally on the same basis as you. In administering the Brand Development Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or make sure that any particular franchisee benefits directly or pro rata from the placement of advertising.

2. The Brand Development Fund may be used to satisfy the costs of maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies; menu and product development; development and maintenance of our website; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. All sums you pay to the Brand Development Fund may be commingled with, but will be accounted for separately from, our general funds. We may reimburse ourselves out of the Brand Development Fund for our reasonable administrative costs and expenses that we may incur in the administration or direction of the Brand Development Fund and advertising programs for

you and the System. The Brand Development Fund and its earnings will not otherwise benefit us. The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fees as outlined above. Any sums paid to the Brand Development Fund that are not spent in the year they are collected will be carried over to the following year. No portion of the Brand Development Fund will be used for advertising that is primarily a solicitation of franchise sales.

3. We will prepare an annual statement of the operations of the Brand Development Fund that will be made available to you if you request it. We are not required to have the Brand Development Fund statements audited.

4. Although the Brand Development Fund is intended to be perpetual, we may terminate the Brand Development Fund at any time. The Brand Development Fund will not be terminated until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Brand Development Fund, we have the option to reinstate it at any time and it will be operated as described above.

5. Money in the Brand Development Fund can be used to produce commercials and ad layout templates that you must adapt for your Restaurant and use in local marketing, at your expense. The Brand Development Fund may also develop new menus and table tents for use by all Restaurants in the System, and we may designate that our approved supplier will automatically ship these items to you, at your expense, when they are to be used.

Local Marketing (Franchise Agreement, Sections 8.2 and 8.5): You must conduct local marketing in your Territory. If your landlord requires you to participate in any marketing or promotion fund, the amounts you pay may be applied towards satisfying your local marketing obligations, if first approved in writing by us. You must spend at least 1% of Gross Sales each month on local marketing for your Restaurant. Within 30 days of our request, you must provide us with proof of your local marketing expenditures, including verification copies of the advertisements.

We must approve all marketing materials before you use them. You must not advertise or use our Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without our express written consent or except as permitted in the paragraph entitled "Website / Intranet" below.

Any marketing that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12-month period must be submitted to us for our review not later than 10 days before you intend to use it. Unless we provide our specific disapproval of the proposed materials, the materials are deemed approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

We reserve the right to require you to include certain language in your local marketing, such as "Franchises Available" and our website address and phone number.

Cooperative Marketing (Franchise Agreement, Sections 5.12 and 8.4): We may designate any geographic area in which two or more Restaurants are located as a region for purposes of establishing a marketing Cooperative, or we may approve of the formation of a Cooperative by our franchisees. The members of the Cooperative for any area will consist of all Restaurants, whether operated by us, our affiliates or our franchisees. We have the right to dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering marketing programs and developing promotional materials for use by the members in local marketing, subject to our approval as described above. If a Cooperative has been established for a geographic area where your Restaurant is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative. If the Cooperative will operate according to written documents, we must approve of these documents, and a copy of the Cooperative documents applicable to the geographic area in which your Restaurant will be located will be provided to you if you request it. You will not have to participate in more than one Cooperative.

The payments you make to a Cooperative may be applied by you toward satisfaction of your local marketing requirement. If the amount you contribute to a Cooperative is less than your local marketing requirement, you must still spend the difference locally. By majority vote of the members, the members will determine the amount that each member must contribute to the Cooperative. All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative, if any. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval. Currently there are no Cooperatives in the System. The Cooperative is not required to prepare an annual financial statement.

As of the date of this Disclosure Document no Cooperatives have been established.

Website/Intranet (Franchise Agreement, Section 8.7): Websites (as defined below) are considered as "advertising" under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communication software, that you operate or authorize others to operate and that refers to the Restaurant, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages.

In connection with any Website, the Franchise Agreement states that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

We shall have the right, but not the obligation, to designate one or more web pages to describe you and/or the Franchised Business, with such webpages to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such webpages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any webpage.

We will have the right to establish a website or other electronic system providing private and secure communications (such as an intranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

We will have the right to create the social and/or networking Websites (*ι.ε.*, Facebook, LinkedIn, Instagram or Twitter) for the Restaurant and to create the social media campaigns for the Restaurant on such social media and/or networking Websites. We will control and have full administrator access to all social media initiatives. You may, however, update the social and/or networking Websites to promote local events, local businesses, or other non-controversial community related topics. Except as otherwise provided in the foregoing sentence, you are strictly prohibited from promoting your Restaurant or using the Marks on any social and/or networking Websites, such as Facebook, LinkedIn, Instagram or Twitter, without our prior written consent.

Advisory Council

We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Restaurants, advertising conducted by the Brand Development Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council.

If formed, an advisory council will be comprised of our representatives and franchisee representatives. The franchisee representatives may be chosen by us or elected by other franchisees in the System. If you participate on an advisory council, you will pay any expenses you incur related to your participation, such as travel and living expenses to attend council meetings.

Computer and Point of Sale Systems (Franchise Agreement, Section 7.5.5)

You must purchase or lease and use certain point of sale systems, computer hardware and software that meet our specifications and that are capable of electronically interfacing with our computer system. The computer system will provide sales tracking information, business reports, labor and scheduling management, order processing and credit card processing. You must maintain and update any Point of Sale systems in accordance with the vendor guidelines, instructions, and/or recommendations, All approved POS systems can record accumulated sales and cannot be turned back or reset and they retain data in the event of power loss.

The computer system is designed to enable us to have immediate access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment and a high-speed telecommunication line (such as T-1, DSL or cable modem) in accordance with our specifications to permit us to access the computer system (or other computer hardware and software) either electronically or at the Restaurant premises. This will permit us to electronically inspect and monitor information concerning your Restaurant's Gross Sales and any other information that may be contained or stored in the equipment and software. You must make sure that we have access at the times and in the manner we specify, at your cost.

Unless we designate a different system, you must purchase the Toast point of sale system and must subscribe to the Toast payout processing provider. The approved supplier for the point of sale system, if we designate one, will be included in the Manual. We expect that the approximate cost of the point of sale system will be $6,000 plus up to $2,140 for installation (depending on options selected). If we approve the purchase of an alternative point of sale system, then you are responsible for purchasing any maintenance contracts relating thereto. You must obtain any upgrades and/or updates to the software used with the point of sale system, at your expense. In addition, we may require you to update and/or upgrade all or a portion of your point of sale system during the term of your Franchise Agreement, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your point of sale system or the cost of any update and/or upgrade. Neither we nor any affiliate of ours is responsible for providing you with any upgrades, updates or maintenance for your point of sale system.

You must obtain and maintain Internet access or other means of electronic communication, as specified by us. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. We must have access at all times and in the manner that we specify.

Confidential Operations Manual

We will provide to you access to a copy of our Manual for each System that you are franchised to operate. Each operations manual contains mandatory and suggested standards, operating procedures and rules prescribed by us for that System. The operations manuals are copyrighted and are not to be reproduced or distributed to any unauthorized person. We can change the terms of, and add to, the Manual whenever we believe it is appropriate. Prior to your purchase of a Franchise, and upon your request, you may have the opportunity to review our operations manual; provided, that you execute a confidentiality agreement prior to any such review, as noted on Exhibit F.

Manager's Workstation (Franchise Agreement, Section 7.5.5)

We require you to have a Manager's Workstation (a computer, monitor, and printer) that meets our minimum standards and can access the Internet. This Workstation may also be used for any other software that you use to manage your business.

Video Surveillance (Franchise Agreement, Section 7.5.5)

To enable both store and remote view of activities, we may require you to purchase and install a video surveillance camera system. We may require you to purchase this system from a single, approved vendor. Each Restaurant must, at a minimum, maintain two weeks of recorded footage on a rolling basis.

Training (Franchise Agreement, Sections 5.10, 6.5, and 6.6)

No later than 30 days before the date the Restaurant begins operation, you or your Operating Principal, General Manager, and any other manager you designate must have completed, to our satisfaction, our initial training program. We will conduct this training at a location that we designate in our sole discretion. Our initial training program lasts for approximately four to six weeks. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement general managers and other personnel needing training, the number of new Restaurants being opened and the timing of the scheduled openings of Restaurants.

We will provide instructors and training materials for these three trainees (the cost of which is included in the initial franchise fee). You will be responsible only for out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages. You may also have additional personnel trained by us for the Restaurant, at your expense. We will determine whether your trainees have satisfactorily completed initial training. If you, your Operating Principal or the General Manager do not satisfactorily complete the initial training program or if we determine that these persons cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to open your Restaurant. If the replacement Operating Principal or General Manager cannot complete the initial training program to our satisfaction, we have the right to terminate your Franchise Agreement.

Any manager subsequently designated by you must also receive and complete the initial training program to our satisfaction, even if this requires sending that manager to our headquarters training program, at your expense. We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor employee if we have not approved you to provide the training. You must also pay for all expenses your managers and other personnel incur for any training program, including costs of travel, lodging, meals and applicable wages. We may approve you to train replacement managers under our training program before permitting you to train your entire staff for a third or later Restaurant opening. You may not train any personnel until we have approved you as a trainer.

For the opening of the Restaurant, we will provide you with a team of up to four trained representatives. The trained representatives will provide on-site pre-opening and opening training, supervision, and assistance to you for up to two weeks around your Restaurant opening. You will be responsible for the costs of such training for two of our trainers, including travel, lodging, meals, wages, our per diem fee, and any additional out-of-pocket expenses incurred, and we will be responsible for the costs of the remaining trainers. If you request that our representatives provide additional days of on-site assistance, you must reimburse the expenses all our representatives incur while providing the additional assistance. If you are opening your second (or later) Restaurant, we reserve the right to reduce the opening assistance provided, including the number of team members providing the assistance and the duration of their visit.

If, during the term of your Franchise Agreement, you request that we provide additional training or assistance on-site at your Restaurant, you must pay our then-current per diem fee for each trainer we provide, and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals.

The instructional materials used in the initial training include our Operations Manual, marketing and promotion materials, materials related to the operation of the point-of-sale system, and any other materials that we believe will be beneficial to our franchisees in the training process.

Attendees at our training facilities are required to execute a participant agreement. Worker's Compensation must be secured and active prior to attending training sessions.

The training schedule and activities of the initial training program are described below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location*
History of Skrimp Shack	1	0	Newport News, VA
Use of the Manual	1	0	Newport News, VA
Tour of the Restaurant	2	0	Newport News, VA
Pre-Opening Procedures	0	1	Newport News, VA
Personnel Issues	10	0	Newport News, VA
Advertising	2	1	Newport News, VA
Management Procedures	10	30	Newport News, VA

Franchise Reporting Requirements	1	10	Newport News, VA
Accounting/Record Keeping	1	20	Newport News, VA
Customer Service Procedures	2	30	Newport News, VA
Front/Back of House – Manager Duties	2	30	Newport News, VA
Back of House – Prep/Cook Procedures	2	40	Newport News, VA
Inventory Management	2	80	Newport News, VA
POS System	4	40	Newport News, VA
Cleaning Procedures	1	25	Newport News, VA
Food and Safety Procedures	2	15	Newport News, VA
Total Hours	43	322	

* We may change the location to a Restaurant close to your facility, with your agreement.

The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is from 1 to 6 years.

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained.

We may choose to hold an annual meeting of our franchisees to provide additional training, introduce new products or changes to the System, or for other reasons. We may designate that attendance at an annual meeting is mandatory for you, your General Manager and/or other Restaurant personnel. We do not anticipate charging a fee to attend the meeting, but you will pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages. We will designate the location of any franchisee meeting, such as a resort hotel, but we will not designate an unreasonably expensive site. We anticipate that attendance at a franchisee meeting will not last longer than three days in any calendar year.

We may also choose to hold refresher training courses, and we may designate that attendance at refresher training is mandatory for you, your Operating Principal, General Manager and/or other Restaurant personnel. We do not anticipate charging a fee for refresher training, but you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages. We anticipate that any refresher or additional training will not last longer than five days in any calendar year.

In addition to our initial training program, you, your managers and any other personnel we designate must be ServSafe and alcohol awareness/TIPS certified or other similar certifications. The cost of these certifications is not included in the initial franchise fee and we do not provide these certifications. You may need to receive periodic additional training and/or certification.

ITEM 12
TERRITORY

Franchise Agreement: Your right to operate a Restaurant pursuant to a Franchise Agreement is limited solely to the location set forth in the Franchise Agreement. Your Franchise Agreement will specify the site that will be the Approved Location for your Restaurant. Your Franchise Agreement may also specify a Territory. The size and scope of the Territory will be contained in the Franchise Agreement and will include a minimum population of 25,000 people. Your Territory will be described on a map to be attached to your Franchise Agreement. The sources we use to obtain population data include the U.S. Census Bureau.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Restaurant in the Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below. There are no circumstances under which the Territory may be altered before your Franchise Agreement expires or is terminated. Your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other factor, other than compliance with the Franchise Agreement.

If any non-traditional site (such as mall food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events) is located within the physical boundaries of your Territory, then the premises of this non-traditional site will not be included in your protected Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

As part of the process of renewing your Franchise Agreement, we reserve the right to re-evaluate your then-existing Territory according to certain demographics, including population. Since your Territory includes a certain minimum population, your Territory under the renewal Franchise Agreement will be modified to accommodate shifts and changes in population. Our intent is to make the target demographics of your renewal Territory similar to the target demographics of your original Territory. A re-evaluation of your Territory may result in your renewal Territory being smaller or larger than your original Territory. We cannot guarantee that you will achieve any particular level of success with the renewal Territory or that your results will be the same as or similar to your results from operating in the original Territory.

If, during the term of the Franchise Agreement, you wish to relocate your Restaurant, or if the Restaurant is damaged or destroyed and cannot be repaired within 30 days, you must submit to us in writing the materials we require to consider your request, including information concerning the proposed new location for the Restaurant. You must also meet certain other requirements, such as being in compliance with the Franchise Agreement, and the location must meet our then-current requirements for a Restaurant and be located within your Territory. If we permit you to relocate you must pay our relocation fee equal to 30% of our then-current initial franchise fee.

You are not permitted to conduct catering or delivery services from your Restaurant without our prior written consent. If we consent to your providing catering and/or delivery services you are restricted to providing catering services to within your Territory, unless we grant you a larger area for these services.

Except as expressly limited by the Franchise Agreement, we and our affiliates retain all rights with respect to Restaurants, the Marks, and any products and services related to the System anywhere in the world including the right: (a) to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside your Territory, and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Restaurants located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Restaurant; and (c) the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in your Territory.

You may sell our menu items to customers who live anywhere but who choose to dine at or from your Restaurant. You may not engage in any promotional activities or sell the proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere without our prior written consent, which we may withhold in our sole discretion. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory, you may not make any sales or deliver any products to customers located outside of your Territory, unless the customer is located in an area where there is not another Restaurant in operation. You may not directly solicit customers outside of your Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell our proprietary products or any other products to any business or other customer at wholesale.

We and our affiliates may sell products under the Marks within and outside your Territory through any method of distribution other than a Restaurant, including sales through channels of distribution such as the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through alternative distribution channels.

We or our affiliates will fulfill all orders placed through the retail portion of our Website, and you will not be entitled to any portion of the profits received from this, even if the customer's order is generated from or delivered in your Territory.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned restaurants which sell our proprietary products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Development Agreement: Under the Development Agreement we grant you the right to develop and operate the number of Restaurants in the Development Area that is specified in the Minimum Performance Schedule, which is an exhibit to the Development Agreement. The Development Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Restaurants in the Development Area for you to meet your Minimum Performance Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria for you to meet the Minimum Performance Schedule.

Except as described below, during the term of the Development Agreement, we and our affiliates will not operate or grant a franchise for the operation of Restaurants to be located within the Development Area. However, we have the right to terminate this exclusivity if you are not in full compliance with all of the terms and conditions of the Development Agreement and all of the Franchise Agreements signed under it. Your territorial rights to the Development Area may or may not, in our discretion, include the right to develop Restaurants at any Non-Traditional Site.

Except as expressly limited by the Development Agreement, we and our affiliates retain all rights with respect to Restaurants, the Marks, and any products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant others the right to produce, offer and sell the Proprietary Products, other products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described above, both within and outside your Development Area, and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Restaurants located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to your Restaurants; (c) to operate and to grant others the right to operate Restaurants at Non-Traditional Sites within and outside the Development Area under any terms and conditions we deem appropriate. If a Non-Traditional Site becomes available within the Development Area during the term of the Development Agreement, we may, in our sole discretion, offer you the opportunity to develop a Restaurant at the Non-Traditional Site. You will have 30 days after we notify you that the site is available to accept this right of first refusal; and (d) the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in your Development Area.

After the final Restaurant under your Minimum Performance Schedule has opened, if we believe that it is desirable to establish additional Restaurants within the Development Area, and if you complied with the terms of your Development Agreement and are in compliance with your Franchise Agreements, we may offer you the right to develop these additional Restaurants. You must exercise this option, in full, within 60 days after our notice to you. If you do not exercise or you decline this right of first refusal, we shall have the right to sell these development rights to another multi-unit operator or to develop the Restaurants ourselves.

To maintain your rights under the Development Agreement you must have open and in operation the cumulative number of Restaurants stated on the Minimum Performance Schedule by the dates agreed upon in the Minimum Performance Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Development Agreement.

In addition, upon the earlier of the expiration of the term of the Development Agreement, which is when the last Restaurant to be developed within the Development Area opens for business, your exclusive rights under the Development Agreement with respect to the Development Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Restaurants within the Development Area. This right will be subject only to the territorial rights under your franchise agreements for Restaurants in the Development Area and the right of first refusal described above. The Development Area may not be altered unless we and you mutually agree to do so. It will not be affected by your sales volume. You are not granted any other option, right of first refusal or similar right to acquire additional Restaurants in your Development Area under the Development Agreement, except as described above.

ITEM 13
TRADEMARKS

Mark	Registration Number	Registration Date
Skrimp Shack	5,220,784	June 13, 2017
	5,569,895	September 25, 2018

We intend to file all affidavits and to renew our registrations for the Marks when they become due.

The Franchise Agreement grants you the right to use certain Marks designated by us. These Marks may be used only in the manner we authorize and only for the operation of your Franchised Business. The Development Agreement does not grant to you any right to use the Marks.

Another Mark we may designate is: the term “Skrimp Shack,” which consists of standard characters without claim to any particular font, style, size or color. We are the owner of this Mark. This Mark has been registered with the Commonwealth of Virginia State Corporation Commission as of November 3, 2015 as File No. 11521. We have filed all required affidavits or other documents required. We have renewed this registration, and the new registration does not expire until November 3, 2025.

We may require you to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System. Until we are able to achieve federal registration of the Marks with the USPTO, we will reimburse your costs related to replacing signage and menus. Once the Marks are federally registered, any modification of the Marks will be at your expense.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You may not use your name in advertising your store (such as “John Smith’s Skrimp Shack”). You may not use our trademarks in connection with the sale of unauthorized product or service or in any manner that we have not authorized, in writing, and in advance. You may only use our trademarks on vehicles if you first obtain our written consent. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above. There are no agreements currently in effect which limit our right to use or to license others to use the Marks. Skrimp Shack LLC intends to file all affidavits and other documents required to maintain its interest in and to the Marks.

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Controlling Principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your Controlling Principals in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

The license to use the Marks granted in the Franchise Agreement is non-exclusive to you. We retain sole ownership of the Marks, and we have and retain certain rights in the Marks including the following:

1.To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees

2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and

3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights: We do not have an ownership interest in any patents or registered copyrights that are material to the franchise.

Confidential Manuals: You must operate the Restaurant in accordance with the standards and procedures specified in the Manual. One copy of the Manual will be loaned to you by us for the term of the Franchise Agreement. We may, instead of providing you with a hard copy of the Manual, make our Manual available electronically via a password protected intranet.

You must treat the Manual and any other manuals we create or approve for use in your operation of the Restaurant, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manual remains our sole property and must be kept in a secure place on the Restaurant premises.

We may revise the contents of the Manual and you must comply with each new or changed standard. You must also ensure that the Manual is kept current at all times. If there is a dispute regarding the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

Confidential Information: We claim proprietary rights in certain of our recipes which are included in the Manual and which are our trade secrets. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, recipes, and the terms of your agreement with us, are considered confidential. You and each of your Controlling Principals are prohibited, during and after the term of your Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of your Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Restaurant that may be communicated to you or any of your Controlling Principals or that you may learn about. You and each of your Controlling Principals may divulge this confidential information only to your employees who must have access to it to operate the Restaurant. Neither you nor your Controlling Principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. You must also promptly tell us when you learn about unauthorized uses, or challenges to our uses, of this confidential information.

If we ask, you must have your Operating Principal, General Manager and any of your personnel who have received or will have access to confidential information sign similar confidentiality covenants. Your Principals also must sign these covenants.

If you, your Controlling Principals, General Manager or employees develop any new concept, process or improvement in the operation or promotion of the Restaurant, you must promptly notify us and give us all necessary information, free of charge. You, your Controlling Principals, General Manager and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

When you sign your agreement, you must designate and retain at all times an individual to serve as the “General Manager.” If you are an individual, we recommend that you be the General Manager. We expect that you will be actively involved in the daily operation of your Restaurant. If you are not actively involved in the daily operation of your Restaurant (such as if you are a corporate entity and/or you own multiple Restaurants), then (a) you must designate one of your Principals who owns at least a 10% interest in the franchise to act as your Operating Principal, who may also be your General Manager; (b) we may communicate with and rely on the decisions made by your Operating Principal; and (c) you must still make sure that your Restaurant is being operated according to the terms of your Franchise Agreement and the Manual. You must also retain other personnel as are needed to operate and manage the Restaurant.

In addition to our requirement that your Operating Principal own at least a 10% interest in the franchise, your Operating Principal must also satisfy our education and business criteria as provided to you in the Manual or other written instructions, must devote his or her fulltime and best efforts to the supervision and management of the Restaurant, must be an individual acceptable to us and must complete, to our satisfaction, all required initial training for franchisees. If your Operating Principal cannot serve in the position or does not meet the requirements, he or she must be replaced within 30 days after the Operating Principal stops serving or no longer meets the requirements.

The General Manager must satisfy our educational and business criteria as provided to you in the Manual or other written instructions, must be an individual acceptable to us, and must be approved by us to act as a General Manager. The General Manager must be responsible for the supervision and management of the Restaurant, and must devote full time and best efforts to this activity. The General Manager also must satisfy the applicable training requirements in the Franchise Agreement. If the General Manager cannot serve in the position or does not meet the requirements, he or she must be replaced within 60 days after the General Manager stops serving or no longer meets the requirements.

You must also obtain covenants not to compete, including covenants applicable on the termination of the person's relationship with you, from your Principals, General Manager, and any of your other personnel who have received or will have access to our training before employment, and any holder of a beneficial interest in you (except for any limited partners). You must have all of your management personnel sign covenants that they will maintain the confidentiality of information they receive or have access to based on their relationship with you. Our form of Confidentiality and Non-Competition Agreement is included as Attachment 4 to the Franchise Agreement. We reserve the right, in our discretion, to decrease the period or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this paragraph. We will be a third-party beneficiary to each of these agreements with the independent right to enforce each agreement's terms.

As described in Item 1, we have identified certain persons under the Franchise Agreement and Development Agreement that we refer to in this Disclosure Document as your Principals. Your Principals include your spouse, if you are a married individual, those of your business entity's officers and directors (including the officers and directors of your general partner, if applicable) whom we designate as your Principals and all holders of an ownership interest in you and in any entity that directly or indirectly controls you, and any other person or entity controlling, controlled by, or under common control with you.

If we designate certain of your Principals as Controlling Principals, they must sign the Franchise Agreement and Development Agreement, as applicable, and agree to be individually bound by certain obligations under the Agreements, including confidentiality and non-competition covenants and they must personally guarantee your performance under the Agreements. We typically designate your principal equity owners (including your Operating Principal) and executive officers, as well as any other affiliated entities that operate Restaurants, as Controlling Principals.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all menu items, food products, merchandise, and other products and services we require, in the manner and style we require, including dine-in and carry-out, as expressly authorized by us in writing. You must sell and offer for sale only the menu items, products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by you at the Restaurant at any time, and there are no limits on our right to make those changes.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, proprietary products, merchandise, other products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items according to our recipes and procedures for preparation contained in the Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

We reserve the right to vary the menu items offered at certain Restaurants based on regional or local tastes or ingredients. If we allow a Restaurant to modify its menu to accommodate regional or local tastes or ingredients, we are not required to grant to you a similar variance or modification.

You must keep the Restaurant very clean and maintain it in good repair and condition. You must make any additions, alterations, repairs and replacements, including repainting or replacement of obsolete signs, furnishings, equipment, and décor as we may reasonably direct. You must not make any changes to the premises without obtaining our written consent before you make the changes. You must obtain and pay for any new or additional equipment, including point of sale, computer hardware and software, fixtures, supplies and other products and materials that you must have to offer and sell new menu items from the Restaurant.

We may designate the maximum prices for the goods, products and services offered from your Restaurant, where permitted by applicable law, and you must comply with our pricing requirements. We make no guarantees or warranties that offering the products or merchandise in accordance with our pricing requirements will enhance your sales or profits.

You must keep your Restaurant open for business a minimum of six days a week, Monday through Saturday with hours we prescribe in the Operations Manual. Opening the restaurant on Sundays is a franchisee option.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12. You may not directly solicit customers outside of your Territory.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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.

Provision	Section in Franchise Agreement	Summary
a. Length of the term of the franchise	Section 3.1	Term continues for 5 years from the date of the Franchise Agreement unless terminated earlier
b. Renewal or extension of the term	Section 3.2	Subject to the terms of the Agreement, up to two additional terms of five years each. There is no renewal fee.
c. Requirements for franchisee to renew or extend	Section 3.2	You must provide us with notice that you wish to renew, be in compliance with the terms of your Franchise Agreement, be current in all payments required by the Franchise Agreement, remodel and/or refurbish your Restaurant if we require, be able to maintain possession of your location, sign our then-current form of Franchise Agreement, and sign a general release. Our then-current form of Franchise Agreement may contain materially different terms and conditions than your original Franchise Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the franchise agreements being executed at the time of renewal, and which may include a revised Territory (see Item 12).
d. Termination by franchisee	Not applicable	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with "cause"	Section 17.1.1	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.

g. “Cause” defined curable defaults	Sections 17.1.3 and 17.2	We may terminate you for cause if you fail to cure certain defaults, including, without limitation: if you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within five days after notice (or longer period required), fail to obtain signed copies of the confidentiality and non-competition covenants contained in the Franchise Agreement within five days after a request, fail to obtain and maintain required insurance within seven days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, fail to cure any other default that is susceptible of cure within 30 days after notice.
“Cause” defined-defaults that cannot be cured	Sections 17.1.2 and 17.1.3	We may terminate you for cause without any right to cure certain defaults, including, without limitation: if you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, fail to find an accepted location within the time required, operate your Restaurant or sell authorized products or services at an unauthorized location, fail to remodel when required, fail to open Restaurant when required, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, abandon or lose rights to the Restaurant premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent or maintain false books or records. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.

i. Franchisee's obligations on termination/non-renewal	Section 18	Obligations include: You must stop operating the Restaurant and using the Marks and System and completely de-identify the business, pay all amounts due to us or our affiliates, return the Manual and all other proprietary materials, comply with confidentiality requirements, pay liquidated damages (if applicable), and at our option, sell or assign to us your rights in the Restaurant premises and the equipment and fixtures used in the business
j. Assignment of contract by Franchisor	Section 14.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction. However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations
k. "Transfer" by franchisee – defined	Section 14.2.1	Includes sale, assignment (including by merger or via bankruptcy), conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Restaurant or you (if you are not a natural person) or a material Restaurant asset.
l. Franchisor approval of transfer by franchisee	Section 14.2.2	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent.
m. Conditions for franchisor approval of transfer	Section 14.2.2	Conditions include: You must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release, and pay a transfer fee. Transferee must meet our criteria, complete training to our satisfaction, assume all obligations under your Franchise Agreement (though you will also remain liable for any such obligations for the period prior to the effective date of the transfer), remodel and/or refurbish your Restaurant if we require, and sign our then-current form of Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.4	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered

		by a bona fide third party prospective purchase offer.
o. Franchisor's option to purchase franchisee's business	Sections 18.8-18.13	Upon termination or expiration of the Franchise Agreement, we have the right to purchase some or all assets of the Restaurant
p. Death or disability of franchisee	Section 14.5	If you or a Controlling Principal are a natural person, on death or permanent disability, distributee must be approved by us, or franchise must be transfer to someone approved by us within 12 months after death or within six months after notice of permanent disability
q. Non-competition covenants during the term of the franchise	Section 10.3.1	You are prohibited from operating or having an interest in a similar business without our prior written consent
r. Non-competition covenants after the franchise is terminated or expires	Section 10.3.2	You and your Controlling Principals are prohibited for two years from expiration or termination of the franchise from operating or having an interest in a similar business within 20 miles of any Restaurant in the System
s. Modification of the agreement	Sections 10.1.5 and 19.2	The Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with Manual as amended
t. Integration/merger clause	Section 19.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable federal and/or state law). No other representations or promises will be binding
u. Dispute resolution by arbitration or mediation	Sections 19.7-19.10	Arbitration in Virginia, subject to applicable state and federal law unless we elect to seek remedies via judicial process
v. Choice of forum	Sections 19.8 and 19.9	Newport News, Virginia, subject to applicable state and federal law
w. Choice of Law	Section 19.8 and 19.9	Virginia, subject to applicable state and federal law

THE MULTI-UNIT OPERATOR RELATIONSHIP

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 6	Length of the Minimum Performance Schedule
b. Renewal or extension of the term	Section 5	After all Restaurants have been developed, we will negotiate in good faith another Development Agreement
c. Requirements for multi-unit operator to renew or extend	Not applicable	Not applicable
d. Termination by multi-unit operator	Not applicable	The Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 9	We can terminate if you commit any one of several listed violations
g. "Cause" defined – curable defaults	Section 9.2	We may terminate you for cause if you fail to cure certain defaults, including, without limitation: if you use the Marks or System without our consent; participating in a competing business; failure to pay money to us when due; you begin developing a Restaurant before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Restaurant before a Franchise Agreement for that Restaurant has been signed

h.	"Cause" defined – non-curable defaults	Section 9.1	We may terminate you for cause without any right to cure certain defaults, including, without limitation: Failure to meet your minimum performance schedule; any attempted transfer of the agreement other than in accordance with our requirements, failure to comply with applicable laws; if all of your Restaurants stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your owners of an indictable offense punishable by a term of imprisonment in excess of one year; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision)
i.	Multi-unit operator's obligations on termination/ non-renewal	Section 10	You must stop selecting sites for Restaurants, and you may not open any more Restaurants
j.	Assignment of contract by franchisor	Section 11.12	We have the right to transfer or assign the agreement to any person or entity without restriction. However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations.
k.	"Transfer" by multi-unit operator – defined	Section 11.1	Includes transfer of any interest in the Development Agreement
l.	Franchisor approval of transfer by multi-unit operator	Section 11	We have the right to approve all transfers, our consent not to be unreasonably withheld
m.	Conditions for franchisor approval of transfer	Section 11	Conditions for transfer include not being in default, at least 25% of all Restaurants required to be developed are open or under construction, all debts are paid, the buyer meets our current criteria for new Multi-Unit Operators, execution of a general release (where legal), payment of transfer fee, buyer personally guarantees all obligations

n. Franchisor’s right of first refusal to acquire multi- unit operator’s business	Section 11.7	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a bona fide third party prospective purchase offer.
o. Franchisor’s option to purchase multi-unit operator’s business	Not applicable	
p. Death or disability of multi-unit operator	Section 11.5	Interest must be transferred to an approved party within a reasonable period
Non-competition covenants during the term of the franchise	Section 12.1	You are prohibited from operating or having an interest in a similar business without our prior written consent, except for Restaurants operated under Franchise Agreements with us
r. Non-competition covenants after the franchise is terminated or expires	Section 12.2	No competing business for two years and within 20 miles of any Restaurant in the System
s. Modification of the agreement	Section 18	Development Agreement may not be modified unless mutually agreed to in writing
Integration/merger clause	Section 18	Only the terms of the Development Agreement are binding (subject to state law)
u. Dispute resolution by arbitration or mediation	Section 19	Arbitration in Virginia, subject to applicable state and federal law unless we elect to seek remedies via judicial process
Choice of forum	Section 19	Newport News, Virginia, subject to applicable state and federal law
Choice of law	Section 18	Virginia, subject to applicable state and federal law

ITEM 18
PUBLIC FIGURES

We currently do not use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following representation is an historic financial performance representation about our existing franchised units that were in operation for all of 2021. There were nineteen franchised units in operation for all of 2021. The actual gross sales results provided below are for the months of January 2021 to December 2021.

State	Location	Gross Sales
Florida	West Palm	$388,356.73
Georgia	Covington	$651,320.74
North Carolina	Durham	$801,704.39
North Carolina	Raleigh Holly Springs	$752,488.01
North Carolina	Winston-Salem	$574,428.11
Virginia	Jefferson	$1,015,290.76
Virginia	Newmarket	$916,276.55
Virginia	Portsmouth	$597,067.66
Virginia	Mechanicsville	$645,793.30
Virginia	Military Hwy	$885,293.91
Virginia	Williamsburg	$957,598.16
Virginia	Winchester	$669,540.04
Virginia	Finlay St.	$935,984.38
Virginia	Colonial Heights	$1,000,201.00
Virginia	Hull St.	$965,288.32
Virginia	Suffolk #1	$764,295.15
Virginia	Chesapeake	$695,418.87
Virginia	Fredericksburg Nova 1	$345,612.65
Virginia	Fredericksburg Nova 2	$481,112.63
Virginia	Dumfries	$1,323,523.54
Virginia	Hopewell	$343,613.78
Virginia	Suffolk #2	$862,268.20
Virginia	Broad Street	$547,442.78
Virginia	Arlington	$648,583.15
Virginia	Manassas	$814,427.09
Mean = $743,317.20		
Medium = $ 752,488.01		

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

Gross sales mean the total selling price of all services and products and all income of every other kind and nature related to the Restaurant, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point of sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments.

We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a Skrimp Shack Franchised Business.

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

Other than the preceding financial performance representation, Skrimp Shack, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Glenn Heard at 201A Dexter Street, Suite 103, Chesapeake, Virginia 23324, 757-452-3101 or theskrimpshack@gmail.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2019, 2020, and 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	20	26	+6
	2020	26	26	0
	2021	26	26	0
Company-Owned**	2019	0	1	+1
	2020	1	6	+5
	2021	6	6	0
Total Outlets	2019	20	27	+7
	2020	27	32	+5
	2021	32	32	0

** The Company-Owned Outlet reflected in the chart above that was opened in 2020 is owned and operated by chairman Glenn Heard, Catch Five Six, LLC. Of the remaining Company-Owned Outlets acquired in 2020, 4 had been purchased back from unaffiliated franchisees and the last outlet purchased is owned and operated by our chairman Glenn Heard.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2019, 2020 and 2021

State	Year	Number of Transfers
Virginia	2019	0
	2020	2
	2021	0
Total	2019	0
	2020	2
	2021	0

Table No. 3
Status of Franchised Outlets
For years 2019, 2020 and 2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Georgia	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Florida	2019	1	0	1	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
North Carolina	2019	3	3	1	0	0	0	5
	2020	5	0	0	0	1	0	4
	2021	4	0	0	0	0	1	3
Virginia	2019	17	4	0	0	0	0	21
	2020	21	2	0	0	3	0	20
	2021	20	0	0	0	0	0	20
Total	2019	21	7	2	0	0	0	**26**
	2020	26	4	0	0	4	0	**26**
	2021	26	1	0	0	0	1	**26**

Table No. 4
Status of Company-Owned Outlets
For years 2019, 2020, 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
NC	2019	0	0	0	0	0	0
	2020	0	1	1	0	0	2
	2021	2	0	0	0	0	2
VA	2019	0	1	0	0	0	1
	2020	1	0	3	0	0	4
	2021	4	0	0	0	0	4
Total	2019	0	1	0	0	0	1
	2020	1	1	4	0	0	6
	2021	6	0	0	0	0	6

Table No. 5
Projected Openings as of December 31, 2021

States	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	0	0
Georgia	0	0	0
North Carolina	0	1	0
Virginia	0	1	0
Total	1	2	0

A list of the names of all franchisees and multi-unit operators and the addresses and telephones numbers of their franchises is provided in Exhibit D to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit operator who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document is listed on Exhibit E to this Disclosure Document.

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

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the System.

There are no trademark-specific organizations formed by our franchisees that are associated with the System.

ITEM 21
FINANCIAL STATEMENTS

Attached hereto as Exhibit C are the audited financial statements of Skrimp Shack LLC for the years ended December 31, 2019, December 31, 2020 and December 31, 2021.

ITEM 22
CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

Franchise Agreement	Exhibit A
Development Agreement	Exhibit B
Form of General Release	Exhibit I

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

Exhibit A to the
Skrimp Shack Franchise Disclosure Document

FRANCHISE AGREEMENT

SKRIMP SHACK LLC

FRANCHISE AGREEMENT

____
FRANCHISEE

____
DATE OF AGREEMENT

SKRIMP SHACK LLC
FRANCHISE AGREEMENT

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ATTACHMENTS

SKRIMP SHACK LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "***Agreement***") is being entered into this day of ______ ________________________________ (the "Effective Date"), by Skrimp Shack LLC, a Virginia limited liability company having its principal place of business at 201A Dexter Street, Suite 103, Chesapeake, Virginia 23324 (herein "Franchisor"), and ________________________, a(n) ______________________ _______, having its principal place of business at ____ and _____________________________'s principal(s) ___________________________, an individual, residing at ____, and ____________________________ _______, an individual, residing at ____ ("Principal(s)"). ________________________________ and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee".

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we have developed and own a unique and distinctive system (the "***System***") relating to the establishment and operation of a seafood and chicken restaurant operating under the name "Skrimp Shack" offering shrimp, fish, chicken and related menu items for dine-in or take-out (a "***Restaurant***" or "***Franchised Business***");

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Skrimp Shack" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as "***Marks***");

WHEREAS, we continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service;

WHEREAS, you understand and acknowledge the importance of our high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications; and

WHEREAS, you desire to use the System in connection with the operation of a Restaurant at the location accepted by us as herein provided, as well as to receive the training and other assistance provided by us in connection therewith.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

ARTICLE 1: GRANT

1.1 Grant of Franchise

In reliance on the representations and warranties of you and your Principals (as defined in Section 19.17) hereunder, we hereby grant to you, upon the terms and conditions in this Agreement, the right and license, and you hereby accept the right and obligation, to operate a Restaurant ("***your Restaurant***" or "***your Franchised Business***") under the Marks and the System in accordance with this Agreement. You and the Principals have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct a Restaurant hereunder and not for the purpose of reselling the rights to develop a Restaurant hereunder. You and the Principals understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you and the Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after your Restaurant is open for business to the public in accordance with Section 2.6, and then only in accordance with Article 14.

1.2 Accepted Location

The specific street address of your Restaurant location accepted by us shall be set forth in Attachment 1 ("***Accepted Location***"). You shall not relocate your Restaurant without our express prior written consent, which consent shall not be unreasonably withheld. This Agreement does not grant to you the right or license to operate your Restaurant or to offer or sell any products or services described under this Agreement at or from any location other than the Accepted Location.

1.3 Relocation

If you are unable to continue the operation of your Restaurant at the Accepted Location because of the occurrence of a force majeure event (as described in Section 17.1.3(e)), then you may request our approval to relocate your Restaurant to another location in the Territory (as defined in Section 1.4), which approval shall not be unreasonably withheld. Any other relocation outside the Territory or a relocation of your Restaurant not caused by force majeure shall also be subject to our prior approval. If we elect to grant you the right to relocate your Restaurant, then you shall comply with the site selection and construction procedures set forth in Article 2. Upon our approval of your relocation request, you shall pay to us a relocation fee in an amount equal to thirty percent (30%) of our then-current initial franchise fee.

1.4 Territory

Upon the execution of this Agreement or when the Accepted Location is determined, whichever occurs later, you will be assigned an exclusive territory (the "***Territory***") that will also be described in Attachment 1, which will include a minimum population of twenty-five thousand (25,000) as of the time of designation of the Territory as determined by U.S. Census Bureau or other data source we reasonably determined to use. Except as provided in this Agreement, and subject to your and the Principals' material compliance with this Agreement, any other agreement among you or any of your affiliates (defined for the purposes hereof as any entity that is controlled by, controlling or under common control with such other entity) and us, we shall not establish or authorize any other person or entity, other than you, to establish a Restaurant in the Territory during the term of this Agreement and any extensions hereof. You acknowledge and understand that the rights granted hereunder pertain only to the establishment of a Restaurant. You acknowledge and agree that our affiliates currently operate, or may in the future operate, restaurants under different marks and with operating systems that are the same as or similar to the System, and that any such restaurants might compete with your Restaurant. You further agree and acknowledge that the license granted hereby is only for the operation of one Restaurant and only at the Accepted Location.

1.5 Our Reserved Rights

Except as expressly limited by Section 1.4, we and our affiliates retain all rights with respect to the System, Restaurants, the Marks and the sale of any products and services outside of your Territory, including, without limitation, the right:

1.5.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Territory, and under any terms and conditions we deem appropriate. "***Alternative distribution channels***" include, but are not limited to, the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales;

1.5.2 to operate and to grant others the right to operate Restaurants located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Restaurant;

1.5.3 to operate and to grant others the right to operate Restaurants at non-traditional sites within and outside the Territory under any terms and conditions we deem appropriate; and

1.5.4 the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in the Territory.

As used in this Agreement, non-traditional sites shall include, without limitation, military bases, shopping malls, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, beaches, parks and other seasonal facilities, government buildings and establishments, prisons, hospitals, convenience stores, cafeterias, snack bars, trucks, carts, kiosks, casinos, office buildings, sports or entertainment venues or stadiums, festivals and other mass gathering locations and events, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof. You understand and agree that if any nontraditional site is located within the physical boundaries of the Territory, then the premises of this nontraditional site will not be included in the Territory and you will have no rights to this non-traditional site.

ARTICLE 2: SITE SELECTION, PLANS AND CONSTRUCTION

2.1 Your Responsibility to Locate a Site

You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for your Restaurant within the Territory, and for constructing and equipping your Restaurant at such site. You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for your Restaurant unless the site is accepted by us as set forth below. You acknowledge that the location, selection, procurement and development of a site for your Restaurant is your responsibility; that in discharging such responsibility you shall consult with real estate and other professionals of your choosing; and that our approval of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that your Restaurant operated at that site will be profitable or otherwise successful.

2.2 Site Selection

2.2.1 If you do not already have possession of a location that we have accepted upon your execution of this Agreement, then prior to acquiring by lease or purchase a site for your Restaurant, but within ninety (90) days of the date this Agreement is executed, you shall locate a site for your Restaurant that satisfies the site selection guidelines provided to you by us pursuant to Section 5.1 and shall submit to us in the form specified by us a description of the site, including evidence reasonably satisfactory to us demonstrating that the site satisfies our site selection guidelines, together with such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have sixty (60) days after receipt of this information and materials to accept or decline, in our sole discretion, the proposed site as the location for your Restaurant. In our discretion, we may conduct one on-site evaluation of the proposed location for your Restaurant. No site may be used for the location of your Restaurant unless it is first accepted in writing by us. You acknowledge and agree that our acceptance of a location for your Restaurant is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the location or that your Restaurant will be profitable. Our acceptance of a location for your Restaurant only signifies that the location meets our then-current minimum criteria for a Restaurant. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site, but any such approvals shall be granted in our sole discretion.

2.2.2 If you elect to purchase the premises for your Restaurant, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within ten (10) days after execution. If you will occupy the premises of your Restaurant under a lease or sublease, you shall submit a copy of the lease or sublease to us for written acceptance prior to its execution and shall furnish to us a copy of the executed lease or sublease within 10 days after execution. No lease or sublease for your Restaurant premises shall be accepted by us unless a Collateral Assignment of Lease, prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment 2, is attached to the lease and incorporated therein. We shall have ten (10) days after receipt of the lease, sublease or the proposed contract of sale to either accept or decline such documentation prior to its execution. If we do not provide our specific approval of the lease, sublease or contract of sale within this ten (10) day period, then it shall be deemed not accepted.

2.2.3 After a location for your Restaurant is accepted by us and acquired by you pursuant to this Agreement the Accepted Location shall be described in Attachment 1.

2.3 Zoning Clearances, Permits and Licenses

You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to your Restaurant premises, including, without limitation, any state, county, municipal, or other local laws, ordinances or regulations relating to alcoholic beverages, if applicable. Prior to beginning the construction of your Restaurant, you shall (a) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of your Restaurant, and (b) certify in writing to us that the insurance coverage specified in Article 12 is in full force and effect (or provide us with a certificate of insurance evidencing coverage) and that all required approvals, clearances, permits and certifications have been obtained. Upon written request, you shall provide to us additional copies of your insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

2.4 Design of Restaurant

You must obtain any architectural, engineering and design services required for the construction of your Restaurant at your own expense from an architectural design firm approved or designated by us. You shall adapt the prototypical architectural and design plans and specifications for construction of your Restaurant provided to you by us in accordance with Section 5.3 as necessary for the construction of your Restaurant and shall submit such adapted plans to us for our review. If we determine, in our reasonable discretion, that any such plans are not consistent with the best interests of the System, we may prohibit the implementation of such plans, and in this event will notify you of any objections within ten (10) days of receiving such plans. If we fail to notify you of an objection to the plans within this time period, you may use such plans. If we object to any such plans, we shall provide you with a reasonably detailed list of changes necessary to make the plans acceptable. We shall, upon a re-submission of the plans with such changes, notify you within ten (10) days of receiving the resubmitted plans whether the plans are acceptable. If we fail to notify you in writing of any objection within such time period, you may use the resubmitted plans. You acknowledge that our review of such plans relates only to compliance with the System and that acceptance by us of such plans does not constitute a representation, warranty, or guarantee, express or implied, by us that such plans are accurate or free of error concerning their design or structural application.

2.5 Build-Out of Restaurant

You shall commence and diligently pursue construction or remodeling (as applicable) of your Restaurant. Commencement of construction shall be defined as the time at which any site work is initiated by you or on your behalf at the location accepted for your Restaurant. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of construction or remodeling, you shall provide us with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by us. In addition, we may make such on-site inspections as we may deem reasonably necessary to evaluate such progress. You shall notify us of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, we may, at our option, conduct an inspection of the completed Restaurant. You acknowledge and agree that you will not open your Restaurant for business without our written authorization and that authorization to open shall be conditioned upon your strict compliance with this Agreement.

2.6 Opening Date; Time is of the Essence

You acknowledge that time is of the essence. Subject to your compliance with the conditions stated below, you shall open your Restaurant and commence business by the earlier of nine months from the date you execute this Agreement or six months from the date you execute the lease for the Accepted Location. The date your Restaurant actually opens for business to the public is herein called the "***Opening Date***". Prior to opening, you shall complete all exterior and interior preparations for your Restaurant, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications reasonably approved by us, and shall comply with all of your other pre-opening obligations, to our reasonable satisfaction. You must obtain your initial supply of small wares and equipment from our approved vendor. If you fail to reasonably comply with any of such obligations, except for delay caused by a force majeure event as described in Section 17.1.3(e), we shall have the right to prohibit you from commencing business.

ARTICLE 3: TERM AND SUCCESSOR OPTION

3.1 Term

Unless sooner terminated as provided in Article 17, the term of this Agreement shall continue from the Effective Date for a period of five years.

3.2 Successor Option

If you satisfy each of the requirements set forth below, you may enter into a new franchise agreement and other agreements and legal instruments and documents customarily employed by us and in the form then generally being offered to prospective franchisees in the state in which the Franchised Business is located (the "Successor Franchise Agreement") for one (1) additional term of ten (10) years.

3.2.1 you have been, throughout the term of this Agreement, in substantial compliance, and at the expiration of such term are in full compliance, with this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us;

3.2.2 you enter into our then-current franchise agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current franchise agreement may materially differ from this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those included in the then-current Franchise Agreement;

3.2.3 you are able to maintain possession of the Accepted Location (or at relocated premises pursuant to Section 1.3) pursuant to a lease reasonably acceptable to us;

3.2.4 you refurbish, upgrade, and/or renovate your Restaurant as we require in order that your Restaurant will meet our then-current standards and image for Skrimp Shack Restaurants such as, without limitation, updating and refreshing equipment, furniture and fixtures used in your Restaurant;

3.2.5 the landlord of the Accepted Location consents to a successor term or extension of the lease;

3.2.6 at the time the successor agreement option is exercised and at the time such successor option commences, all monetary obligations to us and any affiliate of ours must be current and must have been current at all times during the preceding twelve (12) months; and

3.2.7 you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders. When you provide us with notice that you would like to renew this Agreement, we will re-evaluate your then-current Territory to determine whether there have been any shifts in demographics that would warrant modifying your Territory. Such demographic shifts include, but are not limited to, changes in population and median income. Our intent in doing such re-evaluation of your Territory is to make the target demographics of your Territory under the Successor Franchise Agreement similar to the target demographics of your original Territory. You understand and acknowledge that although we will use our best efforts to ensure that the demographics included in your successor Territory are similar to the original Territory, (a) your total Territory size upon the Successor Franchise Agreement may be smaller or larger than your original Territory; (b) we cannot guaranty that your sucessor Territory will provide you with the same or similar results as with your original Territory; and (c) we make no guaranty that the demographics included in your successor Territory will earn you any particular level of success.

3.3 Refusal to Grant Successor Term

We can refuse to renew this Agreement if your lease, sublease or other document by which you have the right to occupy the Accepted Location is not extended before your successor term is to take effect to cover the period of the Successor Franchise Agreement or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the successor term. We may also refuse to renew this Agreement under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure any defaults incurred during the Initial Term of this Agreement, if applicable.

3.4 Successor Term Under Law

Even though we decline to grant you a successor term, it is possible that we can be required to grant you a successor term under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your successor term will be subject to the conditions of the franchise agreement we are using for new franchisees at the time the successor term begins. If we are not then offering new franchises, your successor term will be subject to the terms in the franchise agreement that we indicate. If for any reason that is not allowed, the successor term will be governed by the terms of this Agreement.

3.5 Your Election Not to Sign a Successor Franchise Agreement

For the purposes hereof, you shall be deemed to have irrevocably elected not to sign a Successor Franchise Agreement hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard franchise agreement and other ancillary documents required by us for a successor franchise within thirty (30) days after we have delivered them to you.

ARTICLE 4: FEES

4.1 Initial Franchise Fee

You shall pay to us an initial franchise fee of Forty Thousand Dollars ($40,000) which shall be paid upon the execution of this Agreement, less any amount credited to the initial franchise fee pursuant to the terms of any Development Agreement between you and us. The amount of the initial franchise fee when so paid shall be deemed non-refundable and fully earned in consideration of the administrative and other expenses incurred by us in granting the franchise hereunder and for our lost or deferred opportunity to grant such franchise to any other party.

4.2 Royalty Fees

4.2.1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing monthly royalty fee, as follows: (a) during the period beginning on the Opening Date and continuing for twelve (12) months, a monthly royalty fee of six percent (6%) of Gross Sales (as defined in Section 4.6); and (b) thereafter, a monthly royalty fee of five percent (5%) of Gross Sales (collectively, (a)-(b), the "***Royalty Fee***"). Such Royalty Fee shall be due and payable between the first (1st) and the fifteenth (15th) of each month, unless specifically designated otherwise by us, based on the

Gross Sales for the preceding month. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

4.2.2 Each such Royalty Fee shall be preceded by a royalty report itemizing the Gross Sales for the preceding month ("***Royalty Report***") and any other reports required hereunder. Notwithstanding the foregoing, you shall provide us with such Royalty Report between the first and the fifteenth of each calendar month by internet transmission or, if not reasonably available, by facsimile transmission or such other method of delivery as we may reasonably direct. As stated herein, we have the right to poll your point-of-sale system directly to obtain such Gross Sales information, but this does not diminish your responsibility to provide us with the required Royalty Report.

4.2.3 If any state imposes a sales or other tax on the Royalty Fees, then you shall be solely responsible for the payment of any such taxes; provided, however, that we have the right to collect this tax from you if such taxes are not timely paid.

4.3 Brand Development Fee

In addition to the Royalty Fee, you agree to pay to us a brand development fee in an amount equal to up to one percent (1%) of Gross Sales (the "***Brand Development Fee***"). Such amount shall be contributed to a Brand Development Fund (as defined in Section 8.3). The Brand Development Fee is payable to us at the same time and in the same manner as the Royalty Fee.

4.4 Payments to Us

By executing this Agreement, you agree to pay to us between the first (1st) and the fifteenth (15th) of each month the amount of the Royalty Fee, Brand Development Fee and any other payments due to us and/or our affiliates, payable to 201A Dexter Street, Suite 103, Chesapeake, Virginia, 23324, or to predetermined electronic funds transfer ("***ETF***") account or any other commercially-reasonable manner we determine from time to time by written notice. If you do not report your Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and Brand Development Fee that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the Royalty Fee and Brand Development Fee you actually owe to us, once we have been able to determine your true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Development Fee we debit are greater than the Royalty Fee and Brand Development Fee you actually owe, we will credit the excess against the amount we otherwise would debit from your account during the following month. If payments are not received when due, late fees may be charged by us in accordance with Section 4.5.

4.5 Payment on Overdue Amounts

You shall not be entitled to withhold payments due us under this Agreement on grounds of alleged non-performance by us. Any payment or report not actually received by us on or before its due date shall be deemed overdue. Time is of the essence with respect to all payments to be made by you to us. If any payment is overdue, in addition to the right to exercise all rights and remedies available to us under this Agreement, you shall pay us, in addition to the overdue amount, Two Hundred Fifty Dollars ($250) per incident.

4.6 Definition of Gross Sales

"***Gross Sales***" shall mean the total selling price of all services and products and all income of every other kind and nature related to your Restaurant, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point-of-sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments.

4.7 Insufficient Funds Fees

If there are not sufficient funds in your account to permit us to debit the account for the payments you owe us, you will pay to us an insufficient funds fee equal to the lesser of (a) One Hundred Dollars ($100) and (b) the maximum amount permitted by law. This fee is in addition to interest on any overdue amount, as described in Section 4.5, and any fees charged by your bank. If you incur three insufficient funds fees within any twelve (12) month period, we may terminate this Agreement without providing you the opportunity to cure the default.

4.8 Payment of Additional Fees

You shall pay such other fees or amounts described in this Agreement.

ARTICLE 5: OUR OBLIGATIONS

We agree to provide the services described below with regard to your Restaurant:

5.1 Site Selection Guidelines

We will provide our written site selection guidelines and such site selection assistance as we may deem advisable.

5.2 On-Site Evaluation

We may, in our discretion, conduct one on-site evaluation of a site that you propose to us for your Restaurant, provided that we have received all required information and materials concerning such site prepared pursuant to Article 2.

5.3 Design Plans

We will assist you in developing, or having developed, architectural and design plans and specifications for a Restaurant, at your expense. The architectural and design plans and specifications of your Restaurant shall be in accordance with Article 2 using an architect or design that we have approved or designated.

5.4 Confidential Operations Manual

On loan, we will provide one set of Confidential Operations Manuals and such other manuals and written materials as we shall have developed for use in the Franchised Business (as the same may be revised by us from time to time, the "***Manuals***"), as more fully described in Section 10.1. The Manuals may, in our discretion, be provided electronically or via an intranet website for all Restaurants in the System.

5.5 Visits and Evaluations

We will conduct visits to your Restaurant and evaluations of the products sold and services rendered therein from time to time as reasonably determined by us, as more fully described in Section 7.5.6.

5.6 Marketing and Promotional Materials

We will provide certain marketing and promotional materials and information developed by us and from time to time for use by you in conducting local marketing for your Restaurant at a reasonable cost to you. We shall have the right to review and approve or disapprove all marketing and promotional materials that you propose to use, pursuant to Article 8.

5.7 Management and Operations Advice

We will provide advice and written materials concerning techniques of managing and operating your Restaurant from time to time developed by us, including new developments and improvements in Restaurant equipment, food products and the packaging and preparation thereof and menu items. Notwithstanding the foregoing, you understand and acknowledge that we reserve the right, in our sole discretion, to grant to certain Restaurants variances from our standard menu to accommodate regional or local tastes or ingredients. Nothing in this Agreement requires us to grant to you a similar variance.

5.8 Products for Resale

We will, from time to time and at our reasonable discretion, at a reasonable cost, make available for resale to your customers certain merchandise identifying the System, such as logoed merchandise and memorabilia, and other proprietary products in sufficient amounts to meet customer demand. We may specify that you must purchase such merchandise from us, our affiliate, or another designated supplier.

5.9 Approved Suppliers

We will provide a list of approved suppliers as described in Section 7.4 from time to time as we deem appropriate.

5.10 Initial Training Program

An initial training program for up to three people, as well as other training programs in accordance with the provisions of Section 6.5.

5.11 Opening Assistance

On-site opening assistance at your Restaurant in accordance with the provisions of Section 6.5.

5.12 Brand Development Fund; Marketing Cooperatives

Establishment and administration of the Brand Development Fund and/or marketing Cooperatives (as defined in Section 8.4).

ARTICLE 6: YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

6.1 Use Commercially Reasonable Efforts

Each of you and the Principals covenants and agrees that they shall make all commercially reasonable efforts to operate your Restaurant so as to achieve optimum sales.

6.2 Representations of Corporate Entity

If you are an entity, you and your Principals represent, warrant and covenant that:

6.2.1 You are duly organized and validly existing under the state law of your formation;

6.2.2 You are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification;

6.2.3 Your organizational documents shall at all times provide that your activities are confined exclusively to the operation of your Restaurant, unless otherwise consented to in writing by us;

6.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within your corporate power, if you are a corporation, or if you are a limited liability company, permitted under your operating agreement, or if you are a partnership, permitted under your written partnership agreement and have been duly authorized by you;

6.2.5 You have furnished to us true and correct copies of your organizational documents and evidence of any consent or approval that may be required by law or your organizational documents;

6.2.6 The ownership interests in you are accurately and completely described in Attachment 3. Further, you shall maintain at all times a current list of all your equity owners. You shall immediately provide a copy of the updated list of all your equity owners to us upon the occurrence of any change of ownership and otherwise make your list of equity owners available to us upon reasonable written request;

6.2.7 If you have book-entry ownership interests, you shall maintain stop-transfer instructions against the transfer on your records of such ownership interests. If you have certificated ownership interests, each certificate shall have conspicuously endorsed upon it a statement in a form satisfactory to us that it is held subject to all restrictions imposed upon assignments by this Agreement. Your organizational documents shall provide that ownership of an interest in you is held subject to all restrictions imposed upon assignments by this Agreement;

6.2.8 You must have provided us with your most recent financial statements. Such financial statements present fairly your financial position, at the dates indicated therein and with respect to you, the results of your operations and your cash flow for the years then ended. You agree that you shall maintain at all times, during the term of this Agreement, sufficient working capital to fulfill your obligations under this Agreement. Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on your financial statements.

6.2.9 If, after the execution of this Agreement, any person or entity ceases to qualify as one of your Principals (as defined in Section 19.17) or if any person or entity succeeds to or otherwise comes to occupy a position which would, upon designation by us, qualify such person or entity as one of your Principals, you shall notify us within ten (10) days after any such change and, upon designation of such person or entity by us as one of your Principals or as a Principal, as the case may be, such person or entity shall execute such documents and instruments (including, as applicable, this Agreement) as may be required by us to be executed by others in such positions;

6.2.10 Your Principals, General Managers, any of your personnel who have received or will have access to our training before employment, and every other equity owner in you, as designated by us in our sole discretion, shall each execute and bind themselves to the confidentiality and non-competition covenants set forth in the Confidentiality and Non-Competition Agreement which forms Attachment 4. The Principals shall, jointly and severally, guarantee your performance of all of your obligations, covenants and agreements hereunder pursuant to the terms and conditions of the guaranty contained herein, and shall otherwise bind themselves to the terms of this Agreement as stated herein; and

6.2.11 You and the Principals acknowledge and agree that the representations, warranties and covenants set forth above in Sections 6.2.1 through 6.2.10 are continuing obligations of you and the Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. You and the Principals will cooperate with us in any efforts made by us to verify compliance with such representations, warranties and covenants.

6.3 Operating Principal

If you will not actively participate in the daily operation of your Restaurant (such as if you are a corporate entity and/or you own multiple Restaurants), then you shall designate and retain at all times an operating principal ("***Operating Principal***") to direct the operation and management of your Restaurant. The Operating Principal shall be responsible for the daily operation of your Restaurant and shall be our primary contact with respect to operations matters. The Operating Principal shall, during the entire period he or she serves as Operating Principal, meet the following qualifications:

6.3.1 The Operating Principal shall satisfy our educational and business experience criteria as set forth in the Manuals or otherwise in writing by us;

6.3.2 The Operating Principal shall devote full time and best efforts to the supervision and management of your Restaurant;

6.3.3 The Operating Principal shall be an individual acceptable to us;

6.3.4 If you are an entity, the Operating Principal shall at all times own at least a ten percent (10%) interest in you; and

6.3.5 The Operating Principal shall satisfy the training requirements set forth in Section 6.5. If, during the term of this Agreement, the Operating Principal is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section 6.3, you shall promptly notify us and designate a replacement within thirty (30) days after the Operating Principal ceases to serve or meet such requirements, as applicable, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of your Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to materially comply with the requirements of this Section 6.3 shall be deemed a material event of default under Section 17.1.3(o).

6.4 General Manager

You shall designate and retain at all times a general manager ("***General Manager***") to direct the operation and management of your Restaurant. The General Manager shall be responsible for the daily operation of your Restaurant and may be one of the Principals. The General Manager shall, during the entire period he or she serves as General Manager, meet the following qualifications:

6.4.1 The General Manager shall satisfy our educational and business experience criteria as set forth in the Manuals as defined herein or otherwise in writing by us;

6.4.2 The General Manager shall devote full time and best efforts to the supervision and management of your Restaurant;

6.4.3 The General Manager shall be an individual acceptable to us; and

6.4.4 The General Manager shall satisfy the training requirements set forth in Section 6.5. If, during the term of this Agreement, the General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section 6.4, you shall promptly (not later than seven days after the event) notify us and designate a replacement within sixty (60) days after the General Manager ceases to serve or meet such requirements, as applicable, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of your Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to materially comply with the requirements of this Section 6.4 shall be deemed a material event of default under Section 17.1.3(o).

6.5 Training

You agree that it is necessary to the continued operation of the System and your Restaurant that your personnel receive such training as we may reasonably require, and accordingly agree as follows:

6.5.1 Not later than thirty (30) days prior to the Opening Date, you or your Operating Principal, your General Manager, and any other manager you designate (for a maximum of three (3) trainees) shall have completed, to our reasonable satisfaction, our initial training program, including classroom training and training in an operating Restaurant at such location(s) as may be designated by us in our sole discretion. If you request that we provide our initial training program to any additional trainees, you shall pay our then-current, per person training fee for each additional trainee.

In addition to completing our initial training program, at your sole cost and expense, you or your Operating Principal, your managers, and any other personnel we designate must become ServSafe and alcohol awareness/TIPS certified and must obtain any other similar certifications reasonably requested by us.

We shall determine, in our reasonable discretion, whether a trainee has satisfactorily completed initial training. If the initial training program is (a) not completed within the timeframe required by us, (b) not satisfactorily completed by any trainee, or (c) if we in our reasonable business judgment, based upon the performance of the trainee, determine that the training program cannot be satisfactorily completed by any such person, you shall designate a replacement to satisfactorily complete such training. Any manager subsequently designated by you shall also receive and complete such initial training. We reserve the right to charge a reasonable fee for providing our initial training program to any replacement or successor manager or other Restaurant personnel. You shall be responsible for any and all expenses incurred by you or your Operating Principal, your General Manager and other Restaurant personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and applicable wages.

6.5.2 In connection with the opening of your Restaurant, we shall provide you with a team of up to four of our representatives to provide on-site opening assistance and training for up to two (2) weeks around your Restaurant opening. You will be responsible for the costs of such training for two (2) of our trainers, including travel, lodging, meals, wages, our per diem fee, and any additional out-of-pocked expenses incurred, and we will be responsible for the costs of the remaining trainers. You will also be responsible for all wages of all of your employees to attend such training. If you request additional days of on-site assistance, you must reimburse our costs for the additional days, including our per diem fee for our representatives and the additional out-of-pocket expenses our representatives incur. If this Agreement is for your second or later Restaurant, we reserve the right to reduce the number of our representatives that will provide opening assistance and/or the duration of such representatives' visit.

6.5.3 Upon your reasonable request or as we shall deem appropriate, we shall, during the term hereof and subject to the availability of personnel, provide you with additional trained representatives who shall provide on-site remedial training and assistance to your Restaurant personnel. For this additional training and assistance, you shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

6.5.4 We reserve the right to conduct additional or refresher training programs, seminars and other related activities regarding the operation of your Restaurant. Such training programs and seminars may be offered to you, your managers or other Restaurant personnel generally, and we may designate that such training programs and seminars are mandatory for you, your Operating Principal, General Manager, or other Restaurant personnel. We do not anticipate charging a fee for any refresher training, but you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages.

6.6 Franchisee Meetings

We reserve the right to hold meetings for all franchisees and other Restaurant operators, which meetings shall not occur more frequently than annually. We shall not be required to hold such meetings until we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you, your Operating Principal, your General Manager, and/or other Restaurant personnel. We do not anticipate charging a fee for the meeting, but you will pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages.

6.7 Compliance with Laws

You shall comply with all requirements of federal, state and local laws, rules, regulations, and orders, including but not limited to obtaining the appropriate licenses and permits required by your local or state government.

You and your Principals agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (as defined below). In connection with that compliance, you and your Principals certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Principals otherwise are not in violation of, any of the Anti-Terrorism Laws. "***Anti-Terrorism Laws***" mean Executive Order 13224 issued by the President of the United States, the USA

PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Principals, or any blocking of your or your Principals' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

6.8 Compliance with All Other Obligations

You shall comply with all other requirements and perform such other obligations as provided hereunder.

ARTICLE 7: FRANCHISE OPERATIONS

7.1 Compliance with Standards

You understand the importance of maintaining uniformity among all of the Restaurants and the importance of complying with all of our standards and specifications relating to the operation of your Restaurant.

7.2 Maintenance of Restaurant

You shall maintain your Restaurant in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point of sale or computer hardware and software systems), and décor as we may reasonably direct in order to maintain System-wide integrity and uniformity. You shall also obtain, at your cost and expense, any new or additional equipment (including point of sale or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by us for you to offer and sell new menu items from your Restaurant or to provide your Restaurant services by alternative means, such as through catering or delivery arrangements. Except as may be expressly provided in the Manuals, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about your Restaurant or its premises without our prior written approval, which shall not be unreasonably withheld.

7.3 Remodeling and Redecorating

To assure the continued success of your Restaurant, you shall, upon our request, remodel and/or redecorate your Restaurant premises, equipment (including point of sale or computer hardware and software systems), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of your Restaurant to our then-current System-wide standards and specifications. We agree that we shall not request such remodeling and/or redecorating more frequently than every five years during the term of this Agreement, except that if your Restaurant is transferred pursuant to Article 14, we may request that the transferee remodel and/or redecorate your Restaurant premises as described herein.

7.4 Approved Suppliers

You shall comply with all of our standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale and computer hardware and software systems) and other products used or offered for sale at your

Restaurant. Except as provided in Sections 7.6 and 7.7 with respect to certain materials bearing the Marks and proprietary products, you shall obtain such items from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet our then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Restaurants and who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by us prior to any purchases by you from any such supplier; and who have not thereafter been disapproved by us.

If you desire to purchase, lease or use any products or other items from an unapproved supplier, you shall submit to us a written request for such approval, or shall request the supplier itself to do so, together with payment of our then-current evaluation fee (not to exceed One Thousand Dollars ($1,000)). You shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by us. We shall have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us, for testing. We reserve the right, at our option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. Nothing herein shall be construed to require us to approve any particular supplier.

7.5 Operation of Restaurant in Compliance with Our Standards

To ensure that the highest degree of quality and service is maintained, you shall operate your Restaurant in strict conformity with such of our methods, standards and specifications set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, you also agree:

7.5.1 To sell or offer for sale all menu items, products and services required by us and in the method, manner and style of distribution prescribed by us, including, but not limited to, dine-in and take-out, only as expressly authorized by us in writing in the Manuals or otherwise in writing. You understand and acknowledge that you may not provide catering or delivery services without our prior written consent.

7.5.2 To sell and offer for sale only the menu items, products and services that have been expressly approved in writing by us for sale; to refrain from deviating from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any menu items, products or services which we may, in our sole discretion, disapprove in writing at any time. Notwithstanding the foregoing, you understand and agree that we have the right, in our sole discretion, to grant to certain Restaurants variances from our standard menu to accommodate regional or local tastes or ingredients, and that nothing in this Agreement requires us to grant to you a similar variance.

7.5.3 To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, products, materials, merchandise, supplies and paper goods that conform to our standards and specifications; to prepare all menu items in accordance with our recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without our prior written consent.

7.5.4 To permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from your Restaurant, without payment therefor, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform with our reasonable specifications.

7.5.5 To purchase or lease and install, at your expense, all fixtures, furnishings, equipment (including point of sale and computer hardware and software systems), décor items, signs, delivery vehicles, and related items as we may reasonably direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about your Restaurant premises, without our prior written consent, any fixtures, furnishings, equipment, delivery vehicles, décor items, signs, games, vending machines or other items not previously approved as meeting our standards and specifications. If any of the property described above is leased by you from a third party, such lease shall be approved by us, in writing, prior to execution. Our approval shall be conditioned upon such lease containing a provision which permits any interest of yours in the lease to be assigned to us upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon us in connection with such assignment.

7.5.6 To grant us and our agents the right to enter upon your Restaurant premises and any delivery or catering vehicle, during normal business hours, for the purpose of conducting inspections; to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents and without limiting our other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand.

7.5.7 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may reasonably prescribe from time to time.

7.5.8 To install and maintain equipment and a telecommunications line in accordance with our specifications to permit us to access and retrieve by telecommunication any information stored on a point of sale system (or other computer hardware and software) you are required to utilize at your Restaurant premises as specified in the Manuals, thereby permitting us to inspect and monitor electronically information concerning your Restaurant, Gross Sales and such other information as may be contained or stored in such equipment and software. You shall obtain and maintain Internet access and/or other means of electronic communication, as specified by us from time to time. It shall be a material default under this Agreement if you fail to maintain such equipment, lines and communication methods in operation and accessible to us at all times throughout the term of this Agreement. We shall have access as provided herein at such times and in such manner as we shall from time to time specify.

7.5.9 To honor all credit, charge, courtesy or cash cards or other credit devices required or approved by us. You must obtain our written approval prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices.

7.5.10 To sell or otherwise issue gift cards or certificates (together "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manuals or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Restaurant. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Manuals or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Restaurants and for making timely payment to us, other operators of Restaurants, or a third-party service provider for Gift Cards issued from your Restaurant that are honored by us or other Restaurant operators.

7.5.11 To issue and honor any loyalty cards that we designate or approve for the System.

7.5.12 To close your Restaurant, and otherwise make the services of your Restaurant unavailable, on Sundays unless we provide our prior written consent, which we may withhold in our sole discretion.

7.6 Proprietary Products

You acknowledge and agree that we and our affiliates have developed and/or may develop for use in the System certain products which are prepared from confidential proprietary recipes and which are trade secrets of us and our affiliates, and other proprietary products bearing the Marks. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that we closely control the production and distribution of such products. Accordingly, you agree that if such products become a part of the System, you shall use only our secret recipes and proprietary products and shall purchase all of your requirements for such products solely from us or from a source designated by us. You further agree to purchase from us or our designated supplier for resale to your customers certain merchandise identifying the System as we shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy your customer demand.

7.7 Advertising and Promotional Materials

You shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by us to bear the Marks in the form, color, location and manner prescribed by us, including, without limitation, notations about the ownership of the Marks.

7.8 Complaints

You shall process and handle all consumer complaints connected with or relating to your Restaurant, and shall promptly notify us by telephone and in writing of all of the following complaints: (a) food related illnesses, (b) environmental, safety or health violations, (c) claims exceeding Five Hundred Dollars ($500), and (d) any other material claims against or losses suffered by you. You shall maintain for our inspection any governmental or trade association inspection reports affecting your Restaurant or equipment located in your Restaurant during the term of this Agreement and for thirty (30) days after the expiration or earlier termination of this Agreement.

7.9 Assignment of Numbers and Listings

At our request, you shall execute such forms and documents as we deem necessary to appoint us as your true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to us, your telephone numbers and listings; and provide us with passwords and administrator rights for all email, software, social media, or other such accounts used or created by you in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, we may exercise our authority, pursuant to such documents, to obtain any and all of your rights to the telephone numbers of the Franchised

Business and all related telephone directory listings and other business listings, and all internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business. You agree that you have no authority to and shall not establish any website or listing on the internet or world wide web without our express written consent, which consent may be denied without reason.

7.10 Vehicles

Any vehicle used by you to deliver Restaurant products and services to customers, should we authorize you to do so, shall meet our standards with respect to appearance and ability to satisfy the requirements imposed on you hereunder. You shall place such signs and décor items on the vehicle as we reasonably require, shall ensure that such vehicle is properly licensed and insured, and shall at all times keep such vehicle clean and in good working order. You shall not engage or utilize any individual in the operation of a motor vehicle in connection with providing services hereunder who is under the age of 18 years or who does not possess a valid driver's license under the laws of the state in which you provide such services. You shall require each such individual to comply with all laws, regulations and rules of the road and to use due care and caution in the operation and maintenance of motor vehicles. Except as noted above, we do not set forth any standards or exercise control over any motor vehicle utilized by you.

7.11 Unapproved Products and Services

In the event you sell any food, beverage, products, novelty items, clothing, souvenirs or perform any services that we have not prescribed, approved or authorized, you shall, immediately upon notice from us: (a) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (b) pay to us, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars ($250) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by you after written notice from us. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

7.12 Customer Surveys

You shall participate in all customer surveys and satisfaction audits, which may require that you provide discounted or complimentary products, provided that such discounted or complimentary sales shall not be included in Gross Sales. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

7.13 Mystery Shopper Service

We may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to Restaurants. You agree that your Restaurant will participate in such mystery shopper program, as prescribed and required by us, provided that Restaurants owned by us, our affiliates and our franchisees also will participate in such program to the extent we have the right to require such participation, and you further agree to pay all fees related to such mystery shopper program.

7.14 Pricing

We may advise you in writing, from time to time and where permitted by applicable law, concerning the maximum prices which you should charge your customers for menu items, products and services provided or sold under the System. Any such advice, if given at all, will be binding on you and you agree to comply with our pricing guidelines. Nothing contained herein shall be deemed a representation by us that if you follow such guidelines you will, in fact, generate or optimize profits. You are obligated to inform us of all prices charged for services and products sold by you and to inform us of any modifications of your prices.

ARTICLE 8: MARKETING AND PROMOTION

Recognizing the value of marketing and the importance of the standardization of marketing programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

8.1 Participation in Marketing

We may from time to time develop and create marketing and sales promotion programs designed to promote and enhance the collective success of all Restaurants operating under the System. You shall participate in all such marketing and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

8.2 Local Marketing

In addition to the ongoing marketing contributions set forth herein and, you shall spend each month throughout the term of this Agreement an amount equal to one-half percent (0.5%) of Gross Sales on marketing and promotion of your Restaurant in your Territory ("***Local Marketing***"). This Local Marketing spend may be met by giving away free products at your Restaurant as part of a grand opening or periodic marketing events.

Notwithstanding the foregoing, if your Restaurant participates in a Cooperative, as described in Section 8.4, any amount you contribute to the Cooperative will count toward your Local Marketing requirement. You shall submit to us, within thirty (30) days of our request, advertising expenditure reports accurately reflecting your Local Marketing expenditures, including verification copies of all marketing and any other information that we require.

8.3 Brand Development Fund

We reserve the right to establish and administer a Brand Development Fund for the purpose of advertising the System on a regional or national basis (the "***Brand Development Fund***"). You agree to contribute to the Brand Development Fund as described in Section 4.3. You agree that the Brand Development Fund shall be maintained and administered by us or our designee as follows:

8.3.1 We shall direct all marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Restaurants operating under the System. We and our affiliates shall, with respect to Restaurants operated by us, contribute to the Brand Development Fund generally on the same basis as you. In administering the Brand Development Fund, we and our designees undertake no obligation to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or *pro rata* from the placement of marketing. We shall be entitled to reimbursement from the Brand Development Fund for our reasonable expenses in managing the Brand Development Fund.

8.3.2 You agree that the Brand Development Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing marketing (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; product research and development; public relations activities; employing advertising agencies to assist therein; menu and product development; development and maintenance of our website; conducting social media initiatives; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us). All sums paid by you to the Brand Development Fund may be commingled with our general funds but will be accounted for separately by us and may be used to defray our expenses, if any, as we may incur in activities reasonably related to the administration or direction of the Brand Development Fund and advertising programs for franchisees and the System. The Brand Development Fund and its earnings shall not otherwise inure to our benefit. The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fees as outlined above.

8.3.3 A statement of the operations of the Brand Development Fund shall be prepared annually by us and shall be made available to you upon request. This statement of operations may be unaudited.

8.3.4 Any monies remaining in the Brand Development Fund at the end of any year will carry over to the next year. Although the Brand Development Fund is intended to be of perpetual duration, we may terminate the Brand Development Fund. The Brand Development Fund shall not be terminated, however, until all monies in the Brand Development Fund have been expended for marketing or promotional purposes or returned to contributing Franchised Businesses or those operated by us, without interest, on the basis of their respective contributions.

8.3.5 If we elect to terminate the Brand Development Fund, we may, in our sole discretion, reinstate the Brand Development Fund at any time. If we so choose to reinstate the Brand Development Fund, said reinstated Brand Development Fund shall be operated as described herein.

8.3.6 Notwithstanding the foregoing, money in the Brand Development Fund can be used to produce commercials and ad layout templates that you must adapt for your Restaurant and use in local advertising, at your expense. The Brand Development Fund may also develop new menus and table tents for use by all Restaurants in the System, and we may designate that our approved supplier will automatically ship these items to you, at your expense, when they are to be used.

8.4 Cooperative Marketing Funds

We may, in our discretion, create a regional marketing cooperative ("***Cooperative***") in any area, or we may approve the creation of such a Cooperative by franchisees in the System, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which some or all of your Territory is located. In no event may your Restaurant be required to be a member of more than one Cooperative. The Cooperative must be governed in the manner we prescribe. The Cooperative may require each of its members to make contributions thereto in an amount as agreed upon by the Cooperative members. You shall contribute such amounts at the times and in the manner as determined by majority vote of the Cooperative members. Any funds contributed to a Cooperative will be credited against your Local Marketing obligation; provided, however, that if your contributions to a Cooperative are less than your Local Marketing requirement, you shall nevertheless spend the difference locally. The following provisions apply to each Cooperative:

8.4.1 the Cooperative must be organized and governed in a form and manner, and commence operation on a date, that we approve in advance in writing;

8.4.2 the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for the members' use in local advertising within the Cooperative's area;

8.4.3 the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

8.4.4 except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for local advertising) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Restaurant having one vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of franchised businesses owned;

8.4.5 without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 8.5;

8.4.6 the Cooperative may require its members to periodically contribute to it in such amounts as it determines;

8.4.7 no later than the fifteenth (15th) day of each month, each member/franchisee must submit its contribution under Section 8.4.6 for the preceding calendar month to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

8.4.8 if an impasse occurs because of a Cooperative members' inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.

8.5 Conduct of Marketing; Our Approval

All marketing and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or otherwise. You shall obtain our approval of all marketing and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You shall submit such unapproved plans and materials to us not later than ten (10) days prior to the date you intend to use them. If we do not provide our specific disapproval of the proposed materials, the proposed materials are deemed to be approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. You shall not advertise or use the Marks in any fashion on the internet, world wide web or via other means of advertising through telecommunication without our express written consent.

We reserve the right to require you to include certain language on all marketing to be used locally by you or to be used by a Cooperative, including, but not limited to, "Franchises Available" and reference to our telephone number and/or website.

8.6 Grand Opening Marketing

In addition to the ongoing marketing contributions and expenditures set forth herein, you shall be required to spend between Five Hundred Dollars ($500) and Two Thousand Dollars ($2,000) on a grand opening marketing campaign to promote the opening of your Restaurant. The grand opening marketing campaign shall be conducted generally in the period between thirty (30) days prior to the Opening Date and thirty (30) days after the Opening Date, or such other period as we may designate. All marketing proposed to be used in the grand opening marketing campaign are subject to our review and approval in the manner set forth in this Article 8. Your grand opening marketing campaign must include the giveaways and other promotions we require. We reserve the right to require you to give the grand opening marketing campaign monies to us and we will conduct the grand opening marketing campaign on your behalf.

8.7 Websites

As used in this Agreement, the term "***Website***" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, internet and world wide web home pages. In connection with any Website, you agree to the following:

8.7.1 We shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, Restaurants and any or all of the products offered at Restaurants, the franchising of Restaurants, and/or the System. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; we shall also have the right to discontinue operation of the Website.

8.7.2 We shall have the right, but not the obligation, to designate one or more web pages to describe you and/or the Franchised Business, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

8.7.3 You shall not establish a separate Website related to the Marks or the System without our prior written approval (which we may withhold in our sole discretion). If approved to establish such a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any such Website owned or maintained by you or for your benefit shall be deemed "advertising" under this Agreement and will be subject to (among other things) our approval under this Article 8.

8.7.4 We will have the right to create the social and/or networking Websites (*e.g.*, Facebook, LinkedIn, Instagram or Twitter) for your Restaurant and to create the social media campaigns for your Restaurant on such social media and/or networking Websites. We will control and have full administrator access to all social media initiatives. You may, however, update the social and/or networking Websites to promote local events, local businesses, or other non-controversial community-related topics. Except as otherwise provided in the foregoing sentence, you understand and agree that you are strictly prohibited from using the Marks and/or promoting your Restaurant on any social and/or network Websites, including without limitation Facebook, LinkedIn, Instagram or Twitter, without our prior written consent.

ARTICLE 9: MARKS

9.1 Use of Marks

We grant you the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.

9.2 Ownership of Marks; Limited License

You expressly understand and acknowledge that:

9.2.1 We are the owner or the licensee of the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them. All references herein to our right, title and interest in the Marks shall be deemed to include, if applicable, the owner's right, title and interest in the Marks.

9.2.2 Neither you nor any Principal shall take any action that would prejudice or interfere with the validity of our rights with respect to the Marks. Nothing in this Agreement shall give the you any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of your Restaurant and only at or from its accepted location or in approved advertising related to your Restaurant.

9.2.3 You understand and agree that the limited license to use the Marks granted hereby applies only to such Marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks.

9.2.4 You understand and agree that any and all goodwill arising from your use of the Marks and the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks.

9.2.5 You shall not contest the validity of or our interest in the Marks or assist others to contest the validity of or our interest in the Marks.

9.2.6 You acknowledge that any unauthorized use of the Marks shall constitute an infringement of our rights in the Marks and a material event of default hereunder. You agree that you shall provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by us to register, maintain and enforce such rights in the Marks.

9.2.7 If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then you shall be obligated to comply with any such instruction by us. We shall not have any obligation in such event to reimburse you for your documented expenses of compliance. You waive any other claim arising from or relating to any Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Mark addition, modification, substitution or discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages. Notwithstanding the foregoing, until we are able to achieve federal registration of the Marks with the United States Patent and Trademark Office, we will reimburse your costs related to replacing signage and menus. Once the Marks are federally registered, any modification of the Marks will be at your expense.

9.3 Limitation on Use of Marks

With respect to your licensed use of the Marks pursuant to this Agreement, you further agree that:

9.3.1 Unless otherwise authorized or required by us, you shall operate and advertise your Restaurant only under the name "Skrimp Shack" without prefix or suffix. You shall not use the Marks as part of your corporate or other legal name and shall obtain our approval of a trade name or "d/b/a" prior to filing it with the applicable state authority.

9.3.2 During the term of this Agreement and any successor terms hereof, you shall identify yourself as a franchisee and as the independent owner of your Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on letterhead, invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of your Restaurant or any delivery vehicle as we may designate in writing.

9.3.3 You shall not use the Marks to incur any obligation or indebtedness on our behalf;

9.3.4 You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

9.4 Notification of Infringement or Claim

You shall notify us immediately by telephone and thereafter in writing of any apparent infringement of or challenge to your use of any Mark, of any claim by any person of any rights in any Mark, and you and the Principals shall not communicate with any person other than us, our counsel and your counsel in connection with any such infringement, challenge or claim. We shall have complete discretion to take such action as we deem appropriate in connection with the foregoing, and the right to control exclusively, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain the interests of us or any other interested party in the Marks. We will indemnify you and hold you harmless from and against any and all claims, liabilities, costs, damages and reasonable expenses for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), provided that the conduct of you and the Principals with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.

9.5 Retention of Rights by Us

The right and license of the Marks granted hereunder to you is non-exclusive and we thus have and retain the following rights, among others, subject only to the limitations of Article 1:

9.5.1 To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;

9.5.2 To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to you; and

9.5.3 To engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us.

ARTICLE 10: CONFIDENTIALITY AND NON-COMPETITION COVENANTS

10.1 Confidential Operations Manuals

10.1.1 To protect our reputation and goodwill and to maintain high standards of operation under the Marks, you shall conduct your business in accordance with the Manuals, other written directives which we may reasonably issue to you from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business.

10.1.2 You and the Principals shall at all times treat the Manuals, any of our written directives, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as trade secret and confidential in accordance with this Article 10. You and the Principals shall divulge and make such materials available only to such of your employees as must have access to it in order to operate your Restaurant. You and the Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above.

10.1.3 The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by us shall at all times remain our sole property, shall at all times be kept in a secure place on your Restaurant premises, and shall be returned to us immediately upon request or upon termination or expiration of this Agreement.

10.1.4 The Manuals, any written directives, and any other manuals and materials issued by us and any modifications to such materials shall supplement and be deemed part of this Agreement.

10.1.5 We may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. You shall remove and return to us all pages of the Manual that have been replaced or updated by us. You expressly agree to comply with each new or changed standard.

10.1.6 You shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by us at our headquarters shall control.

10.2 Confidential Information

10.2.1 Neither you nor any Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity and, following the expiration or termination of this Agreement, neither you nor any Principal shall use for their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which you or they may be apprised in connection with the operation of your Restaurant under the terms of this Agreement. You and the Principals shall divulge such confidential information only to such of your employees as must have access to it in order to operate your Restaurant. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement, including but not limited to the Manuals, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, recipes, and the terms of this Agreement, shall be deemed confidential for purposes of this Agreement. Neither you nor the Principals shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenants in this Section 10.2.1 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Principals.

10.2.2 You shall require and obtain the execution of covenants similar to those set forth in Section 10.2.1 from your General Manager and all other of your personnel who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment 4. All of your Principals not required to sign this Agreement as a Principal also must execute such covenants.

10.2.3 If you, the Principals, the General Manager or any of your employees develop any new concept, process, product, recipe, or improvement in the operation or promotion of your Restaurant, you are required to promptly notify us and provide us with all necessary related information, without compensation. You and the Principals acknowledge that any such concept, process product, recipe, or improvement will become our property, and we may use or disclose such information to other franchisees as we determine to be appropriate.

10.3 Non-Competition

10.3.1 You and the Principals specifically acknowledge that, pursuant to this Agreement, you and the Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees. You and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to you and them in the development and operation of your Restaurant, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why you and they are entering into this Agreement. In consideration for such specialized training, trade secrets and confidential information (including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees), you and the Principals covenant that with respect to you, during the term of this Agreement (and with respect to each of the Principals, during the term of this Agreement for so long as such individual or entity satisfies the definition of Principals), except as otherwise approved in writing by us, which approval may be withheld or denied in our sole and absolute discretion, neither you nor any of the Principals shall, either directly or indirectly, for yourself or themselves or through, on behalf of or in conjunction with any person or entity:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located within the United States, its territories, states or commonwealths, or any other country, province, state or geographic area in which we have used, sought registration of or registered the same or similar Marks or operate or license others to operate a business under the same or similar Marks, which business is of a character and concept similar to a Restaurant, including a food service business which offers and sells the same or substantially similar food products (a "***Competitive Business***") without our prior written consent.

10.3.2 With respect to you, for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of your interest in, this Agreement (and, with respect to each of the Principals, commencing upon the earlier of: (i) the expiration, termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of Principals) and continuing for two years thereafter, except as otherwise approved in our sole and absolute discretion, neither you, nor any of the Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person or entity:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any Competitive Business, which business is, or is intended to be, located within a twenty (20) mile radius of the location of any Restaurant in the System.

10.3.3 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect our goodwill or other business interests. The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 10.3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 10.3.

(a) You and the Principals understand and acknowledge that we shall have the right, in our sole and absolute discretion, to reduce the scope of any covenant set forth in this Section 10.3, or any portion thereof, without your or their consent, effective immediately upon notice to you; and you and the Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19.2.

(b) You and the Principals expressly agree that the existence of any claims you or they may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 10.3.

(c) Sections 10.3.1(b) and 10.3.2(b) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

10.3.4 You shall require and obtain execution of covenants similar to those set forth in this Section 10.3 (including covenants applicable upon the termination of a person's employment with you) from your General Manager and all other of your personnel who have received or will have access to training from us. Such covenants shall be substantially in the form set forth in Attachment 4. All of your Principals not required to sign this Agreement as a Principal also must execute such covenants. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment 4 or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section 10.3.4.

10.4 Failure to Comply

You and the Principals acknowledge that any failure to comply with the requirements of this Article 10 shall constitute a material event of default under Article 17. You and the Principals acknowledge that a violation of the terms of this Article 10 would result in irreparable injury to us for which no adequate remedy at law may be available, and you and the Principals accordingly consent to the issuance of an injunction prohibiting any conduct by you or the Principals in violation of the terms of this Article 10. You and the Principals agree to pay all court costs and reasonable attorneys' fees incurred by us in connection with the enforcement of this Article 10, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Article 10.

ARTICLE 11: BOOKS AND RECORDS

11.1 Books and Records

You shall maintain during the term of this Agreement, and shall preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manuals or otherwise in writing.

11.2 Reports

In addition to the Royalty Report required by Article 4, you shall comply with the following reporting obligations:

11.2.1 You shall, at your expense, submit to us, in the form prescribed by us, a report of Gross Sales and a profit and loss statement for each month (which may be unaudited) for you within fifteen (15) days after the end of each month during the term hereof. Each such statement shall be signed by your treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;

11.2.2 You shall, at your expense, provide to us a complete annual financial statement (which shall be reviewed) prepared by an independent certified public accountant within ninety (90) days after the end of each fiscal year during the term hereof showing the results of your Restaurant's operations during such fiscal year. We reserve the right to require such financial statements to be audited by an independent certified public accountant satisfactory to us at your cost and expense if an inspection discloses an understatement of two percent (2%) or more in any report, pursuant to Section 11.3; and

11.2.3 You shall also submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, and which pertain to the Franchised Business, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing.

11.3 Inspections; Audits

We or our designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of your books and records as we may require at your Restaurant. You shall make such books and records available to us or our designees immediately upon request. If any required royalty or other payments due to us are delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.5. If an inspection discloses an understatement in any report of two percent (2%) or more, you shall, in addition, reimburse us for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies we may have at law or in equity.

11.4 Correction of Errors

You understand and agree that our receipt or acceptance of any of the statements furnished or royalties paid to us (or the cashing of any royalty checks or processing of any EFTs) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.

11.5 Authorization of Us

You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or your Restaurant. You authorize us to disclose data from your reports, if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties, and you acknowledge and agree that such disclosure may include publishing of the financial performance of your Franchised Business in franchise disclosure document(s) issued by us following the Effective Date hereof.

11.6 We are Attorney-in-Fact

You hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business. This power of attorney shall survive the expiration or termination of this Agreement.

ARTICLE 12: INSURANCE

12.1 You shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with your Restaurant.

12.2 Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, any insurance that you must have according to the terms of the lease or mortgage for the Accepted Location and as required by applicable law. Currently you must maintain the following insurance: (a) general liability insurance with limits not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate; (b) personal injury insurance with limits of not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate; (c) liquor liability insurance with limits not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate; (d) automobile liability insurance in the amount of One Million Dollars ($1,000,000) combined single limit and including hired and non-hired vehicles; (e) property damage insurance with coverage at replacement cost; (f) business interruption insurance in an amount to cover expenses for at least ninety (90) days; (g) product liability insurance with limits of not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate; (h) worker's compensation with limits required by applicable state law, but not less than Five Hundred Thousand Dollars ($500,000); (i) any insurance required by the terms of lease or mortgage for your Restaurant; and (j) any other insurance we may require in the future.

12.3 Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article 15.

12.4 All general liability and property damage policies shall contain a provision that we, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

12.5 Not later than thirty (30) days prior to the Opening Date, and thereafter within thirty (30) days prior to the expiration of any such policy, you shall deliver to us Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by us, you shall deliver to us a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies.

12.6 Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice together with ten percent (10%) administrative fee. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

12.7 Upon written request by us, you shall procure from your insurance carrier or carriers a report of claims made and reserves set against your insurance policies.

12.8 We reserve the right to modify the types of insurance coverages and amounts of coverage that you are required to maintain for your Restaurant, and you agree to comply with any such changes, at your expense.

ARTICLE 13: DEBTS AND TAXES

13.1 Taxes

You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Article 15, you shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. You shall submit a copy of all tax filings sent to federal, state and local tax authorities to us within 10 business days after such filing has been made with the appropriate taxing authority.

The term "***Taxes***" means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, or the exercise of rights granted pursuant to this Agreement.

13.2 Payments to Us

Each payment to be made to us hereunder shall be made free and clear and without deduction for any Taxes.

13.3 Tax Disputes

In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon.

13.4 Compliance with Laws

You shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

13.5 Notification of Action or Proceeding

You shall notify us in writing of, and deliver to us copies of any documents you receive with respect to, within five days of your receipt or receipt of notice of, the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

ARTICLE 14: TRANSFER OF INTEREST

14.1 Transfer by Us

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (a) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (b) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "Skrimp Shack LLC" as Franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

14.2 Transfer by You

14.2.1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of you and the Principals. Accordingly, neither you nor any Principal, nor any successor or assignee of you or any Principal, shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in your Restaurant and/or any of your Restaurant's material assets (other than in connection with replacing, upgrading or otherwise dealing with such assets as required or permitted by this Agreement), in you or in any Principal that is an entity, in each case without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

14.2.2 If you wish to transfer all or part of your interest in your Restaurant, any of your Restaurant's material assets (except as provided in Section 14.2.1) or this Agreement, or if you or a Principal wishes to transfer or permit a transfer of any ownership interest in you or in a Principal that is an entity, then in each such case (any or all of which are referred to as a "***Restricted Transfer***"), transferor and the proposed transferee shall apply to us for our consent. We shall not unreasonably withhold our consent to a Restricted Transfer. We may, in our sole discretion, require any or all of the following as conditions of our approval:

(a) All of the accrued monetary obligations of you or any of your affiliates and all other outstanding obligations to us arising under this Agreement or any other agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner; You and your affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or any of your affiliates and us or any of our affiliates at the time of transaction;

(b) The transferor and its Principals (if applicable) shall have executed a general release, in a form reasonably satisfactory to us, of any and all claims against us, our officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations;

(c) The transferee shall demonstrate to our reasonable satisfaction that the transferee meets the criteria considered by us when reviewing a prospective franchisee's application for a franchise, including, but not limited to, our educational, managerial and business standards; the transferee's good moral character, business reputation and credit rating; the transferee's aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise); the transferee's financial resources and capital for operation of the business; and the geographic proximity and number of other Restaurants owned or operated by the transferee;

(d) The transferee shall enter into a written agreement, in a form reasonably satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; and, if the transferee is an entity, the transferee's equity owners shall execute such agreement as the transferee's Principals and guarantee the performance of all such obligations, covenants and agreements;

(e) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such successor options as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and other ancillary agreements as we may require, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, the then-current Royalty Fee and Brand Development Fee; provided, however, that the transferee shall not be required to pay any initial franchise fee;

(f) The transferee, at its expense, shall renovate, modernize and otherwise upgrade your Restaurant and, if applicable, any delivery vehicles to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the System-wide standards within the time period reasonably specified by us;

(g) The transferor shall remain liable for all of the obligations to us in connection with your Restaurant incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

(h) At the transferee's expense, the transferee, the transferee's Operating Principal, General Manager and/or any other applicable Restaurant personnel shall complete any training programs then in effect for franchisees of Restaurants upon such terms and conditions as we may reasonably require;

(i) You shall pay to us a transfer fee equal to sixty percent (60%) of our then-current initial franchise fee, if the transfer is to a new franchisee for the System, or forty percent (40%) of our then-current initial franchise fee, if the transfer is to an existing franchisee in the System, to reimburse us for reviewing the application to transfer, including, without limitation, training expenses, legal and accounting fees;

(j) If the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth at Article 6 as we request. The transferee shall provide to us evidence satisfactory to us that the terms of Article 6 have been satisfied and are true and correct on the date of transfer.

14.2.3 You shall not grant a security interest in your Restaurant or in any of your assets without our prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by us to agree that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of yours.

14.2.4 You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

14.3 Transfer to a Corporation or Limited Liability Company

In the event the proposed transfer is to a corporation or limited liability company formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements set forth at Section 14.2.2, except that the requirements set forth at Sections 14.2.2(c), 14.2.2(d), 14.2.2(f), 14.2.2(g), 14.2.2(i), and 14.2.2(j) shall not apply. With respect to a transfer to a corporation formed for the convenience of ownership, you shall be the owner of all of the voting stock or interest of the corporation and if you are more than one person, each person shall have the same proportionate ownership interest in the entity as each had in you prior to the transfer. A transfer under this Section 14.3 may occur one (1) time only.

14.4 Our Right to Purchase Business

14.4.1 In the case of a Restricted Transfer involving a bona fide purchase offer, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the interest proposed to be transferred in the Restricted Transfer on the same terms and conditions offered by the proposed purchaser (the "***Offer Terms***"). In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (a) sixty (60) days from the date of notice to the seller of the election to purchase by us, (b) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, and (c) such other date as the parties agree upon in writing. Any material change in the Offer Terms prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 14.4.1 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14 with respect to a proposed transfer.

14.4.2 Notwithstanding the provisions of Section 14.4.1, where the Restricted Transfer (alone or together with any other Restricted Transfer or event effected within the prior twenty-four (24) month period) results in a Change of Control (as defined below), we may elect, in our sole discretion, to treat the notice given pursuant to such Section 14.4.1 as an offer to assign to us all of your rights under this Agreement and to your Restaurant (including lease and contract rights and other assets of you and your affiliates used in connection with your Restaurant, excluding the assets of your benefit plans) (collectively, the "***Restaurant Interests***"). As used in this Agreement, "***Change of Control***" means any circumstance resulting in one or more of your Principals ceasing to be a Principal and/or the addition of any new Principal. In such case, we shall notify you of the special election provided for in this Section 14.4.2 at the time we exercise our option as provided in Section 14.4.1. The terms of such purchase shall be the same as the Offer Terms (subject to the other provisions of this Section 14.4), but the price shall be the lesser of (a) the Implied Market Price and (b) the fair market value of your Restaurant Interests, determined in a manner consistent with Section 18.12.1. As used herein, "***Implied Market Price***" shall mean an amount equal to the total price to be paid by the transferee under the Offer Terms, divided by the percentage (expressed as a decimal) of ownership of you proposed to be acquired (directly or indirectly) by the transferee, less the fair market value (determined as provided in Section 18.12.1) of any assets included in the Restricted Transfer that are not related to your Restaurant. If you have more than one Restaurant, then the Implied Market Price shall, unless otherwise agreed by us and you, be allocated among all Restaurants equally.

14.4.3 We may assign our rights under this Section 14.4 to any other person or entity, subject to Section 14.1.

14.4.4 It shall be a material obligation of yours under this Agreement to cause any transferor and transferee described in this Article 14 to perform all of the obligations imposed on such persons under this Article 14.

14.4.5 In the event the Offer Terms provide for payment of consideration other than cash or involve certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the Offer Terms, then such amount shall be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay the appraisal fees of the appraiser it selects. In the event that we exercise our right of first refusal herein provided, we shall have the right to set off against any payment therefor (a) all fees for any such independent appraiser due from you hereunder and (b) all amounts due from you to us.

14.4.6 Failure to comply with the provisions of this Section 14.4 prior to the transfer of any interest in you, your Restaurant or this Agreement shall constitute a material event of default under this Agreement.

14.5 Death or Disability

14.5.1 The grant of rights under this Agreement is personal to you, and on the death or permanent disability of you or any of your Principals, the executor, administrator, conservator or other personal representative of yours or of the deceased Principal, as the case may be, shall be required to transfer your or your Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by us. Failure to transfer in accordance with the forgoing will constitute a material default and the franchise granted by this Agreement will terminate. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of the Franchised Business during the six (6) month period from its onset.

14.5.2 Upon the death or claim of permanent disability of you or any Principal, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Article 14 for any *inter vivos* transfer. If an interest is not transferred upon death or permanent disability as required in this Section 14.5, then such failure shall constitute a material event of default under this Agreement.

14.5.3 Immediately after the death or permanent disability of such person, or while the Restaurant is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to us, or we, in our sole discretion, may provide interim management at a fee equal to ten percent (10%) of the Gross Sales generated by the Franchised Business during our operation thereof, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by us, pending transfer of the Restaurant to the deceased or disabled individual's lawful heirs or successors. If we provide interim management pursuant to this Section 14.5, you agree to indemnify and hold us and any of our representatives harmless from any and all acts which we may perform.

14.6 No Waiver of Claims

Our consent to a transfer of any interest described herein shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material and full compliance with any of the terms of this Agreement by the transferee.

14.7 Transfer Among Owners

If any person holding an interest in you, this Agreement or your Restaurant (other than you or a Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then you shall promptly notify us of such proposed transfer in writing and shall provide such information relative thereto as we may reasonably request prior to such transfer. Such transferee may not be a competitor of ours. Such transferee will be your Principal and as such will have to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by us, which form shall be in substantially the same form attached as Attachment 4. We also reserve the right to designate the transferee as one of the Principals. Notwithstanding the provisions contained in Section 14.2 to the contrary, the Principals may freely transfer their ownership interests in you among themselves and to their family members (or to trusts for the benefit of such family members), and our right of first refusal shall be inapplicable with respect to such transfers, provided you provide us with 30 days' prior written notice of such transfer, which notice shall include the names and percentages transferred.

ARTICLE 15: INDEMNIFICATION

15.1 Indemnification by You

You and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us, our successors and assigns, their respective partners and affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them ("***Indemnitees***"), from all losses and expenses (as defined in Section 15.4.2) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

15.1.1 The infringement, alleged infringement, or any other violation or alleged violation by you or any of the Principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Article 10), including, but not limited to, the unauthorized use of any image, likeness or recording of a public figure;

15.1.2 The violation, breach or asserted violation or breach by you or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

15.1.3 Libel, slander or any other form of defamation of us, the System or any franchisee operating under the System, by you or by any of the Principals;

15.1.4 The violation or breach by you or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between you or any of your affiliates and us and our Indemnitees; and

15.1.5 Acts, errors, or omissions of you, any of your affiliates and any of the Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment and operation of your Restaurant, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that we cannot and do not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, you or any employee, agent or independent contractor of yours and that the safe operation of any motor vehicle is, therefore, entirely your responsibility.

15.2 Notification of Action or Claim

You and each of the Principals agree to give us prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of you and each of the Principals, we may elect to assume (but under no circumstance are we obligated to undertake) or appoint associate counsel of our own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish the obligation of you and each of the Principals to indemnify the Indemnitees and to hold them harmless.

15.3 We May Settle

In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that:

15.3.1 any of the acts or circumstances enumerated in Section 15.1.1 through 15.1.4 have occurred; or

15.3.2 any act, error, or omission as described in Section 15.1.5 may result directly or indirectly in damage, injury, or harm to the System, any person or any property.

15.4 Losses and Expenses

All losses and expenses incurred under this Article 15 shall be chargeable to and paid by you or any of the Principals pursuant to your obligations of indemnity under this Article 15, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense.

As used in this Article 15, the phrase "***losses and expenses***" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recalls, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

15.5 Indemnitees Do Not Assume Liability

The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom you, any of the Principals, your affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you or your affiliates may contract, regardless of the purpose. You and each of the Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, the Principals, your affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of us or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.

15.6 Recovery from Third Parties

Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you or any of the Principals. You and each of the Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Principals by the Indemnitees.

15.7 Survival of Terms

You and the Principals expressly agree that the terms of this Article 15 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

ARTICLE 16: RELATIONSHIP OF THE PARTIES

16.1 No Relationship

The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that you shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose.

16.2 Independent Contractor

During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your Restaurant operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on your Restaurant premises established for the purposes hereunder or on any delivery vehicle and on all letterhead, business cards, forms, and as further described in the Manual. We reserve the right to specify in writing the content and form of such notice.

16.3 You are Not Authorized

You understand and agree that nothing in this Agreement authorizes you or any of the Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the Marks, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Principals or any claim or judgment arising therefrom.

ARTICLE 17: TERMINATION

17.1 Automatic Termination – No Right to Cure

17.1.1 You acknowledge and agree that each of your obligations described in this Agreement is a material and essential obligation of yours; that non-performance of such obligations will adversely and substantially affect us and the System; and that our exercise of the rights and remedies set forth herein is appropriate and reasonable.

17.1.2 You shall be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the your Restaurant premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

17.1.3 You shall be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, (except as otherwise stated below), effective immediately upon notice to you, upon the occurrence of any of the following events:

(a) If you operate your Restaurant or sell any products or services authorized by us for sale at your Restaurant at a location which has not been approved by us;

(b) If you fail to acquire an Accepted Location for your Restaurant within the time and in the manner specified in Article 2;

(c) If you fail to construct or remodel your Restaurant in accordance with the plans and specifications provided to you under Section 5.3 as such plans may be adapted with our approval in accordance with Section 2.4;

(d) If you fail to open your Restaurant for business within the period specified in Section 2.6;

(e) If you at any time cease to operate or otherwise abandon your Restaurant, or lose the right to possession of your Restaurant premises, or otherwise forfeit the right to do or transact business in the jurisdiction where your Restaurant is located; provided, however, that this provision shall not apply in cases of force majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, acts of terrorism, fire or other catastrophe or other forces beyond your control; provided, however, that force majeure shall not include your lack of financing), if through no fault of yours your Restaurant premises is damaged or destroyed by an event as described above, provided that you apply within thirty (30) days after such event for our approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and you diligently pursue such reconstruction or relocation; such approval may be conditioned upon the payment of our relocation fee;

(f) If you or any of the Principals have committed a felony, a crime or serious act involving moral turpitude, or any other act of public disrepute that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(g) If a threat or danger to public health or safety results from the construction, maintenance or operation of your Restaurant;

(h) If you or any of the Principals purport to transfer any rights or obligations under this Agreement or any interest in you or your Restaurant to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Article 14;

(i) If you or any of your affiliates fail, refuse, or neglect promptly to pay any monies owing to us, or any of our affiliates or vendors, when due under this Agreement or any other agreement, or to submit the financial or other information required by us under this Agreement and do not cure such default within five (5) days following notice from us (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply);

(j) If you or any of the Principals fail to comply with the in-term covenants in Section 10.3 or you fail to obtain execution of the covenants and related agreements required under Section 10.3.4 within 30 days following notice from us;

(k) If, contrary to the terms of Section 10.2.1, you or any of the Principals disclose or divulge any confidential information provided to you or the Principals by us, or fail to obtain execution of covenants and related agreements required under Section 10.2.2 within thirty (30) days following notice from us;

(l) If a transfer upon death or permanent disability is not completed in accordance with Article 14 and within the time periods therein;

(m) If you knowingly maintain false books or records, or submit any false reports to us;

(n) If you breach in any material respect any of the covenants in any material respect set forth in Article 6 or have falsely made any of the representations or warranties set forth in Article 6;

(o) If you fail to propose a qualified replacement or successor Operating Principal or General Manager within the time required under Sections 6.3.4 and 6.4.4 following ten (10) days' prior written notice;

(p) If you fail to procure and maintain the insurance policies required by Article 12 and you fail to cure such default within ten (10) days following notice from us;

(q) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein; provided that, notwithstanding the above, you shall be entitled to notice of such event of default and shall have twenty-four (24) hours to cure such default;

(r) If you or any of the Principals commit three (3) material events of default under this Agreement, within any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(s) If any of your managers is not able to complete our initial training program to our satisfaction, after having given you the opportunity to designate a replacement manager;

(t) If you fail to comply with all applicable laws and ordinances relating to your Restaurant, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;

(u) If you or any of the Principals use your Restaurant, the Marks, and/or social media platforms or your relationship to any of the foregoing in connection with endorsing, supporting, associating or identifying with, participating in or promoting any person, figure, celebrity, campaign, movement, cause, group, subdivision, sect, initiative, faction, following, whether political, religious, societal or otherwise, without our prior written consent.

17.2 Notice of Termination – 30 Days to Cure

Except as provided in Sections 17.1.2 and 17.1.3, upon any default by you which is susceptible of being cured, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of termination. However, you may avoid termination by immediately initiating a remedy to cure such default and curing it to our reasonable satisfaction or making a bona fide attempt to cure to our reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to us. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

17.2.1 If you fail to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by us or fail to carry out the terms of this Agreement in good faith.

17.2.2 If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing.

17.2.3 If you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement.

17.3 Cure on Demand

You must destroy any product or cure any situation that poses an imminent risk to public health and safety, either (a) as soon as you become aware of such risk or (b) at the time we demand you to do so.

17.4 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

17.5 Our Right to Suspend or Discontinue Services to You

17.5.1 Upon any default by you which is susceptible of being cured, we may, at our option, operate your Restaurant for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of your Restaurant during such period of operation by us shall be kept in a separate account, and the expenses of your Restaurant, including reasonable compensation and expenses for our representative, shall be charged to said account. We shall additionally charge you a management fee equal to ten percent (10%) of Gross Sales for the period during which we operate your Restaurant. If, as herein provided, we temporarily operate your Restaurant for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

17.5.2 If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 17, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your web page on our Website, until such time as you correct the breach.

17.5.3 If we believe a condition of your Restaurant premises or of any product poses a threat to the health or safety of your customers, employees or other persons, we have the right to take such action as we deem necessary to protect these persons, and the goodwill enjoyed by our Marks and System. Such actions may include any or all of the following: we may require you to immediately close and suspend operation of your Restaurant and correct such conditions; we may immediately remove or destroy any products that we suspect are contaminated; and, if you fail to correct a hazardous condition on demand, and within a reasonable time, we and contractors we hire may enter your Restaurant without being guilty of, or liable for, trespass or tort, and correct the condition. You are solely responsible for all losses or expenses incurred in complying with the provisions of this Section 17.5.3. Further, if you should discover a hazardous condition as described above, you agree to notify us immediately.

17.6 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article 17, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

ARTICLE 18: POST-TERMINATION

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:

18.1 Cease Operations

You shall immediately cease to operate your Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of ours.

18.2 Stop Using the System

You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System; the mark "Skrimp Shack"; and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove all of our proprietary or non-proprietary design items.

18.3 Cancellation of Assumed Names

You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Skrimp Shack" or any other service mark or trademark of ours, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within five days after termination or expiration of this Agreement.

18.4 No Use of Similar Marks

You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

18.5 Payment of Sums Owed

You and your Principals shall promptly pay all sums owing to us. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of any default by you, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by you and on the premises operated hereunder at the time of default.

18.6 Payment of Damages, Costs and Expenses

You and the Principals shall pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us in connection with obtaining any remedy available to us for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Article 18.

18.7 Delivery of Manuals and Materials

You shall immediately deliver to us all Manuals, software licensed by us (if any), records, files, instructions, correspondence, all materials related to operating your Restaurant, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of your Restaurant in your possession or control, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.

18.8 Confidential Information

You and the Principals shall comply with the restrictions on confidential information contained in Article 10 and shall also comply with the non-competition covenants contained in Article 10. Any other person required to execute similar covenants pursuant to Article 10 shall also comply with such similar covenants.

18.9 Marketing and Promotional Materials

You shall also immediately furnish us with an itemized list of all marketing and sales promotion materials bearing the Marks or any of our distinctive markings, designs, labels, or other marks thereon, whether located on your premises or under your control at any other location. We shall have the right to inspect these materials. We shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost, or to require you to destroy and properly dispose of such materials. Materials not purchased by us shall not be utilized by you or any other party for any purpose unless authorized in writing by us.

18.10 Assignment to Us

Upon execution of this Agreement, in partial consideration of the rights granted hereunder, you acknowledge and agree that all right, title and interest in the signs used at your Restaurant are hereby assigned to us, and that upon termination or expiration of this Agreement, neither you nor any lien holder of yours shall have any further interest therein.

18.11 Assignment of Lease

If you operate your Restaurant under a lease for your Restaurant premises with a third party or, with respect to any lease for equipment used in the operation of the Franchised Business, then you shall, at our option, assign to us any interest which you have in any lease or sublease for the premises of your Restaurant or any equipment related thereto. We may exercise such option at or within thirty (30) days after either termination or (subject to any existing right to renew) expiration of this Agreement. In the event we do not elect to exercise our option to acquire the lease or sublease for your Restaurant premises or do not have such option, you shall make such modifications or alterations to your Restaurant premises as are necessary to distinguish the appearance of your Restaurant from that of other Restaurants and shall make such specific additional changes as we may reasonably request. If you fail or refuse to comply with the requirements of this Section 18.11, we shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at your expense, which expense you agree to pay upon demand. Notwithstanding the provisions of this Section 18.11 to the contrary, in the event the lease is assigned to us, we hereby indemnify and hold harmless you and any guarantors under said lease, for any breach by us or our successors or assigns from any liability arising out of the lease for your Restaurant premises from and after the date of the assignment of lease.

18.12 Our Right to Purchase

18.12.1 Except as provided in Sections 18.9, 18.10, 18.11 and 18.13, we shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from you any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of your Restaurant, at fair market value. If we exercise our right to purchase all or a portion of your assets, we shall be purchasing such assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs, and each shall pay the appraisal fees of the appraiser it selects. If we elect to exercise any option to purchase herein provided, we shall have the right to set off (a) all fees for any such independent appraiser due from you, (b) all amounts due from you to us and (c) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash.

18.12.2 In addition to the options described above and if you own your Restaurant premises, then we shall have the option, to be exercised at or within 30 days after termination or expiration of this Agreement, to purchase your Restaurant premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at fair market value. We shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If you do not own the land on which your Restaurant is operated and we exercise our option for an assignment of the lease, we may exercise this option for the purpose of purchasing the building if owned by you and related assets as described above. If the parties cannot agree on fair market value within 30 days of our exercise of this option, fair market value shall be determined in accordance with appraisal procedure described above.

18.12.3 With respect to the options described in Sections 18.11, 18.12.1 and 18.12.2, you shall deliver to us in a form satisfactory to us, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which we deem necessary in order to perfect our title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, you have not obtained all of these certificates and other documents, we may, in our sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.12.4 The time for closing of the purchase and sale of the properties described in Sections 18.12.1 and 18.12.2 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section 18.11 shall be a date no later than ten (10) days after our exercise of the option thereunder unless we are exercising our options under either Section 18.12.1 or 18.12.2, in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at our corporate offices or at such other location as the parties may agree.

18.13 Restaurant Assets

Notwithstanding anything to the contrary contained in Sections 18.11 and 18.12, if you operate your Restaurant from a premises that is subleased to you by us, upon termination (or expiration without a successor term) of this Agreement, we shall have the right to take immediate possession of the assets of your Restaurant, including any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of your Restaurant. We shall have a lien against all such assets in the amount of any amounts due to us under this Agreement or any other agreement. We shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to you (or to any lender of yours who has a lienholder interest in the assets) the difference between the appraised value and the amounts owed to us by you at the time of termination. If the lien on the assets from your lender has priority over any lien of ours, and the amount of the lien is in excess of the appraised value of such assets, we shall have the right to deal directly with your lienholder, and to pay any amounts due to you directly to the lienholder. You agree to provide all further assurances, and to execute all documents required by us or by law to lawfully effect such transfer, and to perfect our security interest. We shall have the right to take such action without the execution of any further documents by you if you fail or refuse to comply with these further assurances.

18.14 Assignment of Options by Us

We shall be entitled to assign any and all of our options in this Article 18 to any other party, without your consent.

18.15 Telephone Numbers, Yellow Pages Listings, etc.

You, at our option, shall assign to us all rights to the telephone numbers of your Restaurant and any related internet pages listing or other business listings and execute all forms and documents required by us and any telephone company at any time to transfer such service and numbers to us. Further, you shall assign to us all internet listings, domain names, internet accounts, advertising on the internet or world wide web, websites, listings with search engines, email addresses or any other similar listing or usage related to the Franchised Business. The forms we may require you to execute include, but are not limited to, those included in Attachment 6. Notwithstanding any forms and documents which may have been executed under Section 7.9, you hereby appoint us as your true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. You shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by you.

18.16 Liquidated Damages

If we terminate this Agreement with cause, you must pay us liquidated damages equal to the average value of the Royalty Fees you paid or owed (per month) to us during the twelve (12) months before the termination multiplied by (a) twenty-four (24), being the number of months in two full years, or (b) the number of months remaining during the term of this Agreement, whichever is higher.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee.

ARTICLE 19: MISCELLANEOUS

19.1 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party.

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

19.2 Entire Agreement

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between us and you and the Principals concerning the subject matter hereof and shall supersede all prior related agreements between us and you and the Principals; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

19.3 No Waiver

No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Principals under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or the Principals, or as to a subsequent breach or default by you or the Principals. Acceptance by us of any payments due to us hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Principals of any terms, provisions, covenants or conditions of this Agreement.

19.4 Our Prior Approval

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us, and such approval or consent shall be obtained in writing.

19.5 No Warranty or Guaranty

We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

19.6 Continued Obligation to Pay Sums

If a force majeure event shall occur, then, in addition to payments required under Section 17.1.3(e), you shall continue to be obligated to pay to us any and all amounts that you shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any force majeure event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article 15. Except as provided in Section 17.1.3(e) and the immediately preceding sentence, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of force majeure. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

19.7 Arbitration

Except to the extent we elect to enforce any right we have under this Agreement to seek injunctive relief, or take any action to protect our intellectual property rights, including without limitation the Marks, by judicial process in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in

Virginia. The proceedings will be conducted by the American Arbitration Association ("***AAA***") under its commercial arbitration rules, except that the arbitrator will apply the Federal Rules of Evidence in making determinations to which such rules are applicable. The arbitrator will have a minimum of five years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon an arbitrator within 30 days after one party provides notice of a proposed arbitrator to the other, then the arbitration shall be conducted as per the selection method set forth in the AAA's rules. The decision of the arbitrator will be final and binding on all parties. This Section 19.7 will survive termination or any non-extension or refusal of successor term under any circumstances. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.8 Venue; Governing Law

With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration, or as otherwise provided above, you and the Principals hereby irrevocably submit yourself and themselves to the jurisdiction of the state courts and the Federal District Court nearest to our headquarters. You and the Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and the Principals hereby agree that service of process may be made upon any of you or them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Virginia or federal law. You and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be Newport News, Virginia; provided, however, with respect to any action (a) for monies owed, (b) for injunctive or other extraordinary relief or (c) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any state or federal district court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby (including those resolved by arbitration pursuant to Section 19.7), this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Virginia law.

19.9 Agreement Regarding Governing Law and Choice of Forum

You, the Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.8 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, the Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.10 Waiver of Punitive Damages

You, the Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim of any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

19.11 Execution in Multiple Counterparts

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

19.12 Captions

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

19.13 Survival of Terms

Any obligation of you or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or the Principals therein, shall be deemed to survive such termination, expiration or transfer.

19.14 Severability of Provisions

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

19.15 Joint and Several Obligations

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed, jointly and severally, also undertaken by all of the Principals.

19.16 Rights and Remedies Cumulative

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your affiliates and us. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Article 17 shall not discharge or release you or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

19.17 Terminology

The term "***Principals***" shall include, collectively and individually, (a) if relative to a person, the person's spouse, (b) if relative to an entity, all directors and officers of such entity and (c) if relative to an entity, all directors and officers of any Principal that itself is an entity, in each case whom we designate as your Principals and all holders of an ownership interest in you and of any entity directly or indirectly controlling you, and any other person or entity controlling, controlled by or under common control with you. As used in this Section 19.17, the terms "***control***" and "***controlling***" shall mean the power to influence the management decisions of the specified entity and shall in any case be deemed to exist where the second person or entity holds 10% or more of the total ownership interest in the specified entity or acts as a director or officer of such entity. Your Principals shall be listed on Attachment 3. The term "***Controlling Principals***" shall include, collectively and individually, any of your Principals who has been designated by us as a Controlling Principal hereunder. For purposes of this Agreement, a publicly held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of the Securities Exchange Act of 1934, as amended.

19.18 References

Each reference to an entity will refer to a corporation, limited liability company, partnership, and any other entity or organization similar thereto. Each reference to an entity's organizational documents shall be deemed to refer to the articles or certificate of incorporation, bylaws, and stockholders' agreements, shareholders' agreements, buy-sell agreements or other documents restricting the sale or transfer of a corporation, partnership agreement of a partnership, or functional equivalents of such organizational documents for any other entity. Each reference to equity owners shall be deemed to refer to the stockholders or shareholders of a corporation, partners of a partnership, or functionally equivalent holders of ownership interests for any other entity. Each reference to ownership interest shall refer to shares of a corporation's stock, membership or other ownership interests in a limited liability company, partnership interests in a partnership, or functional equivalents for any other entity. Each reference to directors and officers shall be deemed to refer to the directors and officers of a corporation, the general partners of a partnership, or functional equivalents for any other entity. Each reference to a person shall be deemed to refer to a natural person.

19.19 No Rights or Remedies Except to the Parties

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, members and employees and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Article 14), any rights or remedies under or as a result of this Agreement.

19.20 Effectiveness of Agreement

This Agreement shall not become effective until signed by an authorized officer of ours.

19.21 Modification of the System

You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder. You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

19.22 Step-In Rights

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern.

We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for our representatives. We shall additionally charge you a management fee equal to ten percent (10%) of Gross Sales for the period during which we operate your Restaurant. In the event of our exercise of the step-in rights**,** you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the step-in rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

19.23 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

19.24 Consent to do Business Electronically

The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Connecticut, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

ARTICLE 20: SECURITY INTERESTS

20.1 Collateral

You grant to us a security interest ("***Security Interest***") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of your Restaurant, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with your Restaurant. All items in which a security interest is granted are referred to as the "***Collateral***".

20.2 Indebtedness Secured

20.2.1 The Security Interest is to secure payment of the following (the "***Indebtedness***"):

(a) All amounts due under this Agreement or otherwise by you;

(b) All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

(c) All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

(d) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any successor terms or extension of this Agreement, whether or not you execute any extension agreement or successor instruments.

20.2.2 The Security Interest shall be subordinated to any financing related to your operation of your Restaurant, including, but not limited to, a real property mortgage and equipment leases.

20.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

20.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

20.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default pursuant to the terms of this Agreement, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Virginia (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

20.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the State Corporation Commission, Secretary of State, or other applicable governmental office, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

ARTICLE 21: TECHNOLOGY

21.1 Computer Systems and Software

The following terms and conditions shall apply with respect to your computer system:

21.1.1 We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Restaurants, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Restaurants, between or among Restaurants, and between and among the Restaurants and us and/or you; (b) Point of Sale Systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the "***Computer System***").

21.1.2 We shall have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("***Required Software***"), which you shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install; (c) the tangible media upon which you shall record data; and (d) the database file structure of your Computer System.

21.1.3 You shall record all sales on computer-based point of sale systems approved by us or on such other types of systems as may be designated by us in the Manuals or otherwise in writing ("***Point of Sale Systems***"), which shall be deemed part of your Computer System.

21.1.4 You shall make, from time to time, such upgrades and other changes to the Computer System and Required Software in accordance with the vendor guidelines, instructions, and/or recommendations, or as we may otherwise request in writing (collectively, "***Computer Upgrades***").

21.1.5 You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us.

21.1.6 In addition to the requirements of Section 4.4, you shall pay all fees, whether to us or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, all costs related to the Computer System, Required Software, and Computer Upgrades, digital menu displays, internet access, license fees, help desk fees, and licensing or user-based fees.

21.2 Data

We may, from time-to-time, specify in the Manuals or otherwise in writing the information that you shall collect and maintain on the Computer System, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to your Restaurant, and all data created or collected by you in connection with the System, or in connection with your operation of your Restaurant (including without limitation data pertaining to or otherwise concerning your Restaurant's customers) or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement.

21.3 Privacy

You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("***Privacy***") and shall comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

21.4 Telecommunications

You shall comply with our requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Intranet (as defined in Section 21.5), if any, and/or such other computer systems as we may reasonably require.

21.5 Intranet

We may establish a website providing private and secure communications between us, you, franchisees and other persons and entities as determined by us, in our sole discretion (an "***Intranet***"). You shall comply with our requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Intranet and utilizing the Intranet in connection with the operation of your Restaurant. The Intranet may include, without limitation, the Manuals, training or other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

21.6 On-line Use of Marks

You shall not use the Marks, or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without our prior written consent as to your plan for transmitting such advertisements.

21.7 No Outsourcing Without Prior Written Consent

You shall not hire third-party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor, unless we have designated an approved supplier to provide such services. Our consideration of any proposed outsourcing vendor may be conditioned upon, among other things, such third-party or outside vendor's entry into a confidentiality agreement with us and you in a form that is reasonably provided by us.

21.8 Changes to Technology

You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by us as if this Article 21 were periodically revised by us for that purpose. You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades.

ARTICLE 22: YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

22.1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

22.1.1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over your Restaurant.

22.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.

22.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.

22.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your Principals after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any of your Principals (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

22.1.5 Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

22.1.6 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

22.2 Your Acknowledgments

You acknowledge the truthfulness of the statements contained in Attachment 7 hereto. Your acknowledgments are an inducement for us to enter into this Agreement. You shall immediately notify us, prior to acknowledgment, if any statement in Attachment 7 is incomplete or incorrect.

~Remainder of Page Left Blank Intentionally~

EACH of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

FRANCHISEE: ______________________________	FRANCHISOR: SKRIMP SHACK LLC
By:____________________________ Name:__________________________ Title:___________________________	By:____________________________ Name:__________________________ Title:___________________________

PRINCIPALS:

____
Name:__________________________

____
Name:__________________________

ATTACHMENT 1

ACCEPTED LOCATION AND TERRITORY

[If there is no Accepted Location on the Effective Date, insert: **ACCEPTED LOCATION AND ADDRESS TO BE DETERMINED AND INSERTED AFTER PREMISES IS IDENTIFIED BY YOU AND APPROVED BY US FOR THE SKRIMP SHACK RESTAURANT, IN ACCORDANCE WITH SECTIONS 1.2 AND 1.4 OF THE FRANCHISE AGREEMENT, IN THE SITE SEARCH AREA OF ___ __________________________.]

1. ACCEPTED LOCATION

Pursuant to Section 1.2 of the Franchise Agreement, the Restaurant shall be located at the following Accepted Location:

____
____
____

2. TERRITORY:

Pursuant to Section 1.4 of the Franchise Agreement, the Designated Territory shall be:

____
____

FRANCHISEE:	FRANCHISOR:
__________________________________	SKRIMP SHACK LLC
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________

PRINCIPALS:

____
Name:____________________________

____
Name:____________________________

ATTACHMENT 2

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("***Assignor***") assigns, transfers and sets over to Skrimp Shack LLC, a Virginia limited liability company ("***Assignee***"), all of Assignor's right and title to and interest in that certain "***Lease***" a copy of which is attached as Exhibit A respecting premises commonly known as ____. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the Franchise Agreement for a Restaurant between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:	ASSIGNOR:
SKRIMP SHACK LLC	________________________________
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:____________________________	Title:____________________________
Date:____________________________	Date:____________________________

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within 30 days after Lessor's delivery of notice of the default under section (a);

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period noted in section (b) Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Restaurant.

Dated: ____________________

____

________________________________, Lessor

ATTACHMENT 3

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY

Name	**Percentage of Ownership**

ATTACHMENT 4

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees and managers of Franchised Business)

In consideration of my being a _____________________ of _______________________________ ("***Franchisee***"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated ____ (the "***Franchise Agreement***"), Franchisee has acquired the right and franchise from Skrimp Shack LLC (the "***Company***") to establish and operate a Skrimp Shack Restaurant (the "***Franchised Business***") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "***Proprietary Marks***"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and accepted location:_______________________________________ (the "***Accepted Location***").

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "***System***") relating to the establishment and operation of Skrimp Shack Restaurants offering shrimp, fish, chicken and related menu items for dine-in and take-out. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, recipes, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business.

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential, including, without limitation, the proprietary and confidential information described in Section 2, shall be deemed to be "***Confidential Information***" for purposes of this Agreement.

4. As _________________ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Operations Manuals (the "***Manuals***"), and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as ___________________ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any food service business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business (a "***Competitive Business***"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Territory, as defined in the Franchise Agreement ("***Franchisee's Territory***");

7.2 Twenty (20) miles of Franchisee's Territory; or

7.3 Twenty (20) miles of any Franchised Business operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Skrimp Shack Restaurant. This restriction does not apply to my ownership of less than 5% beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it or they incur, including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the Commonwealth of Virginia, without regard to the application of Virginia conflict of law rules. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

____
Signature

____
Name

____
Address

____
Title

ACKNOWLEDGED BY FRANCHISEE

By:____________________________________
Name: __________________________________
Title:___________________________________

ATTACHMENT 5

ELECTRONIC TRANSFER AUTHORIZATION

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO SKRIMP SHACK LLC ("COMPANY")

Depositor hereby authorizes and requests ____ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of Company by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name:____

City:_____________________________ State:_________ Zip Code:____________

Transit/ABA Number:____________________________ Account Number:_________________

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

____

____

____
Date Signed

____

____
Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

ATTACHMENT 6

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT (the "Agreement") is made and entered into this day of ________________ (the "Effective Date"), by and between Skrimp Shack LLC, a Virginia limited liability company, with its principal place of business at 201A Dexter Street, Suite 103, Chesapeake, Virginia, 23324 (the "Franchisor"), and ________________________________, a(n) ______________________________, with its principal place of business located at ____________________________, and _______________________'s principal(s), _____________________, an individual, residing at _____________________________________, and ______________________, an individual, residing at _________________________________ ("Principal(s)"). ____________________ and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee".

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Skrimp Shack Restaurant business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Skrimp Shack brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Listings**

2.1 Interest in Websites, Social Media Accounts, Other Electronic Listings and Software. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, the right to hyperlink to certain websites and listings on various internet search engines, and the right to use certain software (collectively, "Electronic Advertising and Software") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the "Internet and Software Companies") with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee's interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Listings: (i) to transfer all Franchisee's interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Franchisee's interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the Commonwealth of Virginia, without regard to the application of Virginia conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:
SKRIMP SHACK LLC

By:_______________________________
Name:_____________________________
Title______________________________

FRANCHISE:
____

By:_______________________________
Name:_____________________________
Title:_____________________________

PRINCIPAL:

____
Name:_____________________________

PRINCIPAL:

____
Name:_____________________________

ATTACHMENT 7

FRANCHISEE ACKNOWLEDGMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

______
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

______
Initial

7. Franchisee acknowledges that it has received the Skrimp Shack LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

______
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

______
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

______
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

______
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE SKRIMP SHACK LLC, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

_____
Initial

FRANCHISEE:	PRINCIPALS:
______________________________	
	______________________________
By:______________________________	Name:______________________________
Name:______________________________	Date:______________________________
Title:______________________________	
Date: ______________________________	
	______________________________
	Name:______________________________
	Date: ______________________________

ATTACHMENT 8 TO THE FRANCHISE AGREEMENT

SPOUSAL GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on ____ ___________________________ (the "Effective Date"), to Skrimp Shack LLC, a Virginia limited liability company having its principal place of business at 201A Dexter Street, Suite 103, Chesapeake, Virginia 23324 ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the "Franchisee Agreement") with __________________________ __________________________________, a(n) ____, ______ ___________________________ and _____________________________________(collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Article 10 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any obligations guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor’s rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE’S PRINCIPAL:

____
Signature
Name:____________________________

Address:__________________________
____
____

Exhibit B to the
Skrimp Shack Franchise Disclosure Document

DEVELOPMENT AGREEMENT

SKRIMP SHACK LLC

DEVELOPMENT AGREEMENT

____
MULTI-UNIT OPERATOR

____
DATE OF AGREEMENT

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SKRIMP SHACK LLC

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("Agreement") is being entered into this day of_____ ______________________ , between Skrimp Shack LLC, a Virginia limited liability company having its principal place of business at 201A Dexter St. West, Ste 103, Chesapeake, VA 23324 (herein "Franchisor"), and ______________ an individual residing at ________________________ and ___________ an individual residing at __________________________ (herein "Developer")

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter "System") relating to the establishment and operation of a seafood and chicken restaurant operating under the name "Skrimp Shack" offering shrimp, fish, chicken and other food items and beverages that we approve for dine-in or take-out ("Restaurant" or "Franchised Business");

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Skrimp Shack", and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as "Marks");

WHEREAS, we and our affiliate continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service; and

WHEREAS, you wish to obtain certain development rights to open and operate Restaurants operating under the Marks and the System within the Exclusive Area described in this Development Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

SECTION 1: GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Development Agreement, certain development rights ("Development Rights") to establish and operate _____________ (__________) franchised Restaurants, and to use the Marks and System solely in connection therewith, at specific locations to be designated in separate Franchise Agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment 2 of this Agreement (hereinafter "Minimum Performance Schedule"). Each Restaurant developed hereunder shall be located in the area described in Attachment 3 of this Agreement (hereinafter “Exclusive Area”). The Minimum Performance Schedule shall be deemed completed, and this Agreement shall expire, upon the opening of the last Skrimp Shack Restaurant to be developed hereunder.

1.2 Each Restaurant for which a Development Right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between you and us in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a Restaurant in the Exclusive Area during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

SECTION 2: DEVELOPMENT FEE

In consideration of the development rights granted herein, you shall pay to us a Development Fee of ____________________________ Thousand Dollars ($ ___________), payable upon execution of this Agreement (“Development Fee”). The Development Fee is calculated as one hundred percent (100%) of the initial franchise fee for the first Restaurant to be developed hereunder, plus a deposit equal to fifty percent (50%) of the initial franchise fee for each additional Restaurant to be developed hereunder.

The Development Fee shall be fully earned by us upon execution of this Agreement, shall be non-refundable, and shall be for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the Development Rights granted to you herein.

SECTION 3: SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 You shall assume all responsibility and expense for locating potential sites for Restaurants and shall submit to us for our evaluation and approval, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of such information and materials from you to accept or decline the site in our sole discretion. If the site is accepted, you will then be presented with the Franchise Agreement for execution.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and in accordance with the Minimum Performance Schedule. Your failure to adhere to the Minimum Performance Schedule shall constitute a default under this Agreement as provided in Section 9.1 hereof. Under no circumstances may you open a Restaurant for business unless and until there is a fully executed Franchise Agreement in place for such Restaurant and we have been paid all amounts payable to us upon execution of such Agreement.

3.3 You shall exercise each Development Right granted herein only by executing a Franchise Agreement for each Restaurant at a site approved by us in the Exclusive Area as hereinafter provided within ten (10) days after receipt of said Franchise Agreement from us for the approved site and return same to us for our execution. The Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The Franchise Agreement for each additional Development Right exercised hereunder shall be the then-current Franchise Agreement, subject to any non-material changes therein which are required to be made by changes in any applicable law, regulation or ordinance in effect from time to time. In the event we do not receive the properly executed Franchise Agreement with the appropriate number of copies within said ten (10) days from delivery thereof to you, our approval of the site shall be void and you shall have no rights with respect to said site.

The initial franchise fee for each Restaurant to be developed hereunder is Forty- Five Thousand Dollars ($45,000). The initial franchise fee for the first Restaurant has been paid in full in the Development Fee. For each additional Restaurant developed hereunder, the initial franchise fee will be reduced by one-half (1/2) and we will apply a *pro rata* portion of the Development Fee toward the initial franchise fee due for such Restaurant. Fifty percent (50%) of the balance of the initial franchise fee, or Eleven Thousand Two Hundred Fifty Dollars ($11,250), is payable to us in a lump sum upon execution of the Franchise Agreement for that Restaurant or when the lease for the approved location for that Restaurant is executed, whichever occurs first.

3.4 You acknowledge that the approval of a particular site for a Restaurant by us shall not be deemed to be an assurance or guaranty that the Restaurant will operate successfully or at a profit from such site.

3.5 You shall be required to execute each Franchise Agreement and own a minimum of fifty-one percent (51%) of the issued and outstanding stock for each Restaurant to be opened pursuant to said Franchise Agreement. In no event shall you relinquish control over each or any entity operating each Restaurant except pursuant to an authorized transfer, as described in Section 11.

SECTION 4: DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1. Notwithstanding any other provision of this Agreement, Development Rights under this Agreement may or may not, in our sole discretion, include the right to develop Restaurants at any "Non-Traditional Sites". Non-Traditional Sites include without limitation military bases, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, prisons, hospitals, convenience stores, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2 and the Minimum Performance Schedule, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of Restaurants within the Exclusive Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

4.3 Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Restaurants within the Exclusive Area subject only to the territorial rights granted to you with respect to Restaurants operated by you pursuant to the Franchise Agreements and subject, further, to the right of first refusal described in Section 6 below.

4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to Restaurants, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Exclusive Area, and under any terms and conditions we deem appropriate. "Alternative distribution channels" include, but are not limited to, the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales;

4.4.2 to operate and to grant others the right to operate Restaurants located outside the Exclusive Area under any terms and conditions we deem appropriate and regardless of proximity to a Restaurant;

4.4.3 to operate and to grant others the right to operate Restaurants at Non-Traditional Sites within and outside the Exclusive Area under any terms and conditions we deem appropriate; and

4.4.4 to acquire and operate a business operating one or more restaurants or food service businesses located or operating in the Exclusive Area.

SECTION 5: <u>RENEWAL</u>

This Agreement shall not be subject to renewal; however, if you wish to purchase a new Exclusive Area and continue to develop Restaurants, we will, in good faith, negotiate a new Development Agreement with you.

SECTION 6
<u>TERM AND RIGHT OF FIRST REFUSAL</u>

6.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Restaurant is opened pursuant to the Minimum Performance Schedule established in Attachment 2.

6.2 If, during the term of this Agreement, a Non-Traditional Site becomes available in your Exclusive Area, then we may, in our sole discretion, offer to you the opportunity to develop a Restaurant at such Non-Traditional Site. You shall have thirty (30) days after receipt of our notice in which to accept or decline this right of first refusal. Your failure to notify us within such thirty (30) day period shall be interpreted that you have declined the right of first refusal. Nothing in this Agreement shall require us to provide you with a right of first refusal for a Non-Traditional Site.

6.3 Upon completion of the Minimum Performance Schedule, if we determine that it is desirable to operate one or more additional Restaurants in the Exclusive Area, and provided you have timely complied with the Minimum Performance Schedule and are then in compliance with all terms and conditions of all Franchise Agreements, you shall have a right of first refusal to obtain the Development Rights to such additional Restaurant(s) upon such reasonable terms and conditions as are then determined by us including, but not limited to, the imposition of a new Development Fee and the payment of the then-current initial fees upon execution of the then-current Franchise Agreement. In such case, we shall advise you in writing of the terms and conditions for the acquisition of the Development Rights for such additional Restaurant(s). You must notify us in writing within sixty (60) days of the receipt of such notice whether you wish to acquire the Development Rights to one or all of such additional Restaurant(s). If you do not exercise this right of first refusal, in whole, we may, following the expiration of the sixty (60) day period, grant the Development Rights to such additional Restaurant(s) to any other person or persons on the same terms and conditions or we may elect to develop and construct any of such additional Restaurant(s).

SECTION 7: YOUR OBLIGATIONS

7.1 You acknowledge and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Restaurants and to submit the same to us for our approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any Restaurants within the Exclusive Area. You shall obtain the license to use such additional rights at each Restaurant upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.

7.1.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof.

7.1.3 Except as provided in Sections 6.1 and 6.2 hereof, the Development Rights granted hereunder are non-exclusive, and we retain the right, in our sole discretion:

(a) To continue to construct and operate other Restaurants and to use the System and the Marks at any location outside the Exclusive Area, and to license others to do so.

(b) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as we may deem advisable and without granting you any rights therein.

(c) To develop, merchandise, sell and license others to sell any of our products, proprietary or otherwise, presently existing or to be developed in the future, to the public through alternative distribution channels outside or inside of the Exclusive Area and to use the Marks in connection therewith.

7.1.4 You have sole responsibility for the performance of all obligations arising out of the operation of your business pursuant to this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.5 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your business and that the operations of said business are separate and distinct from the operation of a Skrimp Shack Restaurant.

7.1.6 You shall at all times preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.7 For each Skrimp Shack Restaurant, you must secure a source for your food products that we have approved in writing.

7.1.7 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.8 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.9 In no event shall any Restaurant be opened for business unless and until a Franchise Agreement for such Restaurant has been fully executed and the initial franchise fee for such Restaurant has been paid.

SECTION 8: <u>OUR SERVICES</u>

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for approval thereof.

8.2 Assist you in determining the layout and configuration of each Restaurant once the location has been approved. After you and we have determining the layout and configuration of each Restaurant, you must arrange for site plan and build-out plans and specifications to be prepared and submitted to us for our review.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon our receipt of your written request for approval thereof.

8.4 Provide such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit operators.

SECTION 9: <u>DEFAULT AND TERMINATION</u>

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to meet the Minimum Performance Schedule.

9.1.2 If you shall purport to effect any assignment other than in accordance with Section 11 hereof.

9.1.3 Except as provided in Section 11 hereof, if you attempt to sell, assign, transfer or encumber this Agreement prior to the time that at least twenty-five percent (25%) of the Restaurants to be constructed and opened for business in accordance with the Minimum Performance Schedule are, in fact, open or under construction.

9.1.4 If you make, or have made, any material misrepresentation to us in connection with obtaining this Development Agreement, any site approval hereunder, or any Franchise Agreement.

9.1.5 If you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.

9.1.6 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Restaurant, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.7 If you or an owner of yours owning a twenty-five percent (25%) or more interest in you is convicted in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one (1) year.

9.1.8 If you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the business shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.9 If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the Restaurants developed pursuant to the terms of this Agreement.

9.1.10 If you fail to comply with all applicable laws and ordinances relating to the Restaurants developed under this Agreement, including Anti-Terrorism Laws, or if your assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you otherwise violate any such law, ordinance, or regulation.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.2.2 If you, or persons controlling, controlled by or under common control with you, shall have any interest, direct or indirect, in the ownership or operation of any food service business engaged in the sale of products similar to those permitted to be sold by you within the Exclusive Area or in any food service business which looks like, copies or imitates the Restaurant or operates in a manner tending to have such effect other than pursuant to a valid and effective Franchise Agreement with us.

9.2.3 If you shall fail to remit to us any payments pursuant to Section 2 when same are due.

9.2.4 If you shall begin work upon any Restaurant at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you default in the performance of any other obligation under this Agreement.

9.2.7 If you open any Restaurant for business before a Franchise Agreement for such Restaurant has been fully executed and the initial franchise fee due to us has been paid.

SECTION 10: OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Restaurants.

10.1.2 To cease immediately to hold yourself out in any way as a multi-unit operator of ours or to do anything which would indicate a relationship between you and us.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

SECTION 11: TRANSFER OF INTEREST

11.1 This Agreement is personal to you and you shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement or by operation of law without our prior written consent. You understand that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Section shall constitute a material breach of this Agreement.

11.2 In the event that you are a corporation or desire to conduct business in a corporate capacity, said corporate entity or assignment to a corporate entity (which may include a corporation, limited liability company or partnership) must receive our prior written approval and you agree to comply with the provisions hereinafter specified, including without limitation, personal guarantees by one or more equity owners of all of the obligations of said corporate entity or assignee corporate entity to us and other parties designated by us. The corporate entity or assignee corporate entity shall not engage in any business activities other than those directly related to the operation of the Restaurant(s) pursuant to the terms and conditions of the Franchise Agreements with us, and all assets related to the operation of the Restaurant(s) shall be held by the corporate entity or assignee corporate entity. There shall be no transfer fee charged by us for a one (1) time assignment to a corporate entity.

11.3 The entity or assignee entity's records shall indicate that a stop transfer order shall be in effect against the transfer of any equity, except for transfers permitted by this Section 11. In addition to the foregoing, the equity of such entity or assignee entity shall not be publicly sold or traded.

11.4 In the event of your death, disability or permanent incapacity, we shall consent to the transfer of all of the interest of you to your spouse, heirs or relatives, by blood or marriage, or if this Agreement was originally executed by more than one party, then to the remaining party(ies) who originally executed this Agreement, whether such transfer is made by your Last Will and Testament or by operation of law, provided that the requirements of Section 11 hereof have been met. In the event that your heirs do not obtain our consent as prescribed herein, your personal representative shall have a reasonable time to dispose of your interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

11.5 You have represented to us that you are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, you agree that any attempt to assign this Agreement, prior to the time that at least twenty-five percent (25%) of the Restaurant(s) to be constructed hereunder are opened or under construction, except pursuant to Sections 11.2 and 11.3 hereof, shall be deemed to be an event of default.

11.6 Except as provided in Section 11.6, if you receive from an unaffiliated third party and desire to accept a bona fide written offer to purchase your business, Development Rights and interests, we shall have the option, exercisable within thirty (30) days after receipt of written notice setting forth the name and address of the prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Section 11.7, to purchase such business, Development Rights and interests, including your right to develop sites within the Exclusive Area, on the same terms and conditions as offered by said third party. In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request. If we decline or do not accept the offer in writing within thirty (30) days, you may, within thirty (30) days from the expiration of the option period, sell, assign and transfer your business, Development Rights and interest to said third party, provided we have consented to such transfer as required by this Section 11. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by us or our nominee, as in the case of an initial offer. Our failure to exercise the option afforded by this Section 11.7 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section with respect to the proposed transfer.

11.7 You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as our reputation and image, and are for the protection of us, you and other multi-unit operators and franchisees. Any assignment or transfer permitted by this Section 11 shall not be effective until we receive a completely executed copy of all transfer documents, and we consent in writing thereto.

11.8 Except as provided in Section 11.6 hereof, we agree not to unreasonably withhold our consent to a sale, assignment or transfer by you hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

11.8.1 All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.8.2 All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

11.8.3 You are not in default hereunder.

11.8.4 We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit operators, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.8.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our standard form of Development Agreement, Franchise Agreements for all Restaurants open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit operators on the date of transfer.

11.8.6 You execute a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by us.

11.8.7 You or transferee pay to us a transfer fee in the amount of Twenty Thousand Dollars ($20,000) to cover our reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee.

11.9 Upon the death or mental incapacity of any person with an interest of more than fifty percent (50%) in this Agreement or in you, the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by us within twelve (12) months. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions stated in Section 11.1 hereof, the personal representative of the deceased shall have a reasonable time, not to exceed twelve (12) months from the date said personal representative is appointed, to dispose of the deceased's interest in you or in the Development Rights, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. It is understood and agreed, however, that notwithstanding the foregoing, the Minimum Performance Schedule shall be complied with as though no such death or mental incapacity had occurred. In the event the interest described above is not disposed of within such time, we shall have the right to terminate this Agreement, provided such termination had not previously occurred for failure to perform pursuant to the Minimum Performance Schedule, upon ninety (90) days' notice to your representative, or we shall have the right to re-purchase same at the same price being sought by your representative.

11.10 Our consent to a transfer of any interest in you or in the Development Rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.11 We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "Skrimp Shack LLC" as Franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

SECTION 12: COVENANTS

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, secret recipes, information regarding the marketing methods and techniques of us and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you and persons controlling, controlled by or under common control with you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.1.1 Divert or attempt to divert any business or client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

12.1.2 Employ or seek to employ any person who is at the time employed by us or by any other franchisee or multi-unit operator of ours, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat.

12.1.3 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any restaurant or food service business other than the Franchised Business (including any business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the Restaurant, including a restaurant which offers and sells the same or substantially similar food products (a “Competitive Business”).

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within twenty (20) miles of any Skrimp Shack Restaurant in the System.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.7 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive relief prohibiting any conduct by you in violation of the terms of this Section 12. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise.

12.8 At our request, you shall require and obtain the execution of covenants similar to those described in this Section 12 (including covenants applicable upon the termination of a person’s relationship with you) from any or all of the following persons:

12.8.1 All managers, chefs and other personnel in your Restaurants who have received training from us;

12.8.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of you and of any entity directly or indirectly controlling you, if you are a corporation or limited liability company; and

12.8.3 The general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership.

Each covenant required by this Section 12.8 shall be in a form satisfactory to us, including, without limitation, specific identification of us as a third party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 12.8 shall constitute a default under Section 9 hereof.

12.9 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any Restaurant in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

SECTION 13: NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: Skrimp Shack LLC
Attention: Glenn Heard
201A Dexter St. West, Ste. 103
Chesapeake, VA 23324

Notices to Multi-Unit Operator: ________________________________
____
____

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

SECTION 14: INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with your activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by our actions or actions caused by the negligent acts of us or our agents.

SECTION 15: APPROVALS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

SECTION 16: NON-WAIVER

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

SECTION 17: SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

17.4 All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in multiple copies, each of which shall be deemed an original.

SECTION 18: ENTIRE AGREEMENT; APPLICABLE LAW

This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the State of Virginia, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within Newport News, Virginia.

SECTION 19: DISPUTE RESOLUTION

19.1 Except to the extent we elect to enforce any right we have under this Agreement to seek injunctive relief, or take any action to protect our intellectual property rights, including without limitation the Marks, by judicial process in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Virginia. The proceedings will be conducted by the American Arbitration Association ("AAA") under its commercial arbitration rules, except that the arbitrator will apply the Federal Rules of Evidence in making determinations to which such rules are applicable. The arbitrator will have a minimum of five years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon an arbitrator within 30 days after one party provides notice of a proposed arbitrator to the other, then the arbitration shall be conducted as per the selection method set forth in the AAA's rules. The decision of the arbitrator will be final and binding on all parties. This Section 19.1 will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement..

19.2 With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration, or as otherwise provided above, you and the Controlling Principals hereby irrevocably submit yourself and themselves to the jurisdiction of the state courts and the Federal District Court nearest to our headquarters. You and the Controlling Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and the Controlling Principals hereby agree that service of process may be made upon any of you or them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Virginia or federal law. You and the Controlling Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be Newport News, Virginia; provided, however, with respect to any action (a) for monies owed, (b) for injunctive or other extraordinary relief or (c) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any state or federal district court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby (including those resolved by arbitration pursuant to Section 19.1), this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Virginia law.

19.3 You, your owners and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, your owners and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.4 You, your owners and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Newport News, Virginia, and further acknowledge that the performance of certain of your obligations arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of ours, shall occur in Newport News, Virginia.

19.5 You, your owners and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

19.6 If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

SECTION 20: TIMELY PERFORMANCE

You hereby acknowledge that your timely development of the Restaurants in the Exclusive Area in accordance with the Minimum Performance Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open Restaurants within the Exclusive Area in accordance with the Minimum Performance Schedule, to operate such Restaurants pursuant to the terms of the Franchise Agreements and to maintain all such Restaurants in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Minimum Performance Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Agreement shall be defined as fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage. Force Majeure shall not include your lack of financing.

SECTION 21: ACKNOWLEDGMENTS

You acknowledge the truthfulness of the statements contained in Attachment 1 hereto. Your acknowledgments are an inducement for us to enter into this Agreement. You shall immediately notify us, prior to acknowledgment, if any statement in Attachment 1 is incomplete or incorrect.

SECTION 22: EFFECTIVE DATE

This Agreement shall be effective as of the date it is executed by us.

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

SKRIMP SHACK LLC

By: _________________________
Name: ________________________
Title: _________________________

MULTI-UNIT OPERATOR:

By: _________________________
Name: ________________________
Title: _________________________

SKRIMP SHACK LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

ATTACHMENT 1

ACKNOWLEDGEMENTS BY MULTI-UNIT DEVELOPER

You hereby acknowledge the following:

You have conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of developing the Skrimp Shack® outlets contemplated hereunder. You further acknowledge that, except as may be set forth in our Disclosure Document, no representations of performance (financial or otherwise) for the Skrimp Shack® outlets to be developed hereunder has been made to you by us and you hereby waive any claim against us for any business failure you may experience as a developer under this Agreement.

_____
Initial

You agree that no claims of success or failure have been made to you prior to signing this Agreement and that you understand all the terms and conditions of this Agreement. You further acknowledge that this Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally; provided, however, nothing in this Multi-Unit Development Agreement or in any related agreement is intended to disclaim the representations made to you in our Franchise Disclosure Document.

_____
Initial

You have no knowledge of any representations by us or our officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein. You acknowledge that no representations or warranties are made or implied, except as specifically set forth herein. You represent, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining this Agreement.

______
Initial

We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

______
Initial

You acknowledge that you have received the Skrimp Shack's Franchise Corporation Franchise Disclosure Document with a complete copy of this Agreement and all related Exhibits and agreements at least fourteen (14) calendar days prior to the date on which this Agreement was executed. You further acknowledge that you have read such Franchise Disclosure Document and understand its contents.

______
Initial

You acknowledge that you have had ample opportunity to consult with your own attorneys, accountants and other advisors and that our attorneys have not advised or represented you with respect to this Agreement or the relationship thereby created.

______
Initial

You, together with your advisers, have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the development rights granted by this Agreement.

______
Initial

BY EXECUTING THIS AGREEMENT, YOU, INDIVIDUALLY AND ON BEHALF OF YOUR HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE SKRIMP SHACK FRANCHISE CORPORATION, ITS PARENTS, AFFILIATES, AND SUBSIDIARIES, AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY US IN OUR FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY YOU.

_____
Initial

Acknowledged this day of _______________________________________.

____
Name:____________________________

SKRIMP SHACK LLC

DEVELOPMENT AGREEMENT

ATTACHMENT 2

Minimum Performance Schedule

The Agreement authorizes and obliges Multi-Unit Operator to establish and operate ______________ (_____) "Skrimp Shack" Restaurants pursuant to a Franchise Agreement for each Restaurant. The following is Multi-Unit Operator's Minimum Performance Schedule:

Minimum Cumulative Number of Franchise Agreements for Restaurants to be located and Operating Within the Exclusive Area	By this Date
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________
Total: ____________________	____________________

The Minimum Performance Schedule shall be deemed completed, and this Agreement shall expire, upon the opening of the final Restaurant to be developed pursuant to this Agreement.

APPROVED:

MULTI-UNIT OPERATOR	SKRIMP SHACK LLC
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________

SKRIMP SHACK LLC

DEVELOPMENT AGREEMENT

ATTACHMENT 3

Exclusive Area

The following describes the Exclusive Area within which Multi-Unit Operator may locate "Skrimp Shack" Restaurants under this Agreement:

APPROVED:

MULTI-UNIT OPERATOR	SKRIMP SHACK LLC
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________

Exhibit C to the
Skrimp Shack Franchise Disclosure Document

FINANCIAL STATEMENTS

SKRIMP SHACK, LLC

CHESAPEAKE, VIRGINIA

DECEMBER 31, 2021 AND 2020

Colby & Company PLC
Certified Public Accountants

SKRIMP SHACK, LLC

FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Skrimp Shack, LLC
Chesapeake, Virginia

Opinion

We have audited the accompanying financial statements of Skrimp Shack, LLC, a Virginia limited liability company, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the statements referred to above present fairly, in all material respects, the financial position of Skrimp Shack, LLC as of December 31, 2021 and 2020, 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 of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those statements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Skrimp Shack, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

2121 Old Greenbrier Road, Chesapeake, VA 23320, (757) 523-2700, FAX 523-0536

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Skrimp Shack 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Skrimp Shack 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 that we identified during the audit.

Colby & Company PLC

Chesapeake, Virginia
April 27, 2022

SKRIMP SHACK, LLC

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS:		
Cash and cash equivalents	$ 49,314	$ 531,956
Royalties receivable	89,622	94,685
Notes receivable – current portion	18,764	19,115
Employee retention credit receivable	377,160	33,788
Accounts receivable - other	73,401	8,739
Total current assets	$ 608,261	$ 688,283
PROPERTY AND EQUIPMENT:		
Building	$ 213,215	$ 213,215
Land	28,235	28,235
Vehicles	274,556	224,556
Furniture and equipment	242,506	197,000
Leasehold improvements	61,221	61,221
Total property and equipment	$ 819,733	$ 724,227
Less - accumulated depreciation	100,338	38,934
Property and equipment-net	$ 719,395	$ 685,293
OTHER ASSETS:		
Notes receivable, net of current portion above	$ 44,622	$ 62,332
Deposits receivable	31,750	89,250
Other receivables	1,149,026	-
Start-up costs, net of accumulated amortization	2,382	2,853
Goodwill, net of accumulated amortization	76,375	85,540
Total other assets	$ 1,304,155	$ 239,975
TOTAL ASSETS	$ 2,631,811	$ 1,613,551

See independent auditor's report and notes to the financial statements.

Colby & Company PLC
Certified Public Accountants

LIABILITIES AND MEMBER'S EQUITY

	2021	2020
CURRENT LIABILITIES:		
Current portion:		
Long-term debt	$ 34,689	$ 32,345
Deferred revenue	85,037	94,773
Accounts payable:		
Trade	114,744	70,702
Accrued expenses	30,375	11,511
Deposits on future franchises	111,250	168,750
Total current liabilities	$ 376,095	$ 378,081
OTHER LIABILITIES:		
Deferred revenue, net of current portion above	$ 128,406	$ 203,657
Security deposits	3,000	3,000
Total non-current liabilities	$ 131,406	$ 206,657
LONG-TERM DEBT:		
Notes payable	$ 139,804	$ 172,095
Less - current portion above	34,689	32,345
Total long-term debt - net	$ 105,115	$ 139,750
Total liabilities	$ 612,616	$ 724,488
MEMBER'S EQUITY	$ 2,019,195	$ 889,063
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 2,631,811	$ 1,613,551

SKRIMP SHACK, LLC

STATEMENTS OF INCOME AND MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUE:		
Royalty income	$ 1,186,575	$ 1,149,091
Franchise fees	129,987	139,444
Food rebates	98,508	63,562
Management fee income	643,201	-
Gift card income	12,624	11,263
Corporate-owned store	752,533	397,757
Rental income	33,900	33,000
Total revenue	$ 2,857,328	$ 1,794,117
LESS: OPERATING COSTS AND EXPENSES:		
Selling, general and administrative expenses	$ 1,413,948	$ 1,390,353
Store operations	1,552,241	392,894
Total operating costs and expenses	$ 2,966,189	$ 1,783,247
NET OPERATING INCOME(LOSS)	$ (108,861)	$ 10,870
OTHER INCOME (EXPENSE):		
Interest income	$ 382	$ -
Grant income	60,700	42,600
Other income	15,847	6,352
Gain (loss) on asset disposal	-	(2,742)
Interest expense	(11,333)	(4,415)
Charitable contributions	(350)	-
Total other income (expense)	$ 65,246	$ 41,795
NET INCOME (LOSS)	$ (43,615)	$ 52,665
Member contributions	2,115,640	2,048,225
Member distributions	(941,893)	(1,167,778)
MEMBER'S EQUITY (DEFICIT) – Beginning of the year	889,063	(44,049)
MEMBER'S EQUITY (DEFICIT) – End of the year	$ 2,019,195	889,063

See independent auditor's report and notes to the financial statements.

Colby & Company PLC
Certified Public Accountants

SKRIMP SHACK, LLC

SCHEDULES OF OPERATING COSTS AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:		
Advertising and promotions	$ 104,770	$ 147,591
Bad debt expense	131	40,637
Consulting and professional contractor fees	445,738	727,579
Depreciation and amortization	9,197	15,377
Insurance	9,856	6,079
Legal and professional fees	190,767	140,111
Office expense	82,675	17,472
Online ordering fees	55,361	25,258
Repairs and maintenance	1,422	903
Salaries and wages	342,284	95,000
Taxes and licenses	5,565	10,364
Training, dues and subscriptions	74,967	128,776
Travel and meals	81,392	35,206
Uniforms	7,413	-
Vehicle expense	2,410	-
Total selling, general and administrative	$ 1,413,948	$ 1,390,353

	2021	2020
STORE OPERATIONS:		
Advertising and promotions	$ 22,775	$ 5,656
Depreciation and amortization	61,843	17,265
Equipment rental and supplies	27,222	4,912
Fees – website, internet ordering, credit cards	21,814	27,862
Food purchases	314,620	153,833
Insurance	2,779	1,847
Legal and professional fees	30,255	18,505
Linens and uniforms	6,116	2,866
Office expenses	1,957	5,214
Payroll and payroll costs	932,144	88,040
Rent	23,367	16,085
Repairs and maintenance	15,347	15,782
Royalty expense	36,372	17,455
Taxes and licenses	25,994	800
Training, dues and subscriptions	2,538	-
Travel	5,368	-
Utilities and telephone	21,730	16,772
Total store operation costs	$ 1,552,241	$ 392,894

See independent auditor's report and notes to the financial statements.

SKRIMP SHACK, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 2,795,465	$ 1,712,515
Cash paid to suppliers and employees	(4,389,303)	(1,724,441)
Interest income	382	-
Grant income	60,700	42,600
Other income	15,847	6,352
Contributions	(350)	-
Interest expense	(11,333)	(4,415)
Net cash provided (used) by operating activities	$ (1,528,592)	$ 32,611
CASH FLOWS FROM INVESTING ACTIVITIES -		
Purchases of property and equipment	$ (95,507)	$ (563,273)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	$ (32,291)	$ (109,411)
Proceeds from issuance of long-term debt	-	182,556
Contributions from members	2,115,641	2,048,225
Distributions to members	(941,893)	(1,167,778)
Net cash provided (used) by financing activities	$ 1,141,457	$ 953,592
NET INCREASE (DECREASE) IN CASH	$ (482,642)	$ 422,930
CASH AND CASH EQUIVALENTS - Beginning of the year	531,956	109,026
CASH AND CASH EQUIVALENTS - End of the year	$ 49,314	$ 531,956
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
NET INCOME (LOSS)	$ (43,615)	$ 52,665
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation and amortization	$ 71,040	$ 32,642
Gain (loss) on asset disposal	-	2,742
(Increase) decrease in royalties receivable	5,063	(22,214)
(Increase) decrease in deposits receivable	57,500	(89,250)
(Increase) decrease in employee retention credit receivable	(343,372)	(33,788)
(Increase) decrease in accounts receivable - other	(64,662)	(8,739)
(Increase) decrease in notes receivable	18,061	100,056
(Increase) decrease in other receivables	(1,149,026)	-
Increase (decrease) in accounts payable - trade	44,042	57,301
Increase (decrease) in accrued expenses	18,864	11,390
Increase (decrease) in deposits received on future franchises	(57,500)	(85,000)
Increase (decrease) in deferred revenue	(84,987)	14,806
Total adjustments	$ (1,484,977)	$ (20,054)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (1,528,592)	$ 32,611

See independent auditor's report and notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Company Activities:

Skrimp Shack, LLC is a franchisor and operator of Skrimp Shack restaurants, which offer various food and beverage items in a casual dining setting. Currently the Company has thirty-four franchised locations operating principally in Virginia and along the east coast. The Company operates one restaurant location in Yorktown, VA and a food truck.

(B) Method of Accounting:

The accompanying financial statements have been prepared in accordance with principles generally accepted in the United States of America (US GAAP). The Company uses the accrual method of accounting and as such recognizes income when earned and expenses when incurred.

(C) Property and Equipment:

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. The gain or loss on items traded is applied to the asset account, and that on items otherwise disposed of is reflected in income. Depreciation has been provided for using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Building	39 years
Vehicles	5 years
Furniture and equipment	7 - 10 years
Leasehold improvements	40 years

In accordance with generally accepted accounting principles (GAAP) of the United States of America, management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

(D) Concentration of Credit Risk:

The Company places its temporary cash investments with high credit quality financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times some amounts may be in excess of the FDIC limits, but the Company does not believe that such deposits are subject to any unusual risk. The Company had no demand deposits on hand which exceeded the FDIC limits as of December 31, 2021. The Company had demand deposits on hand which exceeded the FDIC limits in the amount of $236,351 as of December 31, 2020.

(E) Cash Equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. As of December 31, 2021 and 2020, the Company did not consider any of its assets to meet the definition of cash equivalents.

See Independent Auditor's Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(F) Income Taxes:

The Company has elected to be taxed under the provisions of Subchapter "S" of the Internal Revenue Code. Under those provisions, income and expenses are not taxed to the Company; instead, the owners include their respective share of the Company's net taxable income or loss on their individual income tax returns. For income tax purposes, the Company records depreciation using the modified accelerated cost recovery system (MACRS).

(G) Use of Estimates:

The preparation of the accompanying financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Certain of the Company's accounting policies require higher degrees of judgment than others in this application. These include the recognition of revenue and earnings from contracts and the valuation of long-term assets. Management continually evaluates all of its estimates and judgments based on available information and experience; however, actual results could differ from these estimates.

(H) Fair Value of Financial Instruments:

The carrying amounts of the Company's cash and cash equivalents, and current maturities of long-term debt approximate their fair value. The fair value of the Company's long-term debt is estimated at $139,804 based on the future cash flows associated with each note discounted using the Company's current borrowing rate for similar debt.

(I) Revenue Recognition:

The Company's revenues consist of franchise revenues, rental income, management fees and corporate-owned store revenue.

Franchise revenues consist principally of franchise fees, royalties and deposits as outlined in each franchise agreement (FA) as well as in any development agreements (DA). The Company's primary performance obligations under these agreements are (i) providing a franchise license which grants certain rights to use the Company's intellectual property along with advertising and promotions management, (ii) preopening services such as training and inspections, and (iii) ongoing services such as development of training materials, menu items, restaurant monitoring and inspections. Management has concluded that while the services provided under the FA's are highly interrelated, there are a number of individually distinct performance obligations. Consequently, the Company recognizes a portion of the franchise fee upfront, with the remaining fee bundled into a single performance obligation under ASC 606, which is satisfied by providing the right to use the intellectual property over the term of each franchise agreement.

Royalties are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee upon a new restaurant opening or renewal of an existing franchise agreement. The franchise agreement royalties represent sales-based royalties that are related entirely to the performance obligation under the franchise agreement and are recognized as franchise sales occur. Additionally, under ASC 606, initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement.

See Independent Auditor's Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(I) Revenue Recognition (Continued):

Sales from corporate-owned stores are recognized when revenue is realized or becomes realizable and has been earned. In general, revenue is recognized when the earnings process is complete, which is upon purchase of the products.

The Company occasionally provides management services to its affiliates. Management fee income is recognized on the accrual basis and as such is recognized when earned. Total income from management services amounted to $643,201 for the year ended December 31, 2021.

Rental income consists of income from a franchisee that occupies a building owned by the Company.

(J) Accounts Receivable:

Accounts receivable include amounts due from franchisee's for additional services provided by the Company as well as outstanding amounts due from delivery services. As of December 31, 2021 and 2020, accounts receivable totaled $73,401 and $8,739, respectively.

(K) Start-up Costs:

Start-up costs of $7,065 were incurred by the company prior to their organization date of June 8, 2011. These costs are being amortized on a straight-line basis over 15 years. Accumulated amortization amounted to $4,683 and $4,212, respectively, for the years ended December 31, 2021 and 2020.

(L) Goodwill:

Goodwill and other intangible assets that arise from acquisitions are recorded in accordance with ASC Topic 350, *Intangibles – Goodwill and Other.* Goodwill is recorded at the time of purchase based on internal evaluations of the excess of the purchase price over the fair value of identifiable assets acquired. The Company's purchase of its corporate-owned store in May of 2020 resulted in goodwill of $91,650, which is being amortized over 10 years. Accumulated amortization expense for the years ended December 31, 2021 and 2020 amounted to $15,275 and $6,110, respectively.

Goodwill will be tested for impairment when a triggering event occurs that indicates that the fair value of the corporate-owned store is below its carrying amount.

(M) Accounts Payable:

Accounts payable includes amounts due to the Company's vendors. As of December 31, 2021 and 2020, accounts payable totaled $114,744 and $70,702, respectively.

(N) Accrued Expenses:

Accrued expenses include amounts due for payroll and sales tax withholdings as well as outstanding credit card balances. Accrued expenses amounted to $30,375 and $11,511, respectively for the years ended December 31, 2021 and 2020.

See Independent Auditor's Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(O) Deposits:

The Company recognizes the franchise fees for locations where there is a valid franchise agreement, but the restaurant has not yet opened, as a deposit liability on future franchises. As of December 31, 2021, there were deposits from franchisees amounting to a total of $111,250. Of this amount, $31,750 was still outstanding and owed to the Company at year-end. As of December 31, 2020, there were deposits from five franchises amounting to a total of $168,750. These deposits are non-refundable.

(P) Advertising and Promotions:

Advertising and promotion costs are expensed when incurred. Advertising and promotion expenses, net of amounts reimbursed by franchisees, are $127,545 and $153,247 for the years ended December 31, 2021 and 2020.

(Q) Other Receivables:

Other receivables include amounts advanced to a third party. The total outstanding receivable amount is $1,149,026 as of December 31, 2021.

NOTE 2 - LONG-TERM DEBT:

	2021	2020
Installment note payable in 60 monthly installments of $3,607, including principal at interest at 6.9%. This note is secured by a vehicle.	$ 139,804	$ 172,095
Less - current portion	34,689	32,345
Net long-term debt	$ 105,115	$ 139,750

The current maturities of long-term debt are as follows:

For the years ended, December 31,	
2022	$ 34,689
2023	37,169
2024	39,826
2025	28,120
Total	$ 139,804

NOTE 3 - NOTES RECEIVABLE:

The Company had entered into several agreements with franchisees whereby the Company has financed their initial franchise fee. These notes are non-interest bearing and are payable monthly at 3% of the franchisee's gross sales, until paid in full. During the year ended December 31, 2020, several of these agreements were paid in full and one was written-off as a bad debt when the franchisee defaulted and subsequently left the system. As of December 31, 2021 and 2020, there was one note remaining with a balance receivable of $63,386 and $81,447, respectively. The current portion of $18,764 has been estimated using an average of the monthly payments over the past two years.

See Independent Auditor's Report.

NOTE 4 - REVENUES FROM CONTRACTS WITH CUSTOMERS:

ASC 606 provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of ASC 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled for the exchange of those goods or services.

Deferred revenue consists of initial and renewal franchise fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying agreement.

The change in deferred revenue between and December 31, 2021 and 2020 is as follows:

	2021	2020
Balance, beginning of the year	$ 298,430	$ 283,624
Prior year deferred revenue recognized during the current year	(98,924)	(80,478)
Increase, excluding amounts recognized as revenue during the current year	13,937	95,284
Balance, end of the year	$ 213,443	$ 298,430

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2021:

For the years ended December 31,	
2022	$ 85,036
2023	62,994
2024	36,959
2025	22,350
2026 & beyond	6,104
Total	$ 213,443

NOTE 5 - NEW ACCOUNTING PRONOUNCEMENTS:

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". This update includes a lease accounting model that recognizes two types of leases - finance leases and operating leases. The standard requires that a lessee recognize on the balance sheet assets and liabilities relating to leases with terms of more than 12 months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. This update is effective for the Company beginning in January 2022. The Company will be required to record a "right of use" asset and a lease liability payable and believes that the increase in assets and liabilities for all of it existing leases upon adoption may be material. The Company is currently evaluating the impact of this adoption including the use of practical expedients provided in this guidance.

NOTE 6 - LEASE COMMITMENTS:

The Company assumed the lease for the location of its corporate-owned store in May of 2020 for the remaining lease term of five years. Rent expense under this lease for the years ended December 31, 2021 and 2020 was $23,367 and $16,085, respectively.

NOTE 6 - LEASE COMMITMENTS (Continued):

Future obligations are as follows:

December 31,		
2022	$	20,920
2023		21,546
2024		22,195
2025		20,900
Total	$	85,561

NOTE 7 – ASSET ACQUISITION:

During the year ended December 31, 2020, the Company acquired the assets of the Yorktown, VA franchise location – their corporate-owned store. Of the $230,000 total purchase price, $138,350 has been allocated to furniture and equipment and the remaining $91,650 has been recognized as goodwill.

NOTE 8 - CONTINGENCIES:

From time to time, the Company is involved in routine litigation that arises in the ordinary course of business. Currently, there are no pending significant legal proceedings to which the Company is a party for which management believes the ultimate outcome would have a material adverse effect on the Company's financial position.

The Company received Paycheck Protection Program (PPP) loans under the Coronavirus Aid, Relief, and Economic Surety (CARES) Act administered by the U.S. Small Business Administration (SBA). Use of the proceeds from these loans is limited to payroll costs, health insurance premiums, rent, utilities, and interest on existing loans. The Company has met the eligibility criteria and has concluded that the PPP loans represent, in substance, grants that were forgiven, and has recognized $60,700 and $41,600 of grant income, as of December 31, 2021 and 2020, respectively, in accordance with ASC 450-30, *Gain Contingencies* (See Note 9).

NOTE 9 - PAYCHECK PROTECTION PROGRAM:

During the years ended December 31, 2021 and 2020, the Company applied for and received Paycheck Protection Program (PPP) loans which were part of the CARES Act legislation. PPP loans may be fully or partially forgiven by application to the SBA if proceeds are expended based on federal guidelines. Management applied for the PPP loans to fund payroll and other allowable costs while the Company responded to government restrictions on operations and anticipated reduced revenues from the economic downturn associated with the pandemic. Loans in the amount of $60,700 and $41,600 were received. The Company complied with all the requirements of this program, and the loans have been forgiven as of December 31, 2021 (See Note 8).

NOTE 10 - COMPENSATED ABSENCES:

Employees of the Company are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE 11 - ECONOMIC INJURY DISASTER LOAN PROGRAM:

During the year ended December 31, 2020, the Company obtained a $1,000 Economic Injury Disaster Loan (EIDL) advance under the CARES Act, administered by the SBA.

The amount of this advance was calculated based on the number of employees indicated by the Company. This advance is not required to be repaid and as such, the Company has recognized $1,000 of grant income.

NOTE 12 - EMPLOYEE RETENTION CREDIT:

The employee retention credit (ERC) is a fully refundable tax credit available to certain employers through the CARES Act legislation. During the years ended December 31, 2021 and 2020, the Company's revenues were affected by executive orders from the governor of VA, which fully and partially suspended its operations and the operations of its franchisees. Consequently, they are eligible for, and have applied for, the ERC's available to them. The total credits receivable amount to $377,160 and $33,788, respectively, for the years ended December 31, 2021 and 2020. These credits have reduced each year's payroll and payroll tax costs by the same amount.

NOTE 14 - CHANGE IN OWNERSHIP:

In January of 2020, the sole owner of the Company's membership units sold 100% of her interest in the Company to third party. This owner held 100% of the Company's membership interest until December 31, 2020, at which time 35% of the ownership interest was transferred to two unaffiliated individuals. These membership interests include all trademarks, brand specific information, records, trade secrets, processes concerning development, distribution methods, marketing plans, trade policies and secrets, financial statements, projections, budgets and other material relevant to the Skrimp Shack System.

NOTE 15 - SUBSEQUENT EVENTS:

Date of Management Evaluation:

Management has evaluated subsequent events through April 27, 2022, the date on which the financial statements were available to be issued.

The Company expects the economic uncertainties resulting from the COVID-19 pandemic to impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

See Independent Auditor's Report.

SKRIMP SHACK, LLC

CHESAPEAKE, VIRGINIA

DECEMBER 31, 2020 AND 2019

Colby & Company PLC
Certified Public Accountants

SKRIMP SHACK, LLC

FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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Colby & Company PLC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Skrimp Shack, LLC
Chesapeake, Virginia

We have audited the accompanying financial statements of Skrimp Shack, LLC, a Virginia limited liability company, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income and member's equity, schedules of operating costs and expenses and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2020 financial statements referred to above present fairly, in all material respects, the financial position of Skrimp Shack, LLC, as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements as of December 31, 2019 were audited by A. Rohm, Smith & Company. Their report dated March 20, 2020 expressed an unmodified opinion on those statements.

Colby & Company, PLC

Chesapeake, Virginia
April 29, 2021

2121 Old Greenbrier Road, Chesapeake, VA 23320, (757) 523-2700, FAX 523-0536

SKRIMP SHACK, LLC

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
CURRENT ASSETS:		
Cash and cash equivalents	$ 531,956	$ 109,026
Royalties receivable	94,685	72,471
Notes receivable – current portion	19,115	-
Employee retention credit receivable	33,788	-
Accounts receivable - other	8,739	-
Total current assets	$ 688,283	$ 181,497
PROPERTY AND EQUIPMENT:		
Building	$ 213,215	$ 213,215
Land	28,235	28,235
Vehicles	224,556	-
Furniture and equipment	197,000	11,328
Software	-	3,500
Leasehold improvements	61,221	-
Total property and equipment	$ 724,227	$ 256,278
Less - accumulated depreciation	38,934	13,805
Property and equipment-net	$ 685,293	$ 242,473
OTHER ASSETS:		
Notes receivable, net of current portion above	$ 62,332	$ 181,503
Deposits receivable	89,250	-
Start-up costs, net of accumulated amortization	2,853	3,324
Goodwill, net of accumulated amortization	85,540	-
Total other assets	$ 239,975	$ 184,827
TOTAL ASSETS	$ 1,613,551	$ 608,797

See independent auditor's report and notes to the financial statements.

Colby & Company PLC
Certified Public Accountants

LIABILITIES AND MEMBER'S EQUITY

	2020	2019
CURRENT LIABILITIES:		
Current portion:		
Long-term debt	$ 32,345	$ 21,358
Deferred revenue	94,773	85,608
Accounts payable - trade	70,702	13,401
Accrued expenses	11,511	121
Deposits on future franchises	168,750	253,750
Total current liabilities	$ 378,081	$ 374,238
OTHER LIABILITIES:		
Deferred revenue, net of current portion above	$ 203,657	$ 198,016
Security deposits	3,000	3,000
Total non-current liabilities	$ 206,657	$ 201,016
LONG-TERM DEBT:		
Notes payable	$ 172,095	$ 98,950
Less - current portion above	32,345	21,358
Total long-term debt - net	$ 139,750	$ 77,592
Total liabilities	$ 724,488	$ 652,846
MEMBER'S EQUITY (DEFICIT)	$ 889,063	$ (44,049)
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 1,613,551	$ 608,797

SKRIMP SHACK, LLC

STATEMENTS OF INCOME AND MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUE:		
Royalty income	$ 1,149,091	$ 1,068,356
Franchise fees	139,444	221,472
Food rebates	63,562	89,919
Gift card income	11,263	6,404
Corporate-owned store	397,757	-
Rental income	33,000	30,000
Total revenue	$ 1,794,117	$ 1,416,151
LESS: OPERATING COSTS AND EXPENSES:		
Selling, general and administrative expenses	$ 1,390,353	$ 768,432
Store operations	392,894	-
Total operating costs and expenses	$ 1,783,247	$ 768,432
NET OPERATING INCOME	$ 10,870	$ 647,719
OTHER INCOME (EXPENSE):		
Interest income	$ -	$ 16
Grant income	42,600	-
Other income	6,352	-
Gain (loss) on asset disposal	(2,742)	5,000
Interest expense	(4,415)	(6,815)
Charitable contributions	-	(7,009)
Legal settlement	-	(351,500)
Total other income (expense)	$ 41,795	$ (360,308)
NET INCOME	$ 52,665	$ 287,411
Member contributions	2,048,225	270,000
Member distributions	(1,167,778)	(711,634)
Adoption of ASC 606	-	(305,096)
MEMBER'S EQUITY (DEFICIT) – Beginning of the year	(44,049)	415,270
MEMBER'S EQUITY (DEFICIT) – End of the year	$ 889,063	(44,049)

See independent auditor's report and notes to the financial statements.

Colby & Company PLC
Certified Public Accountants

SKRIMP SHACK, LLC

SCHEDULES OF OPERATING COSTS AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:		
Advertising and promotions	$ 147,591	$ 73,364
Bad debt expense	40,637	-
Consulting and professional contractor fees	727,579	277,480
Depreciation and amortization	15,377	8,160
Insurance	6,079	19,322
Legal and professional fees	140,111	71,905
Office expense	17,472	24,914
Online ordering fees	25,258	-
Repairs and maintenance	903	3,621
Salaries and wages	95,000	220,000
Taxes and licenses	10,364	22,805
Training, dues and subscriptions	128,776	7,440
Travel and meals	35,206	27,878
Uniforms	-	1,758
Utilities and telephone	-	9,785
Total selling, general and administrative	$ 1,390,353	$ 768,432
STORE OPERATIONS:		
Advertising and promotions	$ 5,656	$ -
Depreciation and amortization	17,265	-
Equipment rental and supplies	4,912	-
Fees – website, internet ordering, credit cards	27,862	-
Food purchases	153,833	-
Insurance	1,847	-
Legal and professional fees	18,505	-
Linens and uniforms	2,866	-
Office expenses	5,214	-
Payroll and payroll costs	88,040	-
Rent	16,085	-
Repairs and maintenance	15,782	-
Royalty expense	17,455	-
Taxes and licenses	800	-
Utilities and telephone	16,772	
Total store operation costs	$ 392,894	$ -

See independent auditor's report and notes to the financial statements.

Colby & Company PLC
Certified Public Accountants

SKRIMP SHACK, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,722,515	$ 1,616,259
Cash paid to suppliers and employees	(1,724,441)	(1,221,236)
Interest income	-	16
Grant income	42,600	-
Other income	6,352	-
Interest expense	(4,415)	(6,815)
Net cash provided (used) by operating activities	$ 32,611	$ 388,224
CASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed asset transfer	$ -	$ 20,000
Purchases of property and equipment	(563,273)	-
Net cash provided (used) by investing activities	$ (563,273)	$ 20,000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	$ (109,411)	$ (53,185)
Proceeds from issuance of long-term debt	182,556	-
Contributions from members	2,048,225	270,000
Distributions to members	(1,167,778)	(711,634)
Net cash provided (used) by financing activities	$ 953,592	$ (494,819)
NET INCREASE (DECREASE) IN CASH	$ 422,930	$ (86,595)
CASH AND CASH EQUIVALENTS - Beginning of the year	109,026	195,621
CASH AND CASH EQUIVALENTS - End of the year	$ 531,956	$ 109,026
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
NET INCOME	$ 52,665	$ 287,411
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation and amortization	$ 32,642	$ 8,160
Gain (loss) on asset disposal	2,742	-
(Increase) decrease in royalties receivable	(22,214)	10,119
(Increase) decrease in deposits receivable	(89,250)	-
(Increase) decrease in employee retention credit receivable	(33,788)	-
(Increase) decrease in accounts receivable - other	(8,739)	-
(Increase) decrease in notes receivable	100,056	206,461
Increase (decrease) in accounts payable - trade	57,301	(29,955)
Increase (decrease) in accrued expenses	11,390	-
Increase (decrease) in deposits received on future franchises	(85,000)	(72,500)
Increase (decrease) in deferred revenue	14,806	(21,472)
Total adjustments	$ (20,054)	$ 100,813
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 32,611	$ 388,224

See independent auditor's report and notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Company Activities:

Skrimp Shack, LLC is a franchisor and operator of Skrimp Shack restaurants, which offer various food and beverage items in a casual dining setting. Currently the Company has thirty-four franchised locations operating principally in Virginia and along the east coast. The Company operates one restaurant location in Yorktown, VA.

(B) Method of Accounting:

The accompanying financial statements have been prepared in accordance with principles generally accepted in the United States of America (US GAAP). The Company uses the accrual method of accounting and as such recognizes income when earned and expenses when incurred.

(C) Property and Equipment:

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. The gain or loss on items traded is applied to the asset account, and that on items otherwise disposed of is reflected in income. Depreciation has been provided for using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Building	39 years
Vehicles	5 years
Furniture and equipment	7 - 10 years
Leasehold improvements	40 years

In accordance with generally accepted accounting principles (GAAP) of the United States of America, management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified.

(D) Concentration of Credit Risk:

The Company places its temporary cash investments with high credit quality financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times some amounts may be in excess of the FDIC limits, but the Company does not believe that such deposits are subject to any unusual risk. The Company had demand deposits on hand which exceeded the FDIC limits in the amount of $236,351 as of December 31, 2020. The Company didn't have any demand deposits on hand which exceeded the FDIC insurance limits as of December 31, 2019.

(E) Cash Equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. As of December 31, 2020 and 2019, the Company did not consider any of its assets to meet the definition of cash equivalents.

See Independent Auditor's Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(F) Income Taxes:

The Company has elected to be taxed under the provisions of Subchapter "S" of the Internal Revenue Code. Under those provisions, income and expenses are not taxed to the Company; instead, the owners include their respective share of the Company's net taxable income or loss on their individual income tax returns. For income tax purposes, the Company records depreciation using the modified accelerated cost recovery system (MACRS).

(G) Use of Estimates:

The preparation of the accompanying financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Certain of the Company's accounting policies require higher degrees of judgment than others in this application. These include the recognition of revenue and earnings from contracts and the valuation of long-term assets. Management continually evaluates all of its estimates and judgments based on available information and experience; however, actual results could differ from these estimates.

(H) Fair Value of Financial Instruments:

The carrying amounts of the Company's cash and cash equivalents, and current maturities of long-term debt approximate their fair value. The fair value of the Company's long-term debt is estimated at $172,095 based on the future cash flows associated with each note discounted using the Company's current borrowing rate for similar debt.

(I) Revenue Recognition:

The Company transitioned to FASB Accounting Standards Codification ("ASC") Topic 606, *Revenues from Contracts with Customers* ("ASC 606"), from ASC Topic 605, *Revenue Recognition* and ASC Subtopic 952-605, *Franchisors – Revenue Recognition* (together, the "Previous Standard") on January 1, 2019, using the modified retrospective transition method. The Financial Statements reflect the application of ASC 606 guidance beginning in 2019. See Note 4, Revenue Recognition, for further information about the transition to this new revenue recognition model using the modified retrospective transition method.

The Company's revenues consist of franchise revenues, rental income and corporate-owned store revenue.

Franchise revenues consist principally of franchise fees, royalties and deposits as outlined in each franchise agreement (FA) as well as in any development agreements (DA). The Company's primary performance obligations under these agreements are (i) providing a franchise license which grants certain rights to use the Company's intellectual property along with advertising and promotions management, (ii) preopening services such as training and inspections, and (iii) ongoing services such as development of training materials, menu items, restaurant monitoring and inspections. Management has concluded that while the services provided under the FA's are highly interrelated, there are a number of individually distinct performance obligations. Consequently, the Company recognizes a portion of the franchise fee upfront, with the remaining fee bundled into a single performance obligation under ASC 606, which is satisfied by providing the right to use the intellectual property over the term of each franchise agreement.

See Independent Auditor's Report.

Colby & Company PLC
Certified Public Accountants

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(I) Revenue Recognition (Continued):

Royalties are calculated as a percentage of franchise restaurant sales over the term of the franchise agreement. Initial and renewal franchise fees are payable by the franchisee upon a new restaurant opening or renewal of an existing franchise agreement. The franchise agreement royalties represent sales-based royalties that are related entirely to the performance obligation under the franchise agreement and are recognized as franchise sales occur. Additionally, under ASC 606, initial and renewal franchise fees are recognized as revenue on a straight-line basis over the term of the respective agreement.

Sales from corporate-owned stores are recognized when revenue is realized or becomes realizable and has been earned. In general, revenue is recognized when the earnings process is complete, which is upon purchase of the products.

Under the Previous Standard, initial franchise fees were recognized as revenue when the related restaurant commenced. Renewal franchise fees were recognized as revenue upon execution of a new franchise agreement. The performance obligation under development agreements generally consists of an obligation to grant exclusive development rights over a stated term. These development rights are not distinct from franchise agreements, so upfront fees paid by franchises for exclusive development rights are deferred and apportioned to each franchise restaurant opened by the franchisee. The pro rata amount apportioned to each restaurant is accounted for as an initial franchise fee.

Rental income consists of income from a franchisee that occupies a building owned by the Company.

(J) Accounts Receivable:

Accounts receivable include amounts due from franchisee's for additional services provided by the Company as well as outstanding amounts due from delivery services. As of December 31, 2020 and 2019, accounts receivable totaled $8,739 and $0, respectively.

(K) Start-up Costs:

Start-up costs of $7,065 were incurred by the company prior to their organization date of June 8, 2011. These costs are being amortized on a straight-line basis over 15 years. Accumulated amortization amounted to $4,212 and $3,741, respectively, for the years ended December 31, 2020 and 2019.

(L) Goodwill:

Goodwill and other intangible assets that arise from acquisitions are recorded in accordance with ASC Topic 350, *Intangibles – Goodwill and Other.* Goodwill is recorded at the time of purchase based on internal evaluations of the excess of the purchase price over the fair value of identifiable assets acquired. The Company's purchase of its corporate-owned store in May of 2020 resulted in goodwill of $91,650, which is being amortized over 10 years. Accumulated amortization expense for the year ended December 31, 2020 amounted to $6,110.

Goodwill will be tested for impairment when a triggering event occurs that indicates that the fair value of the corporate-owned store is below its carrying amount.

See Independent Auditor's Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(M) Accounts Payable:

Accounts payable includes amounts due to the Company's vendors. As of December 31, 2020 and 2019, accounts payable totaled $70,702 and $13,401, respectively.

(N) Accrued Expenses:

Accrued expenses include amounts due for payroll and sales tax withholdings as well as outstanding credit card balances. Accrued expenses amounted to $11,511 and $121, respectively for the years ended December 31, 2020 and 2019.

(O) Deposits:

The Company recognizes the franchise fees for locations where there is a valid franchise agreement, but the restaurant has not yet opened, as a deposit liability on future franchises. As of December 31, 2020, there were deposits from five franchises amounting to a total of $168,750. Of this amount, $89,250 was still outstanding and owed to the Company at year-end. As of December 31, 2019, there were deposits from nine franchisees amounting to a total of $253,750. These deposits are non-refundable.

(P) Advertising and Promotions:

Advertising and promotion costs are expensed when incurred. Advertising and promotion expenses, net of amounts reimbursed by franchisees, are $153,247 and $73,364 for the years ended December 31, 2020 and 2019.

NOTE 2 - LONG-TERM DEBT:

	2020	2019
Mortgage payable with principal and interest due in monthly installments of $2,357. Interest is stated at 5.25% through September 2025. The note is collateralized by the building and was paid off as a part of the Company's stock sale (see note 13).	$ -	$ 98,950
Installment note payable in 60 monthly installments of $3,607,including principal at interest at 6.9%. This note is secured by a vehicle.	172,095	-
Total	$ 172,095	$ 98,950
Less - current portion	32,345	21,358
Net long-term debt	$ 139,750	$ 77,592

The current maturities of long-term debt are as follows:
For the years ended,

December 31,	
2021	$ 32,345
2022	34,665
2023	37,151
2024	39,816
2025	28,118
Total	$ 172,095

See Independent Auditor's Report.

NOTE 3 - NOTES RECEIVABLE:

The Company has entered into several agreements with franchisees whereby the Company has financed their initial franchise fee. These notes are non-interest bearing and are payable monthly at 3% of the franchisee's gross sales, until paid in full. The amounts receivable under these agreements at December 31, 2019 was $181,503. During the year ended December 31, 2020, several of these agreements were paid in full and one was written-off as a bad debt when the franchisee defaulted and subsequently left the system. As of December 31, 2020, there was one note remaining with a balance receivable of $81,447. The current portion of $19,115 has been estimated using an average of the monthly payments over the past two years.

NOTE 4 – REVENUES FROM CONTRACTS WITH CUSTOMERS:

The Company transitioned to ASC 606 from the Previous Standard on January 1, 2019 using the modified retrospective transition method. Beginning January 1, 2019, the financial statements reflect the application of ASC 606 guidance. The $305,096 cumulative effect of the transition to ASC 606 is reflected as an adjustment to January 2019 member's equity.

The transition to ASC 606 represents a change in accounting principle. ASC 606 eliminates industry specific guidance and provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of ASC 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled for the exchange of those goods or services.

Deferred revenue consists of initial and renewal franchise fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying agreement.

The change in deferred revenue between the date of adoption of January 1, 2019 and December 31, 2020 is as follows:

	2020	2019
Balance, beginning of the year – as restated	$ -	$ 305,096
Balance, beginning of the year	283,624	(118,872)
Prior year deferred revenue recognized during the current year	(80,478)	(118,872)
Increase, excluding amounts recognized as revenue during the current year	95,284	97,400
Balance, end of the year	$ 298,430	$ 283,624

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2020:

For the years ended December 31,	
2021	$ 94,773
2022	84,767
2023	61,748
2024	33,549
2025 & beyond	23,593
Total	$ 298,430

NOTE 4 – REVENUES FROM CONTRACTS WITH CUSTOMERS (Continued):

The impact of adopting ASC 606 on the financial statements line items as of December 31, 2019 is summarized as follows:

	As Reported	Adjustments	Amounts without adoption of ASC 606
Balance Sheet:			
Deferred revenue	$ 283,624	$ (283,624)	$ -
Stockholder's equity	(44,049)	305,096	261,047
Statement of Income:			
Franchise fee income	$ 221,472	$ (21,472)	$ 200,000
Statement of Cash Flows:			
Net income	$ 287,411	$ (21,472)	$ 265,939
Changes in other assets- deferred revenue	(21,472)	(283,624)	(305,096)
Net cash flows provided by operating activities	181,763	21,472	203,235

The following significant changes impacted the financial statement line items as of December 31, 2019:

- Upon adoption of ASC 606, the cumulative effect related to previously recognized initial franchise fees was recorded resulting in a $283,624 increase in deferred revenue and a $305,096 decrease in opening stockholder's equity. The deferred franchise revenue resulting from the cumulative effect adjustment will be amortized over the remaining lives of the individual franchise agreements.
- Additional franchise fee revenue of $21,472 was recognized under ASC 606 compared to the Previous Standard, resulting from the timing recognition of initial franchise fees.

NOTE 5 - LAWSUIT SETTLEMENT:

During the year ended December 31, 2019, the Company settled lawsuits in the amount of $351,500. The Company does not anticipate any further expense related to these.

NOTE 6 - NEW ACCOUNTING PRONOUNCEMENTS:

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 15, 2020. The requirements of this statement are effective for the Company for the year ending December 31, 2021. The Company has not evaluated the impact of this statement on its financial operations.

NOTE 7 - PRIOR PERIOD BALANCES:

Certain prior year balances have been reclassified to conform to current presentation. These reclassifications had no effect on the reported results of operations.

See Independent Auditor's Report.

NOTE 8 – LEASE COMMITMENTS:

The Company assumed the lease for the location of its corporate-owned store in May of 2020 for the remaining lease term of five years. Rent expense under this lease for the year ended December 31, 2020 was $16,085.

Future obligations are as follows:

December 31,		
2021	$	20,307
2022		20,920
2023		21,546
2024		22,195
2025		20,900
Total	$	105,868

NOTE 9 - ASSET ACQUISITION:

During the year ended December 31, 2020, the Company acquired the assets of the Yorktown, VA franchise location – their corporate-owned store. Of the $230,000 total purchase price, $138,350 has been allocated to furniture and equipment and the remaining $91,650 has been recognized as goodwill.

NOTE 10 - CONTINGENCIES:

From time to time, the Company is involved in routine litigation that arises in the ordinary course of business. Currently, there are no pending significant legal proceedings to which the Company is a party for which management believes the ultimate outcome would have a material adverse effect on the Company's financial position.

The Company received a Paycheck Protection Program (PPP) loan under the Coronavirus Aid, Relief, and Economic Surety (CARES) Act administered by the U.S. Small Business Administration (SBA). Use of the proceeds from this loan is limited to payroll costs, health insurance premiums, rent, utilities, and interest on existing loans. The Company has met the eligibility criteria and has concluded that the PPP loan represents, in substance, a grant that was forgiven, and has recognized $41,600 of grant income in accordance with ASC 450-30, *Gain Contingencies* (See Note 11).

NOTE 11 - PAYCHECK PROTECTION PROGRAM:

During the year ended December 31, 2020, the Company applied for and received a Paycheck Protection Program (PPP) loan which was part of the CARES Act legislation. PPP loans may be fully or partially forgiven by application to the SBA if proceeds are expended based on federal guidelines. Management applied for the PPP loan to fund payroll and other allowable costs while the Company responded to government restrictions on operations and anticipated reduced revenues from the economic downturn associated with the pandemic. A loan in the amount of $41,600 was received. The Company complied with all of the requirements of this program, and the loan has been forgiven as of February 8, 2021 (See Note 10).

NOTE 12 - ECONOMIC INJURY DISASTER LOAN PROGRAM:

During the year ended December 31, 2020, the Company obtained a $1,000 Economic Injury Disaster Loan (EIDL) advance under the CARES Act, administered by the SBA.

See Independent Auditor's Report.

NOTE 12 - ECONOMIC INJURY DISASTER LOAN PROGRAM (Continued):

The amount of this advance was calculated based on the number of employees indicated by the Company. This advance is not required to be repaid and as such, the Company has recognized $1,000 of grant income.

NOTE 13 – EMPLOYEE RETENTION CREDIT:

The employee retention credit (ERC) is a fully refundable tax credit available to certain employers through the CARES Act legislation. During the year ended December 31, 2020, the Company's revenues were affected by executive orders from the governor of VA, which fully and partially suspended its operations and the operations of its franchisees. Consequently, they are eligible for, and have applied for, the ERC's available to them. The total credits receivable amount to $33,788 for the year ended December 31, 2020. These credits have reduced current year payroll and payroll tax costs by the same amount.

NOTE 14 – CHANGE IN OWNERSHIP:

In January of 2020, the sole owner of the Company's membership units sold 100% of her interest in the Company to third party. This owner now holds 100% of the Company's membership interest including all trademarks, brand specific information, records, trade secrets, processes concerning development, distribution methods, marketing plans, trade policies and secrets, financial statements, projections, budgets and other material relevant to the Skrimp Shack System.

NOTE 15 - SUBSEQUENT EVENTS:

Date of Management Evaluation:

Management has evaluated subsequent events through April 29, 2021, the date on which the financial statements were available to be issued.

The Organization expects the economic uncertainties resulting from the COVID-19 pandemic to impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

See Independent Auditor's Report.

Exhibit D to the
Skrimp Shack Franchise Disclosure Document
LIST OF FRANCHISEES
(as of December 31, 2021)

FRANCHISEES OPEN AND OPERATING

No.	Names, Business Address and Telephone Numbers
1.	It's O'Fish-Al Seafoods, LLC 5534 Highway 20 Covington, GA 30016 Phone: 912-312-3936
2.	Brandon L. Dotson, LLC 2115 Windsor Spring Road Augusta, GA 30906 706-755-9764
3.	SSMod, LLC 5283 Lake Worth Road Greenacres, FL 33463 Phone: 914-282-2282
4. *	Carolina Skrimpin LLC 3600 N. Duke Street, 28 Durham, North Carolina 27704 Phone: 772-834-5473
5.	Triangleskrimpshack#1 LLC 7224 Alford Highway Holly Springs, North Carolina 27540 Phone: 972-724-6223
6. *	Daryll LLC 901-1399 Silas Creek Parkway Winston Salem, North Carolina 27127 Phone: 757-848-8386
7. *	Fun Sized Foods LLC 605 Newmarket Drive, Suite 28 Newport News, VA 23605 Phone: 757-945-5290
8. *	Tabb Seafood, Inc. 13175 Jefferson Avenue Newport News, VA 23608 Phone: 757-504-2369
9. *	Fish Tails LLC 3084 Airline Boulevard Portsmouth, VA, 23701 Phone: 757-488-4420

10. *	Skrimpin Richmond, LLC 6493 Mechanicsville Turnpike, Unit A Mechanicsville, Virginia 23111 Phone: 804-789-9349
11. *	LevelgroundNorfolk, LLC 1269 N. Military Hwy., Ste. 7 Norfolk, VA 23502 Phone: 757-333-1801
12. *	Bubba and Forrest LLC 6588 Richmond Road Williamsburg, Virginia 23188 Phone: 757-707-3402
13.	R & R Collective Investments LLC 419 Gateway Drive, Suite 5 Winchester, VA 22603 Phone: 540-665-6470
14. *	Skrimpin White Oak LLC 4760 Finlay Street, Richmond, VA 23231 Phone: 757-303-8850
15. *	Colonial Shack LLC 3079 Boulevard, Suite 5 Colonial Heights, VA 23834 Phone: 757-504-2369
16. *	Cheryl LLC 11142 Hull Street Road Midlothian, VA 23112 Phone: 757-848-8386
17. *	Abiden LLC 6550 Hampton Roads Parkway, Suite 111 Suffolk, VA 23435 Phone: 757-288-5975
18.	Hailseafood LLC 1249 Cedar Road Chesapeake, VA 23322 Phone: 757-739-1258

19. *	Skrimp Shack Nova 1 LLC 736 Warrenton Road, #105 Fredericksburg, VA 22406 Phone: 757-218-0780
20.	Skrimp Shack Nova 2 LLC 9841 Jefferson Davis Highway Fredericksburg, VA 22407 Phone: 757-218-0780
21. *	Baxter Eats LLC 17237 Wayside Drive Dumfries, VA 22026 Phone: 757-358-3535
22. *	Hopewell Shack LLC 227 E Broadway Hopewell, Virginia 23860 Phone: 757-504-2369
23. *	LevelgroundSuffolk, LLC 926 N. Main St. Unit 7 Suffolk, VA 23434 Phone: 757-333-1801
24. *	Fishin Broad Street LLC 7510 W. Broad Street Richmond, Virginia 23294 Phone: 757-303-8850
25.	Kenbre, LLC 7700 E. Richmond Hwy. Alexandria, VA 22306 Phone: 678-697-2592
26. *	BaxPac Partners, LLC 7855 Sudley Rd. Manassas, VA 20109 Phone: 757-358-3535

* Multi-Unit Operator

FRANCHISEES SIGNED, But Not Yet Opened as of December 31, 2021

None

Exhibit E to the
Skrimp Shack Franchise Disclosure Document

FRANCHISEES WHO HAVE LEFT THE SYSTEM

(as of December 31, 2021)

The following is a list of the name, city, state and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during fiscal year 2021 or who has not communicated with us within ten weeks of the date of this Disclosure Document.

Names, City, State and Telephone Numbers
Carolina Skrimpin Two, LLC 1816 Owen Drive Fayetteville, NC 28304 Phone: 772-834-5473

Exhibit F to the
Skrimp Shack Franchise Disclosure Document

TABLE OF CONTENTS OF OPERATIONS MANUAL

Skrimp Shack Franchise Operations Manual

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SECTION B: PRE-OPENING PROCEDURES

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SECTION E: MANAGING A SKRIMP SHACK

Skrimp Shack Franchise Operations Manual

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Exhibit G to the
Skrimp Shack Franchise Disclosure Document

MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

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

2. The Franchise Agreement and Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

3. The Franchise Agreement and Development Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The Franchise Agreement and Development Agreement require binding arbitration. The arbitration will occur in Virginia with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. The Franchise Agreement and Development Agreement require application of the laws of Virginia. This provision may not be enforceable under California law.

8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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

10. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 36013783_520040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

11. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

12. OUR WEBSITE, www.theskrimpshack.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

For info on becoming safeserv certified in Illinois, see the following link: https://cmsstaging.servsafe.com/regulatory-information/manager-illinois-certification

STATE ADDENDUM FOR THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

   There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 19 of the Franchise Agreement and Section 19 of the Area Development Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
Michigan Department of Attorney General
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

ADDENDUM FOR THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ___ day of __________, 20__, and effectively amends and revises said Disclosure Document and Franchise Agreement and Area Development Agreement as follows:

1. Item 13 of the Disclosure Document and Article 9 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:
"In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use."

2. Item 17 of the Disclosure Document and Articles 3 and 17 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld."

3. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement and Development Agreement are amended by the addition of the following language to the original language that appears therein:

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

4. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement and Development Agreement are amended by the addition of the following language to the original language that appears therein:

"Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release."

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. The appropriate sections of the Franchise Agreement and Development Agreement are hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. The appropriate sections of the Franchise Agreement and Development Agreement regarding Limitations of Claims are hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of $30 on a NSF check. This applies to everyone in Minnesota who accepts checks except banks.

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT H OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Development Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document and Articles 3 and 14 of the Franchise Agreement and Section 11 of the Development Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document, Article 10 of the Franchise Agreement and Section 12 of the Development Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document and Article 18 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-1909 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document, Article 19 of the Franchise Agreement and Section 19 of the Development Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Article 19 of the Franchise Agreement and Section 19 of Virginia are deleted.

6. Item 17(w) of the Disclosure Document, Article 19 of the Franchise Agreement and Section 19 of the Development Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Article 19 of the Franchise Agreement and Section 19 of the Development Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Article 19 of the Franchise Agreement and Section 19of the Development Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

“A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

ADDENDUM REQUIRED BY THE STATE OF SOUTH CAROLINA

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be canceled.

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Skrimp Shack LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

ADDENDUM REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of______________, 20___.

	FRANCHISOR:
ATTEST	SKRIMP SHACK LLC

___________________________ By:_______________________________

Witness Name:______________________________

Title:______________________________

FRANCHISEE:

____

___________________________ By:_______________________________

Witness Name:______________________________

Title:______________________________

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Skrimp Shack LLC's Franchise Disclosure Document and for its Franchise and Development Agreements. The amendments to the Franchise and Development Agreements included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement and Development Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit operator may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement and Development Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement and Development Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Franchise Agreement and Development Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The Franchise Agreement, Development Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

9. Pricing: Franchisor may designate the maximum prices for the goods, products and services offered from your Restaurant, where permitted by applicable law, and you must comply with the pricing requirements.

10. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we secured a surety bond in the amount of $60,000 from The Ohio Casualty Insurance Company. A copy of the bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. Also, a copy is attached in Exhibit J.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this ______ day of______________, 20___.

FRANCHISOR:
SKRIMP SHACK LLC

ATTEST

___________________________ By:______________________________
Witness Name:____________________________
Title:_____________________________

FRANCHISEE:
____

___________________________ By:______________________________
Witness Name:____________________________
Title:_____________________________

Exhibit H to the
Skrimp Shack Franchise Disclosure Document

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

Exhibit I to the
Skrimp Shack Franchise Disclosure Document

FORM OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this ___ day of ________, 20__, by and between Skrimp Shack LLC, a Virginia limited liability company, having its principal place of business located at 201A Dexter Street, Suite 103, Chesapeake, Virginia 23324 (the "Franchisor"), and _________________, a ______________________, with a principal address at _________________________________ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor:**

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Virginia law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and insures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Virginia.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:	RELEASOR:
___________________________	___________________________________ (Name)
Witness:	SKRIMP SHACK FRANCHISOR LLC:
___________________________	By:_______________________________ Name:_____________________________ Title:______________________________

Exhibit J to the
Skrimp Shack Franchise Disclosure Document

Maryland Surety Bond

BOND NO. 017243902

STATE OF MARYLAND
SECURITIES DIVISION
FRANCHISOR SURETY BOND

KNOW ALL MEN BY THESE PRESENTS, THAT

Skrimp Shack, LLC
(Name of Franchisor)

a LLC VA
(Description or form of business organization, including State of Incorporation), with business offices at

201 A Dexter Street, Suite 103, Chesapeake, VA 23324
(Address)

as Principal, and The Ohio Casualty Insurance Company a corporation duly organized
(Name of Surety)
under the laws of the State of NH and authorized to do business in the State of Maryland, as Surety, are hereby held and firmly bound to the State of Maryland, in the sum of Sixty Thousand Dollars and 00/100 Dollars ($ 60,000.00). For the payment of this sum, Principal and Surety bind themselves, their representatives, successors and assigns, jointly and severally by these presents.

WHEREAS, Principal has applied for registration as a franchisor to offer and sell franchises in Maryland, as required under the Maryland Franchise Registration and Disclosure Law, Title 14, Subtitle 2, Business Regulation Article, Annotated Code of Maryland, (2010 Repl. Vol.) (the Maryland Franchise Law); and

WHEREAS, Principal executes this surety bond under §14-217 of the Maryland Franchise Law, as a condition of its registration to offer and sell franchises in Maryland;

NOW, THEREFORE, the Principal agrees as follows:

1. Principal shall obey all applicable rules, regulations and statutes of the State of Maryland, now or hereafter existing and all other applicable laws now or hereafter existing, affecting or relating to the offer or sale of franchises and area franchises.

2. Principal shall in all respects be bound to any and all applicable requirements and provisions required to be in this bond by existing and future statutes, rules and regulations of the State of Maryland, and laws, the same as though such requirements and provisions were fully set forth in this bond, and by reference such requirements and provisions are made a part hereof.

3. Principal shall in all respects be bound to perform and fulfill, up to and until the time at which a franchisee's or subfranchisor's business is fully operational, all undertakings, covenants, terms, conditions and agreements of any contract, or of any modification to a contract duly authorized by the parties to the contract, that the Principal makes with these franchisees, or subfranchisors.

4. This bond is for the benefit of the State of Maryland and all persons purchasing franchises and area franchises from Principal.

5. This bond shall become effective at 12:00:00 AM on March 22, 2021
(time of day) (date)
It may be cancelled by Surety and Surety relieved of liability with respect to a franchise agreement entered into by Principal after the effective date of cancellation. Cancellation is effective 90 days after the Maryland Securities Commissioner and Principal receive written notice from Surety of cancellation. Notwithstanding any such cancellation, coverage under this bond remains effective with respect to any franchise agreements entered into by Principal prior to the effective date of cancellation.

The Ohio Casualty Insurance Company	Skrimp Shack, LLC
(Name of Surety)	(Name of Franchisor)
By:	By:
(Signature of Attorney in Fact) Daniel J. Grygo	(Signature of Officer, Partner, or Sole Proprietor)
	Glenn B. Heard Managing Member

THE OHIO CASUALTY INSURANCE COMPANY INCORPORATED 1919 NEW HAMPSHIRE

****

Approved as to form:

Assistant Attorney General

Date

INSTRUCTIONS:

1. This side is to be completed by a notary public for both the Principal and the Surety.

2. Please attach the Power of Attorney and Certified Copy of the Corporate Resolution for the Surety listed herein.

STATE OF Virginia)
) ss. **ACKNOWLEDGMENT OF PRINCIPAL**
COUNTY OF Chesapeake)

(INDIVIDUAL PROPRIETORSHIP)

The foregoing instrument was acknowledged before me this ~~1st~~ day of ~~April~~, ~~2021~~

by ~~Glenn B. Heard~~
(Name of Person Acknowledged)

RM 4/1/21

(CORPORATION)

The foregoing instrument was acknowledged before me this 1st day of April, 2021

by Glenn B. Heard, President of
(Name of Corporation President)

Skrimp Shack, LLC, a Virginia
(Name of Corporation) (State of Incorporation)
corporation, on behalf of the corporation.

(PARTNERSHIP)

The foregoing instrument was acknowledged before me this ________ day of ______________, ________

by ______________________________, a partner on behalf of
(Name of Acknowledging Partner)

______________________________, a partnership.
(Name of Partnership)

Robyn L. Maloney
Notary Public

ROBYN L. MALONEY
NOTARY PUBLIC
REG. #332063
MY COMMISSION EXPIRES 08/31/2023
COMMONWEALTH OF VIRGINIA

NOTARY SEAL Cty: Chesapeake Comm. Exp: August 31, 2023

STATE OF Virginia)
)ss. **ACKNOWLEDGMENT OF SURETY**
COUNTY OF Virginia Beach)

The foregoing instrument was acknowledged before me this 1st day of April, 2021

by Daniel J. Grygo, Attorney-In-Fact
(Name and Title of Officer or Agent)
of The Ohio Casualty Insurance Company,
(Name of Corporation Acknowledging)
a NH corporation, on behalf of the corporation.
(State of Incorporation)

Tammy A. Ward
Notary Public Tammy A. Ward

TAMMY A. WARD
NOTARY PUBLIC
REGISTRATION NUMBER 259496
COMMONWEALTH OF VIRGINIA

NOTARY SEAL Cty: Virginia Beach Comm. Exp: September 30, 2023

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated. Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees. For bond and/or Power of Attorney (POA) verification inquiries, please call 610-832-8240 or email HOSUR@libertymutual.com.

Liberty Mutual.
SURETY

Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That The Ohio Casualty Insurance Company is a corporation duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint **Daniel J. Grygo** of the city of Virginia Beach, state of VA its true and lawful attorney-in-fact, with full power and authority hereby conferred to sign, execute and acknowledge the following surety bond:

Principal Name: **Skrimp Shack, LLC**

Obligee Name: **State of Maryland**

Surety Bond Number: **017243902** **Bond Amount:** See Bond Form

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 12th day of March, 2021.

LIBERTY MUTUAL INSURANCE COMPANY INCORPORATED 1912 MASSACHUSETTS
THE OHIO CASUALTY INSURANCE COMPANY INCORPORATED 1919 NEW HAMPSHIRE
WEST AMERICAN INSURANCE COMPANY INCORPORATED 1991 INDIANA

The Ohio Casualty Insurance Company
Liberty Mutual Insurance Company
West American Insurance Company

By: David M. Carey
David M. Carey, Assistant Secretary

STATE OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 12th day of March, 2021, before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of Liberty Mutual Insurance Company, The Ohio Casualty Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at King of Prussia, Pennsylvania, on the day and year first above written.

TERESA PASTELLA COMMONWEALTH OF PENNSYLVANIA NOTARY PUBLIC

Commonwealth of Pennsylvania - Notary Seal
Teresa Pastella, Notary Public
Montgomery County
My commission expires March 28, 2025
Commission number 1126044
Member, Pennsylvania Association of Notaries

By: Teresa Pastella
Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of Liberty Mutual Insurance Company, The Ohio Casualty Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

ARTICLE IV – OFFICERS – Section 12. Power of Attorney. Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

ARTICLE XIII – Execution of Contracts – SECTION 5. Surety Bonds and Undertakings. Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

Certificate of Designation – The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

Authorization – By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Renee C. Llewellyn, the undersigned, Assistant Secretary, of Liberty Mutual Insurance Company, The Ohio Casualty Insurance Company, and West American Insurance Company do hereby certify that this power of attorney executed by said Companies is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 1st day of April, 2021.

LIBERTY MUTUAL INSURANCE COMPANY INCORPORATED 1912 MASSACHUSETTS
THE OHIO CASUALTY INSURANCE COMPANY INCORPORATED 1919 NEW HAMPSHIRE
WEST AMERICAN INSURANCE COMPANY INCORPORATED 1991 INDIANA

By: Renee C. Llewellyn
Renee C. Llewellyn, Assistant Secretary

State Effective Dates

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

This 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
Virginia	October 26, 2021, amended November 30, 2021
Maryland	Pending

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

EXHIBIT K

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF Skrimp Shack LLC

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Skrimp Shack 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 requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Skrimp Shack LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit H.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Glenn Heard 201A Dexter Street, Suite 103 Chesapeake, Virginia 23324 757-452-3101

Issuance Date: April 30, 2022

I received a Disclosure Document dated _________, that included the following Exhibits:

A – Franchise Agreement
B – Development Agreement
C – Financial Statements
D – List of Franchisees and Multi-Unit Operators
E – Franchisees and Multi-Unit Operators Who Have Left the System
F – Table of Contents of Confidential Operations Manual
G – Multi-State Addendum
H – List of State Administrators/Agents for Service of Process
I – Form of General Release
J - Receipts

Date Received: ________________________ DATE:_______________________________
(If other than date signed)

____
(Signature of recipient)

____
(Printed name of recipient)

____

____
Legal residence address

Please return signed receipt to Skrimp Shack LLC
201A Dexter Street, Suite 103
Chesapeake, Virginia 23324

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KEEP FOR YOUR RECORDS