FRANCHISE DISCLOSURE DOCUMENT

SONNY'S FRANCHISE COMPANY
a Florida Corporation
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(407) 660-8888
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www.sonnysbbq.com

The franchise is to develop and operate a full-service family style barbeque restaurant under the name "SONNY'S BBQ."

The total investment necessary to begin operation of a Sonny's restaurant ranges from $714,000 to $1,122,000 (excluding real estate and building costs). This includes $35,000 that must be paid to the franchisor.

You may open and operate 2 or more Sonny's restaurants under the terms of the Area Development Agreement. The total investment necessary to begin operation of each restaurant under the Development Agreement is the same as the investment disclosed above, except that you will pay a development fee of $20,000 multiplied by the number of restaurants you agree to develop under the Development Agreement, which is credited toward payment of the Franchise Fee for each restaurant to be opened under the Development Agreement on a pro-rata basis.

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

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 Tara Holmes, Sonny's Franchise Company, 359 Carolina Avenue, Suite A, Winter Park, Florida 32789, (407) 660-8888.

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

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

visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date of this Franchise Disclosure Document: May 31, 2023.

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 A-1 and A-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Sonny's BBQ restaurant in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Sonny's BBQ franchisee?	Item 20 or Exhibits A-1 and A-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addend (if any).

See the Table of Contents for the location of the State Specific Addenda.

Special Risk(s) to Consider About *This* Franchise

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

Out-of-State Dispute Resolution. The Franchise Agreement and Area Development Agreement require you to resolve disputes with the franchisor by mediation at a location chosen by the mediator, or arbitration and litigation only in Florida. Out-of-state mediation, arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate at a location chosen by the mediator, or arbitrate and litigate with the franchisor in Florida than in your own state.

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

TABLE OF CONTENTS

ITEM **PAGE**

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

ITEM 2 BUSINESS EXPERIENCE 2

ITEM 3 LITIGATION 3

ITEM 4 BANKRUPTCY 3

ITEM 5 INITIAL FEES 4

ITEM 6 OTHER FEES 4

ITEM 7 ESTIMATED INITIAL INVESTMENT 9

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 11

ITEM 9 FRANCHISEE'S OBLIGATIONS 13

ITEM 10 FINANCING 15

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 15

ITEM 12 TERRITORY 21

ITEM 13 TRADEMARKS 24

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 25

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 26

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 27

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION 27

ITEM 18 PUBLIC FIGURES 33

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS 33

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION 35

ITEM 21 FINANCIAL STATEMENTS 38

ITEM 22 CONTRACTS 39

ITEM 23 RECEIPTS Last Pages - After Exhibits

SCHEDULE OF EXHIBITS

Exhibit	Description of Exhibit
A	List of State Agencies
A-1	Schedule of Restaurants
A-2	Schedule of Franchisees who have Left the System
B	Financial Statements
C	Form of Sonny's Franchise Agreement
D	Form of Non-Compete and Confidentiality Agreement (Franchisee) (for use by Franchisee and its Owners)
E	Form of Non-Compete and Confidentiality Agreement (Operator) (for use by operator of a Restaurant of Franchisee)
F	Form of Cooperative Advertising Agreement (for use by more than one Franchisee in cooperative advertising program)
G	Form of Landlord's Agreement and Declaration and Lender's Agreement (for use where the Restaurant Location is leased by Franchisee)
H	Form of Estoppel Certificate (required of Franchisee from time to time)
I	Form of Owner's Guaranty and Assumption of Franchisee's Obligations (to be signed by each individual owner in the Franchisee)
J	Form of Area Development Agreement
K	Form of Addendum to Sonny's Franchise Agreement Regarding Renewal Agreements
L	Form of Addendum to Sonny's Franchise Agreement Regarding Transfers
M	Brand Standards Manual Table of Contents
N	State Addendum to Franchise Disclosure Document
O	Sonny's Franchise Application

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor is Sonny's Franchise Company, which will be referred to in this Disclosure Document as "Sonny's," "we," "us" or "our." The term "you" or "your" means the person who buys the Franchise. If you are a corporation, partnership or other entity, the term "you" also applies to your owners.

We are a Florida corporation incorporated in September 1980. Our principal business address is 359 Carolina Avenue, Suite A, Winter Park, Florida 32789. We do business under our corporate name "Sonny's Franchise Company", as well as various derivations thereof such as "Sonny's" and "Sonny's BBQ".

We offer to certain qualified individuals or entities franchise rights to own and operate a full-service, family-casual barbecue restaurant under the Sonny's brand pursuant to the terms of a franchise agreement and other ancillary documents ("Franchises"). Our current franchise agreement is attached as **Exhibit C** (the "Franchise Agreement"). You must operate the Sonny's Restaurant according to our mandatory specifications, standards and operating procedures (the "System Standards"). The Restaurant must offer a uniform limited menu, and you must follow all formulae, directions and specifications as to quality and weights of ingredients and products used, and serve only approved items in approved packaging. All food items and other products must meet our System Standards and you must purchase certain items only from our approved suppliers. (See Item 8.) Under the Franchise Agreement, you must also operate a catering business providing Sonny's food products at functions outside your Restaurant. Your catering business must comply with our System Standards. Restaurants operated under the Sonny's brand and the System Standards are referred to in this Disclosure Document as "Sonny's Restaurants" or "Restaurants."

We also offer area development rights to certain qualified individuals to develop and operate multiple Sonny's Restaurants within a defined area under an Area Development Agreement (**Exhibit J**). You must open at least 2 Restaurants under the Area Development Agreement.

We (including a predecessor that merged into Sonny's in 1994) have offered franchises for Sonny's Restaurants since 1991 and have operated Sonny's Restaurants since 1980. Our predecessors offered franchises for Sonny's Restaurants from 1977 until 1991. We have not offered franchises in any other line of business and have no business activities other than those described in this Disclosure Document. There are no predecessors or affiliates required to be disclosed in this Item 1. However, Sonny's Advertising Fund, Inc, a non-profit membership organization incorporated in 1995 to manage and administer the Sonny's System Brand Fund, may be considered an affiliate of ours as it provides marketing services to our franchisees It has never operated a Sonny's Restaurant nor has it ever offered franchises. It has the same principal business address as we do.

The primary market for Sonny's Restaurants is the well-established casual dine in/take out market consisting of a large segment of the general public that seeks moderately priced quality meals for lunch and dinner. The concept of a Sonny's Restaurant is not, however, what may be commonly considered as a "fast food" restaurant. Sonny's Restaurants offer a "sit down" dining experience for lunch and dinner. Sonny's Restaurants do not serve breakfast. A Sonny's Restaurant must offer catering services and may have a drive-thru. Sonny's Restaurants compete with various nationally franchised and local independently owned and operated hamburger, chicken and other fast-food restaurants and drive-ins, as well as family oriented and other casual dining restaurants.

You must comply with the specific regulations applicable to the food service industry, which includes periodic inspections by health officials. Also, in serving alcoholic beverages, you must comply with all laws regarding service of alcoholic beverages, which include age restrictions of the customers to whom alcoholic beverages can be sold. Background checks are also normally required of all the owners and certain management personnel before a liquor license will be issued.

Your business is subject to state and federal regulations that allow the government to restrict travel and/or require businesses to close or limit operations during state or national emergencies. Because your business is operated from a destination to which your customers must primarily travel, your business can be affected by such orders more than others.

ITEM 2

BUSINESS EXPERIENCE

Director and Chairman – Robert N. Yarmuth

Mr. Yarmuth has been Sonny's sole Director and Chairman since October 1980. He also served as our Chief Executive Officer from October 1980 to June 2020.

President and Chief Executive Officer – James S. Yarmuth

Mr. Yarmuth was appointed as our President in June 2019 and our Chief Executive Officer in June 2020. He served as our Executive Vice President from April 2019 to June 2019. He served as our Vice President from September 2017 to April 2019. Before that he worked in various positions for us from May 2016 to September 2017.

Chief People Officer – Christie Schatz

Ms. Schatz has served as our Chief People Officer since April 2019. She was our Vice President of Operations from January 2017 to April 2019. She was our Vice President of Learning and Development from February 2013 through December 2016. Ms. Schatz was the Director of Human Resources from August 2007 through January 2013. She has been employed by Sonny's since May 2001.

Chief Brand Officer – Peter J. Frey

Mr. Frey has served as our Chief Brand Officer since May 2019. From December 2018 to April 2019 he served as the Head of Marketing, Vice President of Vacations for Apple Leisure Group, a travel and leisure company located in Newton Square, Pennsylvania. From February 2011 to October 2018 he worked for SeaWorld Parks & Entertainment, a travel, leisure and entertainment company located in Orlando Florida, initially as its Senior Marketing Officer, Corporate Senior Vice President and then from March 2017 as a General Manager, Vice President of Discovery Cove.

Chief Operating Officer– Billy Brewer

Mr. Brewer has served as our Chief Operating Officer since August 2022. He served as our Vice President of Operations from April 2019 to August 2022. He served as our Director of Operations from January 2017 to April 2019 and as our Area Director from July 2014 to January 2017.

Director of Operations – Josh Duke

Mr. Duke has served as our Director of Operations since September 2020. From July 2014 to September 2020, he worked for UNO Pizzeria & Grill, a pizzeria restaurant chain located in Boston, Massachusetts, as its Director of Operations.

Director, Brand Management – Katherine (Katie) Bartlett

Ms. Bartlett has served as our Director, Brand Management since April, 2021. She served as our Senior Brand Manager from September 2018 to April 2021 and as our Digital Marketing Manager from July 2015 to September 2018.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

The standard initial Franchise Fee is $35,000 (the "Franchise Fee"), which is non-refundable and payable in two installments. You must pay a $5,000 non-refundable application fee which is applied against the $35,000 Franchise Fee at the time you make the application. The application is attached at **Exhibit O**. You must pay the remaining balance of $30,000 when you sign the Franchise Agreement and other related documents. The Franchise Fee is not uniform. For example, existing franchisees may pay us a reduced Franchise Fee to purchase additional Sonny's Restaurant franchises. In 2022, we charged an initial Franchise Fee of $35,000. We may, in the future, charge a different amount than previously charged, or no amount at all for the Franchise Fee. There is no method or formula to make this determination. If we grant a Franchise to any of our affiliates or we open a Sonny's Restaurant, we will not charge a Franchise Fee to that affiliate or for that Restaurant.

If you sign an Area Development Agreement, you will pay a development fee of $20,000 multiplied by the number of Sonny's Restaurants you agree to develop, which must be at least 2 Restaurants. The development fee is due and payable when you sign the Development Agreement and is non-refundable. The development fee is applied against the Franchise Fee for each Restaurant you develop on a pro-rata basis.

We may, in limited circumstances, extend your opening date. If we agree to an extension, you must pay us a non-refundable extension fee of $2,000 per month on a month-to-month basis for up to 6 months.

ITEM 6

OTHER FEES

Name of Fee[1][2]	Amount	Due Date	Remarks
Royalty[3]	4.5% of Gross Receipts[4]	Payable monthly by the 10th day of the next month via electronic debit to your bank account	You must also provide us with a report showing the Gross Receipts for the month, as well as a copy of any state sales tax return.
System Brand Fund Contribution [3][4][5]	2% of Gross Receipts[4]	Same as Royalty Fee	Same as Royalty Fee
Local Advertising Expenditure[5]	2% of Gross Receipts	As and when incurred	See Note 5

Name of Fee[1][2]	Amount	Due Date	Remarks
Cooperative Advertising[5][6]	2% of Gross Receipts	As and when incurred	You must join an advertising cooperative if we require it. See Item 11.
Inspection and Audit	Will vary depending on circumstances	30 days after billing	Payable when we audit your books and records and the inspection discloses more than a 5% variance between the amount of Royalty or System Brand Fund Contributions owed and the amount actually paid.
Late Fee	1.5% per month or highest lawful rate, whichever is less.	Upon demand	These fees may be imposed by us if you are 7 or more days late paying any amounts due Sonny's or if you understate Gross Receipts by 5% or more.
Gift Card Charge	The value of any sales discount for gift cards sold by us at a discount and redeemed at your Restaurant. Currently, you will be reimbursed for between 80-88% of the face value of these gift cards, depending on the gift card. We also charge for gift cards you obtain from our approved gift card vendor. The cost is currently $.17 per gift card and $.12 per gift card carrier.	Deducted from Franchisee's gift card account one month in arrears. Payable upon receipt of an invoice from us.	Payable if a gift card sold at a discount by us is redeemed at your Restaurant.
Supplier Review Fee[7]	$1,000	Upon receipt of an invoice	See Note 7

Name of Fee[1][2]	Amount	Due Date	Remarks
Transfer Fee	The greater of (a) $17,500, or (b) 50% of the then applicable initial franchise fee.	At time of transfer request	Payable if you want to sell your Franchise.
Renewal Fee	The greater of (a) $17,500, or (b) 50% of the then applicable initial franchise fee.	Along with notice to renew.	Payable when you elect to renew your Franchise.
Management Fee	7% of Gross Receipts	Same time as Royalty	Payable only if we assume management of your Restaurant after your death or disability.
Training[8]	$150 per hour. You must also pay our costs for travel, lodging and meals if the training is not at a Sonny's training facility (i.e., a company-owned Sonny's Restaurant).	Before training	You must also pay all expenses you and your employees incur to attend training. See Item 11.
Additional Assistance Reimbursement	Will vary depending on circumstances.	As incurred.	Payable if we provide more than 6 days' opening assistance. See Item 11.
Damage or Destruction of Restaurant	Average monthly Royalty Fees and System Brand Fund Contributions based on 12-month period before damage or destruction.	Upon demand	You must maintain business interruption insurance to cover loss and payment of Royalty Fees and System Brand Fund Contributions if the Restaurant is damaged or destroyed. See Item 7.
Early Opening Fee	$1,000 per day until we approve the Restaurant's opening	Upon demand	Due if you open the Restaurant before receiving our written approval.
Reinspection Fee	$300 - $650	Upon demand	You must pay us this fee including the cost for a Coronavirus readiness check if you fail a food safety audit.

Name of Fee[(1)(2)]	Amount	Due Date	Remarks
Extension Fee[(9)]	$2,000 per month for up to 6 months	Upon demand	You must pay us this fee if you fail in a timely manner to complete the remodel of your Restaurant and we agree to extend the time for completion.
Professional Services Fee	$150 per hour	Upon receipt of an invoice	Payable if you request us to perform marketing or other promotional services for you.

Explanatory Notes

(1) We reserve the right to charge our affiliates either reduced or no fees. Otherwise, the fees are uniformly imposed subject to differences based upon when a franchise agreement may have been signed, and the signing of a replacement franchise agreement before expiration of the prior franchise agreement. All of the amounts are subject to change.

(2) All of these amounts are imposed and collected by and payable to us. All amounts are non-refundable. You must comply with our procedures and sign the documents we require for direct debits from your business bank operating account. You must make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported the Gross Receipts to us for any reporting period, we can, at our option, debit your account for 125% of the fees transferred from your account for the last reporting period for which a report of the Gross Receipts was provided to us.

(3) The Royalty Fees and System Brand Fund Contributions must be paid throughout the entire term of the Franchise, and must be paid on a monthly basis. See Item 11 for more information on the System Brand Fund.

(4) The term "Gross Receipts" means all revenue you derive from operating the Restaurant and/or catering business, including cash, credit, checks, gift certificates sold, or food stamps. Revenue includes: (a) the total price collected for any food or beverage items served or delivered by the Restaurant or catering business, including take-out business, but excluding customer refunds, adjustments, discounts and credits actually made by the Restaurant; and (b) the menu price (or retail price for non-menu items) for any food or beverage items delivered by a third party, without deduction for any discounts or credits provided to the third party or others; and (c) all goods or services received from a vendor, supplier or customer in a barter and/or exchange transaction where you furnish services and/or products, which goods and services will be valued at the full retail price of the goods and/or services provided by you. Gross Receipts" excludes all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority.

(5) To meet your marketing and advertising requirement you must spend a minimum of 4% of your Gross Receipts on an annual basis on marketing and advertising. Of this 4%, 2% will be paid into the System Brand Fund as a System Brand Fund Contribution, and a minimum of 2% must be spent by you on Local Advertising (20% of this 2% must be spent quarterly). If there is a cooperative advertising program in your market you must contribute 2% of your Gross Receipts to that program, which amount will count toward your Local Advertising. You can always spend additional amounts on Local Advertising.

Within 45 days of the end of each year, you must report to us all of your advertising expenditures during the preceding calendar year. If the full amount of the required advertising expenditures have not been incurred for Local Advertising in any calendar quarter or in any calendar year, you must remit with the report the balance of the funds required to be expended. We will expend on advertising in your market area the amount remitted, less any costs incurred by us in connection with the advertising.

(6) We may require that you join a cooperative advertising program and contribute 2% of your Gross Receipts to that program. Each Sonny's Restaurant (including company-owned Sonny's Restaurants) in the program will be entitled to one vote. There are currently no advertising cooperatives in which we have controlling voting power.

(7) You only pay us this fee if you would like us to consider approving an unapproved supplier. This fee is due before the initial review of that supplier.

(8) This fee is not applicable to the initial training we provide to you at our headquarters when you purchase a Sonny's Franchise.

(9) We may, under certain circumstances, agree to an extension of the date by which you must complete the remodel of your Restaurant. If we agree to an extension, you must pay a non-refundable extension fee of $2,000 per month on a month-to-month basis for up to a 6 month extension.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

ITEM	AMOUNT[(1)]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Initial Franchise Fee[(2)]	$35,000	Lump Sum	Upon signing Franchise Agreement	Sonny's
Land, Building, Renovation, Leasehold Improvement and Other Real Estate Costs[(3)]	Note 3	Note 3	As incurred	Third parties
Architectural Fees	$35,000 - $60,000	As Incurred	As Incurred	Architects/Engineers/etc.
Equipment/ Smallwares[(4)]	$300,000 - $360,000	Lump Sum	As Incurred	Suppliers
Furniture	$60,000 - $75,000	Lump Sum	As time of purchase.	Suppliers
Technology[(5)]	$60,000 - $95,000	As Incurred	As Incurred	Suppliers
Pre-Opening Advertising	$10,000 - $15,000	As Incurred	Pre-Opening	Newspaper Television, etc.
Insurance	$12,500 - $30,000	Lump Sum/ Monthly Payment	Before Opening/ Upon obtaining insurance	Insurance Agent
Opening Inventory	$10,000 - $20,000	As Incurred	Before Opening	Suppliers
Site Work[(6)]	$125,000 - $300,000*	As Incurred	As Incurred	Site Contractor
Signage	$30,000 - $50,000	Lump Sum	Upon signing Franchise Agreement	Supplier

ITEM	AMOUNT[(1)]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Additional Funds[(7)]	$36,500 - $82,000	As Incurred	As Incurred	Training, Payroll, Utilities, Suppliers
Total[(8)]	$714,000 - $1,122,000 (Excluding Real Estate Costs)			

Explanatory Notes:

(1) These amounts are estimates only and are expressed in ranges other than the initial Franchise Fee. The actual amounts could be more or less than the amounts noted. None of these amounts are refundable.

(2) The initial Franchise Fee is described in Item 5. If you sign an agreement with us to develop more than one Sonny's Restaurant, you will also pay a development fee. (See Item 5.)

(3) You must obtain the land and building for your Restaurant facility. You may use property you already own or lease, or an existing building may be renovated, provided each are suitable. The size of a typical standard Sonny's Restaurant building is generally between 5,000 and 6,300 square feet of air-conditioned space. Land and building costs will vary by location. A Sonny's Restaurant should be a stand-alone facility. In limited circumstances we have approved smaller stand-alone facilities and shopping center units. You must also acquire any licenses and pay any impact fees as required by local laws and make any necessary utility deposits. There has been an increase in laws relating to real estate development and the imposition of additional fees such as transportation impact fees, school impact fees, etc. These fees vary from location to location and can be substantial. In addition, certain governmental jurisdictions require that certain infrastructure (e.g., adequate road capacity, sewers, parks, etc.) be in place before any building permits will be issued, and governmental regulation of site plans such as road access ways, retention/detention, etc. can have a substantial effect on cost of any such development. If you elect to lease the land, then you will incur periodic rent payments and may be required to pay a security deposit and other pre-paid rents at the beginning of the lease. Because real estate costs will vary significantly depending on your location, whether you purchase or lease and other factors, we do not provide an estimate of real estate costs. If you are leasing or subleasing the property you and your landlord must sign the Landlord's Agreement attached as Exhibit G and the Declaration. If you are obtaining financing, you and your lender must sign the Lender's Agreement attached as Exhibit G.

(4) In addition to restaurant equipment and smallwares, the estimate includes a catering van, portable cooker and miscellaneous items for your catering business.

(5) This estimate is for the computer hardware and software we require, including a point of sale system, guest management, kitchen management and mobile technology, and surveillance and alarms, high definition televisions and an audio visual system. We estimate that the restaurant technology systems, including point of sale system, guest management, kitchen management and mobile technology will cost $32,000 - $40,000; the surveillance and alarm systems from $13,000 - $30,000; and the audio visual systems from $15,000 - $25,000.

(6) These estimates assume the site for your Sonny's Restaurant is pad ready.

(7) This estimate is for your initial start-up expenses during the initial 3 months of operation, including professional and accounting fees, deposits and prepaid expenses, training expenses, uniforms, and deposits, but excludes any salary for you and payroll costs for your employees. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. The expenses you incur during the initial start-up period will depend on factors including: how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for Sonny's products; the prevailing wage rates; competition; and the sales level reached during the initial period. These estimates include $1,500-$2,000 to purchase marketing materials from our supplier. We relied on our experience of opening and operating Sonny's Restaurants since 1980 and that of our franchisees in the last year to arrive at these amounts.

(8) These estimates do not include the cost you will pay to purchase or lease the land for your Restaurant, and to purchase or lease, build and/or renovate the building for your Restaurant. (See Note 3.) Your actual investment could be different from our estimates. Neither we nor our affiliates offer financing for any part of the initial investment. (See Item 10). The availability and terms of financing will depend on factors like the availability of financing generally, your creditworthiness, your relationship with local banks, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges, interest or debt service obligations. You should have additional funds available to you to fund your operations. Your actual expenses of establishing and operating your Restaurant could vary significantly from these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must use in the development and operation of the Restaurant only the equipment, fixtures, supplies, furniture, computer hardware and software, music, food and beverage products, including food stuffs, staff uniforms, signs, insurance and third party delivery providers that meet our specifications and standards and, if we require, you must obtain various of these items and

services only from suppliers we have approved (which may be limited to us and our affiliates). Specifications may include minimum standards and requirements for quantity, design, appearance, function, performance, serviceability and warranties. You may not modify or alter any recipe for a proprietary item. You may only place or display at the premises the signs, emblems, lettering, logos and display materials that we approve in writing.

As indicated above, we also have specifications for insurance. We require you to obtain and carry the following insurance: statutory worker's compensation insurance; employers liability of at least $1,000,000 per occurrence, comprehensive general liability insurance with limits of liability of at least $1,000,000 per occurrence and at least $2,000,000 products and aggregate; automobile liability with limits of liability of at least $1,000,000; umbrella insurance with limits of at least $2,000,000 aggregate and per occurrence. You must name us as an additional insured on all applicable policies, and your insurance certificates must provide that we are given at least 30 days advance notice of any changes in, termination or cancellation of, any insurance policy. You must send us annually Certificate(s) of Insurance showing that you have insurance meeting these requirements. The cost of this insurance depends on numerous factors, including your location and experience rating.

If you want to purchase an item not presently approved by us for use in your Restaurant, or purchase an item from an unapproved supplier, you must first obtain our written approval in accordance with our then existing policy. You can obtain a copy of the policy by calling us. These same requirements apply to service providers of which we require approval. Our policy generally requires that you submit to us information concerning that item as well as any new supplier or provider, and we will then decide whether to approve the item, supplier or provider. We will normally take up to 90 days to review your request after you provide us with all information we request. We do not make our criteria for approving suppliers, providers or unapproved items available to franchisees. Upon our approval of your proposed item and/or supplier or provider, you may contract with that supplier or provider or purchase the item. We can revoke approval of a supplier, provider or an item at any time by notifying you and/or the supplier or provider.

We, an affiliate or a third party may be the only approved supplier of certain products or services. If that is the case, you must purchase the item from us, our affiliate or the third party. If we or our affiliates sell items to you, these items will be sold at prices exceeding their cost. We have sole suppliers from whom you must buy the barbecue sauce for your Restaurant, the soft drinks you sell at your Restaurant, your Restaurant point-of-sale system, kitchen display system, online ordering technology and guest management, loyalty and restaurant management software, and curbside pickup technology. We also have a sole supplier for your third-party food safety audits. We also have only one supplier from whom you must license your Restaurant's music package and a single supplier for your Restaurant's core menu, promotional materials, promotional menu inserts and gift cards.

We and our affiliates may receive payments (such as rebates, commissions and discounts) from suppliers on account of their actual or prospective dealings with you and other franchisees. We can use these amounts without restriction for any purpose we deem appropriate. In our last fiscal year we received payments from suppliers on account of franchisee purchases from these suppliers. These payments ranged from percentage payments based on amounts paid by franchisees for products (percentages ranged from .79% to 18.54% of amounts paid by franchisees

depending on the product and vendor) to payments of flat amounts per pound, case or gallon of product purchased by franchisees to a lump sum payment. In our last fiscal year, we received approximately $1,409,492 in payments (rebates and convention support) from designated or approved suppliers based upon purchases by the Sonny's franchise system (including franchised and company-owned Sonny's Restaurants) or approximately 6% of our total revenues of $23,139,419. This information was taken from our audited financial statements and internal financial records.

Your purchases from designated or approved suppliers (including us and our affiliates) or in accordance with our standards and specifications are estimated to be 90% to 95% of your total purchases in establishing your Restaurant, and approximately 60% to 70% of your annual purchases in operating your Restaurant.

We currently have no formal purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. We do not provide material benefits (such as renewal or granting additional franchises) to franchisees based on a franchisee's purchase of particular products or services or use of particular suppliers. But you will receive a rebate from our soft drink supplier based upon your purchases from that supplier if the Sonny's system meets certain purchasing goals we have negotiated with this supplier. None of our officers own an interest in any of our approved suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Development Agreement	Item in Disclosure Document
a. Site selection & acquisition/lease	Article 4	Section 5	Items 7 and 11
b. Pre-opening purchases/leases[(1)]	Sections 4.2, 5.2 and 8.2	None	Item 7
c. Site development and other pre-opening requirements	Article 5 and Section 9.1	Sections 3 and 5	Items 1 and 11
d. Initial and on-going training	Article 9	None	Item 11
e. Opening	Section 5.2	Section 5	Item 11
f. Fees	Articles 6 and 7	Section 3	Items 5 and 6

Obligation	**Section in Franchise Agreement**	**Section in Development Agreement**	**Item in Disclosure Document**
g. Compliance with standards and policies/Operating Manual	Sections 8.1 and 8.2	Sections 5 and 8	Item 11
h. Trademarks and proprietary information	Article 11 and Section 12.1	None	Items 13 and 14
i. Restrictions on products/services offered	Sections 8.1 and 8.3	None	Items 1, 8 and 16
j. Warranty and customer service requirements	None	None	None
k. Territorial development and sales quotas	None	Sections 1 and 2	Article 12
l. Ongoing product/ service purchases	Section 8.1	None	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Sections 2.1(h), 8.1(b), and 15.2(c)	None	Item 8
n. Insurance	Sections 7.6 and 8.1(m)	None	Item 8
o. Advertising	Article 10	None	Item 11
p. Indemnification	Article 19.4	Section 10	Item 6
q. Owner's participation/ management / staffing	Section 8.1(h)	None	Item 15
r. Records/reports	Article 13	None	Item 11
s. Inspections/audits	Article 13	None	Item 11
t. Transfer	Article 15	Section 6	Item 9
u. Renewal	Section 2.1	Section 2	Item 17
v. Post-termination obligations	Article 17	Sections 7 and 9	Item 17

Obligation	**Section in Franchise Agreement**	**Section in Development Agreement**	**Item in Disclosure Document**
w. Non-competition covenants	Section 12.2 and 12.3	Section 7	Item 9
x. Dispute resolution	Section 20.6	Section 12	Item 17
y. Other: Guarantee of Obligations (Note 1)	Owners' Guaranty and Assumption of Franchisee's obligations (follows the Franchise Agreement)	Owners' Guaranty and Assumption of Franchisee's obligations (follows the Development Agreement)	Item 22

1 If you transfer your Franchise Agreement or Development Agreement to a corporation, limited liability company or partnership, or you are an entity, you, and any other owners, must sign a personal guaranty of all obligations under the Franchise Agreement or Development Agreement and under any other agreement between us and you or between you and any of our affiliates, agreeing to be bound personally by all provisions of these agreements. Attached to the Franchise Agreement and the Development Agreement is a personal guaranty.

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we need not provide any assistance to you.

Before you open your Restaurant, we will:

(1) Evaluate the site you proposed based on information you submit like the overall layout, parking topography and curb cuts. You must have our written approval of your site before you sign a Franchise Agreement. There is no required time within which we must approve or disapprove a site, although that generally occurs within 60 days. If we do not approve your site, you may not acquire that site. Our approval

of a site means that the site meets our current criteria for an acceptable location, and nothing more. (Franchise Agreement - Section 4.1).

(2) Evaluate your lease if your Restaurant will be located on rental property. You may not sign a lease or modify a lease without our prior written consent. Your lease must contain certain required terms. Our approval of a lease means that the lease meets our current criteria for an acceptable lease and nothing more. (Franchise Agreement - Section 4.2).

(3) Give you mandatory and suggested specifications and layouts for a Sonny's Restaurant, including requirements for dimensions, design, image, interior layout, decor fixtures, equipment, signs, furnishings and color scheme. (Franchise Agreement - Section 5.1). You must begin construction of your Restaurant within 9 months after you sign the Franchise Agreement, and you must open the Restaurant within 6 months after you begin construction, unless we otherwise agree. (Franchise Agreement - Section 5.2). However, we do not provide you with equipment, signs, fixtures, opening inventory or supplies.

(4) Inform you about designated or approved suppliers and manufacturers from which you must purchase products, including food products and brands of equipment and furnishing. (Franchise Agreement - Section 8.1 (c) and (d)).

(5) Provide on-line access to our Brand Standards Manual. The Brand Standards Manual table of contents as of the issuance date of the Franchise Disclosure Document is attached at Exhibit M. (Franchise Agreement - Section 8.2). As of such date, the total number of pages in the Brand Standards Manual was 708.

(6) Provide initial training to you and your manager who is responsible for the day-to-day operations of the Restaurant (the "Operator") as described below in this Item. (Franchise Agreement - Section 9.1).

During the operation of the Restaurant, we will:

(1) Keep you apprised of the System Standards and of current specifications for a Sonny's Franchise as they are modified. (Franchise Agreement - Section 8.1).

(2) Prescribe standards and specifications that you must follow in conducting your catering business, including products and other food items that may be sold during catering and the area in which you may cater. (Franchise Agreement - Section 8.3).

(3) Upon your request, and as we agree, provide you with additional training. (Franchise Agreement - Section 9.3).

(4) Maintain the Sonny's System Brand Fund (Franchise Agreement - Section 10.1).

Marketing and Advertising Requirement.

Your marketing and advertising requirement is a minimum of 4% of your Gross Receipts on an annual basis. Of this 4%, you must pay 2% into the System Brand Fund as a System Brand Fund Contribution, and you must spend a minimum of 2% on Local Advertising in your market (20% of this 2% must be spent on a quarterly basis). If there is a cooperative advertising program in your market you must contribute 2% of your Gross Receipts to that program. We consider cooperating advertising amounts you contribute to a local cooperative advertising program to be Local Advertising. These are minimum amounts, we encourage franchisees to spend additional amounts on advertising in their local markets if warranted by the market.

Brand Fund

As discussed above, we will administer the Sonny's System Brand Fund through the Sonny's Advertising Fund, Inc. You must make a monthly System Brand Fund Contribution of 2% of your Gross Receipts to this Fund. Sonny's Restaurants owned by us will also pay System Brand Fund Contributions. We currently intend that all new franchisees will contribute at this amount to the Fund. The purpose of the Fund is to promote the Sonny's brand. We are under no obligation to spend any amounts on advertising, including System Brand Fund Contributions in the area where your Restaurant is located, and we may use System Brand Fund Contributions in any manner consistent with the Franchise Agreement. (Franchise Agreement - Section 10.2). To that end, the Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce website, social media programs and/or related strategies; administering regional and multi-regional promotional programs (including, without limitation, purchasing media advertising and using promotion and marketing agencies and other advisors to provide assistance); public relations, market research, and other promotional activities.

We have sole discretion over the creative concepts, materials, endorsements and media used, and placement and allocation of Brand promotions. We also determine the composition of all geographic territories and market areas for the development and implementation of these programs. We may use System Brand Fund Contributions to pay the administrative costs of the Brand Fund, including, without limitation, the reasonable salaries and benefits of personnel who administer the Brand Fund, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, collecting and accounting for System Brand Fund Contributions, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund and its programs. However, we will not use System Brand Fund Contributions principally to solicit new franchise sales but we may spend Contributions on our website which advertises franchises for sale. We began auditing the Brand Fund for our fiscal year ended December 31, 2019. We will provide you with a copy of this audit for the prior year upon request. Contributions to the Fund not spent in one year are carried forward to the next year (Franchise Agreement - Section 10.1). During 2022, funds from the System Brand Fund were expended as follows: 20.0% on production of promotions, 14.1% on agency, 10.2% on promotions and public relations, social media, 25.6% on paid media/tools, 18.9% on payment of salaries of those individuals working on Brand Fund matters, 7.3% on other administrative expenses (rent, utilities, shared personnel, etc.), and 3.6% on research and development (rounded). There is no advertising council composed of franchisees.

Local Advertising

We consider "Local Advertising" to be advertising for your Restaurant in your market area. Before use by you, samples of all local advertising and promotional materials not prepared or previously approved by us, in either case in the last 12 months, must be submitted to us for approval. (Franchise Agreement - Section 10.2).

Each quarter you must spend at least 20% of your 2% Local Advertising requirement to promote your Restaurant in your market. If you do not spend 2% of your Gross Receipts on Local Advertising on an annual basis you must pay us the difference between what you were required to spend and what you spent on Local Advertising. We will expend on advertising in your market area the amount remitted, less any costs incurred by us, in connection with the advertising. As discussed above, we consider cooperative advertising amounts you contribute to a local cooperative advertising program to be Local Advertising. (Franchise Agreement - Section 10.2).

Cooperative Advertising

We may require you to participate in a local advertising cooperative (a "Local Cooperative") with other Sonny's Restaurant franchisees in the Designated Market Area ("DMA") in which your Restaurant is located. Unless we determine otherwise, the DMA for you is the area determined by the then current Nielsen Television Research Coverage Study (or if not then available, any replacement or most comparable study) which sets forth the television market for the area in which the Restaurant is located. You must contribute to the Local Cooperative 2% of your Gross Receipts. Amounts you pay to the Local Cooperative are considered Local Advertising. You will be bound to the terms of the cooperative advertising agreement you enter into with the other Sonny's Restaurant franchisees in the Local Cooperative. If the franchisees in the DMA are unable to reach an agreement with regard to the terms of a cooperative advertising agreement, you must sign the local cooperative advertising agreement attached as **Exhibit F**. Sonny's must approve all forms of local cooperative agreements that are different from **Exhibit F**.

Computer System.

You must buy or use various electronic cash registers and computer hardware and software we specify. For example, you must purchase a personal computer, point of sale terminals and printers, point of sale server, tablet pay devices, cash drawers, kitchen management computers, including screens and bump bars, access points, bar code scanners, manager tablets, an audio processor, and multi-zone audio amplifier meeting our specifications. You must also license for your use point of sale software, kitchen display system software, online ordering and loyalty software, restaurant management software, guest management software, curbside pickup software, music source and anti-virus software that we specify. You must also maintain a wide area network and broadband telecommunications that are available in your area and that meet our requirements. You will use the computer hardware and software above for various functions including order taking and management, and to manage your restaurant and kitchen operations. We estimate that the cost of these items will range from $60,000 to $95,000. We estimate that service and support costs for the point of sale systems and computer hardware and software will range from $1,000 to $2,500 per month, excluding telecommunication phone charges and network services.

Your monthly subscription for the point of sale and restaurant management software includes upgrades to the version you are licensing. Other than as disclosed in the prior sentence, neither we, any affiliate nor to our knowledge, any third party, has any obligation to provide ongoing maintenance, repairs, upgrades or updates for the point of sale systems or computer hardware or software discussed above. Within 60 days after you receive notice from us, you must obtain the point of sale systems, computer hardware and software and any components that we designate and ensure that your systems, as modified, are functioning properly. (Franchise Agreement - Section 8.1(e).) There are no contractual limits on the frequency or cost of your obligation to upgrade and update any point of sale system or computer hardware or software, although we will not require a complete replacement of your computer system more often than once every 7 years.

We will have independent access to your point of sale systems and other computer systems. We may access various types of information including Restaurant sales information. There are no contractual limitations on or right to access the information in your point of sale systems. Your point of sale systems must interface with certain third party systems for any marketing or information programs we may introduce.

Location of Restaurant Site.

We consider the location of a Sonny's Restaurant to be virtually as important as who will operate the Sonny's Restaurant. For this reason, site selection, which is your sole responsibility, is subject to our written approval. We will attempt to approve or disapprove the site you have selected within a reasonable time (generally within 60 days), but are under no obligation to do so. If you cannot obtain our approval for a site, you may not open a Sonny's Restaurant on that site and we may terminate your Franchise Agreement. Our approval of a site is not to be construed as a guaranty of success by us, and you bear the sole responsibility for site selection and success of the Sonny's Restaurant. (Franchise Agreement - Section 4.1). If you are leasing or subleasing the property you and your landlord must sign the Landlord's Agreement attached as Exhibit G and the Declaration. If you are obtaining financing, you and your lender must sign the Lender's Agreement attached as Exhibit G.

Length of Time to Open a Sonny's Restaurant.

The typical length of time between signing a Franchise Agreement (which occurs only after Sonny's approves a site) and opening a Sonny's Restaurant varies depending on many factors, but will generally range from as early as 3 months (if the building is on the property and simply needs conversion) to 1 year or longer. This time frame is subject to all conditions and circumstances that may affect any construction or renovation project, such as: weather, compliance with municipal ordinances and codes, procurement of permits and utilities, availability of materials, labor problems, availability of infrastructure and capacity for the Sonny's Restaurant, obtaining acceptable financing arrangements, concluding negotiations over any lease arrangements, purchasing and installing equipment, and remodeling and redecorating any existing building. You must begin to construct or renovate the Sonny's Restaurant within 9 months from the date of the Franchise Agreement, and the building must be completed and ready for occupancy within 6 months from the date the construction begins, unless we otherwise agree (Franchise Agreement – Section 5.2).

Training Program.

You and your Operator, if any, as well as anyone else in the active management of your Restaurant must complete to our satisfaction our initial training program at a location we designate. Generally, the program is conducted at an Orlando, Florida company-owned Sonny's Restaurant, our corporate office or another location we deem appropriate. The training program as of December 31, 2022 is described generally in the table below.

SUBJECT	HOURS OF CLASSROOM AND ONLINE TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Culture	5-10	0	Corporate Office or an Operating Sonny's Restaurant or other site as designated by Sonny's
Marketing	5	0	Corporate Office or an Operating Sonny's Restaurant or other site as designated by Sonny's
Accounting and Information Technology	15-25	0	Corporate Office or an Operating Sonny's Restaurant or other site as designated by Sonny's
Restaurant Operations	40-45	320-450	Corporate Office or an Operating Sonny's Restaurant or other site as designated by Sonny's
Total Hours	65-85	320-450	

Our corporate officer in charge of our initial training program is Billy Brewer, our Chief Operating Officer. Mr. Brewer has been working with us since July 2014. He has approximately 18 years of experience in the restaurant industry. Sonny's training instructors are general managers at Sonny's Restaurants. Each of these general managers will generally have at least 3 years of experience in the restaurant industry and will generally have at least 6 months of experience as a general manager of a Sonny's Restaurant.

There is no charge to you for the initial training program, although you are responsible for all travel and living expenses of your employees. As the training program is in the form of "on the job" training, it is continuous. In providing instruction, we do not hire specially trained instructors, but use the personnel at our training site. (Franchise Agreement - Section 9.1). The training program is provided to protect the Sonny's brand and the Marks, not to control your Restaurant's day-to-day operations.

If you ask and we agree we will provide you with additional training. We can require you to attend and satisfactorily complete additional training and refresher courses in order to maintain

standards of quality and performance. If you change your Operator and/or Manager, the new Operator and/or Manager must undertake and satisfactorily complete the initial training program before beginning to work for you in this capacity. You must pay a fee of $150 per hour plus all of our costs in conducting any of this training. These costs include the costs of room and board and transportation if the training is conducted at a location other than a Sonny's Restaurant we own. (Franchise Agreement - Sections 9.1 and 9.3). You must also maintain a training program for your employees. (Franchise Agreement - Section 9.2)

ITEM 12

TERRITORY

Specific Restaurant Location.

Under your Franchise Agreement you may operate a single Sonny's Restaurant only at the site we approve. You cannot relocate the Restaurant. You cannot open another Sonny's Restaurant unless you enter into an Area Development Agreement or another Franchise Agreement. If you sign an Area Development Agreement, you then have the rights during the term of the Area Development Agreement to develop Sonny's Restaurants in the specific area provided to you for development.

Catering Business.

We also grant you the right to operate a catering business from your Restaurant selling Sonny's products. The catering business must be operated from your Restaurant. You cannot operate from a food truck or other vehicle, without our prior written approval. You may provide catering services in any area. However, we may limit this area but not to an area smaller than your Protected Area.

Search Area.

If you do not have a site for your Restaurant when you sign your Franchise Agreement, we will list a general "search area" in the Rider to your Franchise Agreement. You do not acquire any exclusive rights in this area. It is only the area in which you will look for a site for your Restaurant. We may grant other people a franchise for this area as well. Once you identify a site for your Restaurant, and we approve that site, we will then update the Rider to your Franchise Agreement to identify this location. Your search area will not be an exclusive territory. You may face competition from other franchisees from outlets we own, or from other channels of distribution or competitive brands that we control.

Protected Area.

At the time we approve a site for your Restaurant, in most cases we will provide you with a "Protected Area" for your Restaurant. We will describe the area in the Rider to your Franchise Agreement. Generally speaking, we consider a 4-6-mile area measured from the front entrance of your Restaurant sufficient for the Protected Area. In any case, the ultimate size of your Protected Area will depend on many factors, including whether the Restaurant is located in a rural area or a

heavily populated urban area, where the Restaurant is located in relation to various transportation routes, and any barriers to travel in proximity to the Restaurant, such as rivers or lakes.

As long as there is no uncured material default under the Franchise Agreement, except as provided below, Sonny's will not operate, or grant rights to others to operate, a Sonny's Restaurant physically located in the Protected Area. Other than this limitation there are no prohibitions on us in your Protected Area. For example, we and our affiliates reserve the right, both within and outside of the Protected Area, to offer and sell at wholesale, retail or through any other channel of distribution, such as electronic commerce, catalog sales, telemarketing or other direct marketing, to make sales of products and services which comprise, or may in the future comprise, a part of the system, which products may be resold at retail or through any other distribution channel, including catering, supermarkets and other retail facilities, to the general public by these entities. Sonny's and its affiliates also reserve the right, both within and outside the Protected Area, to sell at both wholesale and retail all products and services that do not comprise a part of the system. Sonny's and its affiliates also reserve the right, both within and outside the Protected Area, to operate or allow others to operate businesses operating under trademarks and service marks distinct from the Sonny's system. We and our affiliates can also operate, or allow others to operate, businesses inside the Protected Area under the trademarks and service marks used in the Sonny's system if the businesses are not competitive with a Sonny's Restaurant. Subject to the satisfaction of certain conditions, we and our affiliates can also operate, or allow others to operate businesses inside the Protected Area, under the Sonny's system and its trademarks or otherwise at captive sites, including at or within a hotel, department store, airport, military base, university, supermarket, government facility, school, corporate cafeteria, amusement park, hospital, sporting arena or stadium so long as the business in not located within 1 mile of the physical location of your Restaurant. We and our affiliates can acquire businesses that are similar to a Sonny's Restaurant or a catering business. We can sell the company or substantially all of our assets to any third party regardless whether such third party operates, or franchises the operation of, businesses similar to a Sonny's Restaurant or a catering business so long as the transferee assumes all of our obligations under the Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. The Franchise Agreement grants no rights to you to open a Sonny's Restaurant outside of your Protected Area. You do not have any options, rights of first refusal or similar rights to acquire additional franchises from us.

Except for the limited grant discussed above as it relates to your Protected Area, there are no restrictions on us from soliciting or accepting orders from customers in your Protected Area. We and our affiliates reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing to make sales within your Protected Area under the Marks or otherwise. We will not pay you any compensation for soliciting or accepting orders in your Protected Area.

You are generally not restricted as to the area in which you conduct your advertising. Conversely, we and other franchisees may advertise in your Protected Area. You can solicit and accept orders at your Restaurant from customers located outside of your Protected Area, and solicit and accept orders for catering services outside of your Protected Area, including using the Internet,

catalog sales, telemarketing or other direct marketing to advertise to these customers. However, all of your advertising must be approved by us, and you must obtain our written approval before you establish or have established for you any digital or electronic medium or method of communication, including any social networking or social media site, other website or web page, review or opinion page, email address, home page, HTML document, Internet site, online directory, profile, including any online business profile, avatar, account, or hashtag relating to or making reference to any of the Marks, your Restaurant or the Sonny's system. We have no current plans to operate or franchise a business under a trademark different from the Sonny's mark, which business would sell goods or services similar to those sold by you. However, we have the right to do so.

Area Development Agreement.

Sonny's may grant you rights to develop one or more Sonny's Restaurants in specific areas or territories under an Area Development Agreement. Each Area Development Agreement is separately negotiated and the size of your Development Area will depend on how many Sonny's Restaurants we think it can support, as well as your ability to build and operate more than one Sonny's Restaurant. As long as your Area Development Agreement is in effect, we will not grant to anyone else a franchise to operate, and we will not operate, a Sonny's Restaurant that is physically located in your Development Area. However, we, our affiliates and other franchisees can operate catering businesses selling Sonny's products in the Development Area. We and our affiliates also have all of the rights discussed above with respect to a Protected Area in your Development Area. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control.

As long as your Area Development Agreement is in effect you will retain the rights we have initially given to you, even though the population of your Development Area may increase, but you must meet the development schedule contained in your Development Agreement. If you fail to meet this schedule or otherwise breach your Area Development Agreement, you will lose your right to continue to develop Sonny's Restaurants in the Development Area. The Area Development Agreement does not grant any options, rights of first refusal, or similar rights to you to acquire additional development rights in the Development Area or contiguous areas. You do not have the right to change your Development Area. There are no restrictions on us from soliciting or accepting orders from customers in your Development Area. We can use other channels of distribution, including the Internet, catering sales, telemarketing, or other direct marketing to make sales within the Development Area under the Marks or otherwise. We will not pay you any compensation for soliciting or accepting orders inside your Development Area. You can solicit or accept orders at your Restaurant from customers outside your Development Area including using the Internet, catalog sales, telemarketing or other direct marketing to advertise to these customers. You can also solicit and accept orders for catering services outside of your Development Area.

ITEM 13

TRADEMARKS

You will conduct your Franchise business using the names "SONNY'S BBQ", "SONNY'S REAL PIT BAR-B-Q", "SONNY'S", the SONNY logo, and the other trade and service marks and commercial symbols we license to you (the "Marks"), which will identify the Restaurant, goods, and the services you will offer and which you will use in advertising. You must follow our rules when you use the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols, as part of a corporate or business name or in any form on the Internet, including URLs, domain names, e-mail addresses, locators, links, metatags, hashtags or search techniques. You have no right to give any third party the right to use these Marks without our prior written approval. You may not use any of the Marks for the sale of any unauthorized product or service or in a manner we have not authorized in writing. We consider the following service marks and trademarks which have been registered with the United States Patent and Trademark Office on the Principal Register, and for which we have filed all required affidavits, as our principal marks:

Description of Mark	**Registration Date**	**Registration Number**
Design of cowboy with name "SONNY" on the apron holding a spoon.	11-19-02	2,651,370
The name "SONNY'S".	4-28-81	1,152,738
"Sonny's Real Pit Bar-B-Q"	11-15-05	3,015,719
"Sonny's" (script)	8-22-06	3,134,307
"Sonny's Real Pit Bar-B-Q" (oval design)	8-29-06	3,137,153
"Sonny's Real Pit Bar-B-Q"	8-22-06	3,134,308
"Sonny's"	8-29-06	3,137,152
"Sonny's Pitmaster"	12-18-12	4,262,109
"Sonny's BBQ"	04/29/2014	4,523,472
"Sonny's BBQ Local Pitmasters Since 68" (Class 43)	04/29/2014	4,523,506
"Random Acts Of BBQ" (Class 43)	06/10/2014	4,547,695

Description of Mark	Registration Date	Registration Number
"Random Acts Of BBQ" (Class 36)	08/26/2014	4,594,464
"Sonny's BBQ Local Pitmasters Since 68" (Class 30)	07/01/2014	4,559,998

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the Trademark Administrator of any court; pending infringement, opposition, or cancellation; or pending material litigation involving any of our Marks.

We know of no agreements currently in effect limiting our rights to use or license the use of the Marks. We know of no superior prior rights or infringing uses that could materially affect your use of the Marks in operating the Restaurant.

If you are held liable in any proceeding for an authorized use of any Mark, we will indemnify and reimburse you for all damages and costs you reasonably incur in defending that claim, as long as you have timely notified us of the claim or proceeding and complied with the Franchise or Area Development Agreement. We can, at our option, defend and control the defense of any proceeding from your use of any Mark.

Within a reasonable time after receiving notice, you must comply with our direction to add, modify or discontinue the use of any Mark. We can make any additions, modifications or discontinuation to our Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or pending patent applications material to the purchase of a Franchise. We, however, claim a copyright to our confidential manuals, menus, advertisements and other written documents. Unauthorized reproduction of these documents is not permitted. We also maintain various trade secrets regarding our operations and food processes that must be kept confidential by you and your employees.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect that significantly limit our right to use or allow others to use the copyrighted materials. We know of no infringing uses which could materially affect your use of the copyrighted materials in any state. We may protect and defend our rights to copyrighted materials.

The Brand Standards Manual, which is described in Item 11, and other materials we possess contain our confidential information. This information includes site selection criteria; recipes; knowledge and experience used in developing and operating Sonny's Restaurants;

marketing and advertising programs for Sonny's Restaurants; knowledge of specifications for and suppliers of certain fixtures, furniture, furnishings, equipment, products, materials and supplies; and knowledge of the operating results and financial performance of Sonny's Restaurants other than your Restaurant.

You must fully and promptly disclose to us all ideas, concepts, formulae, recipes, techniques or materials concerning the Restaurant that you and/or your employees conceive or develop during the term of your Franchise. Sonny's and its affiliates will own this information, have the right to use this information and to disclose it to other Sonny's Restaurant franchisees.

You may not use Sonny's confidential information in an unauthorized manner, and you must take reasonable steps to prevent its disclosure to others.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We believe that individual franchisees directly impact the success of Sonny's Restaurants, and as such, we consider the Franchise Agreement to be a personal services contract. Unless you have designated an Operator to have full-time responsibility, who is approved by us, you must be personally involved on a full-time basis in the operation of your Restaurant. If you are not an individual and do not designate an Operator, at least one of the individuals identified as "principals" must be involved on a full-time basis in the operation of the Restaurant. If you are a business entity, your directors, partners, officers and/or owners must execute a personal guarantee to undertake the obligations and responsibilities established in the Franchise Agreement and any Area Development Agreement.

You may appoint and designate an Operator who will be the person involved on a full-time basis in the day-to-day operations of, and will be the person in charge of, the Restaurant. The Operator must also satisfactorily complete Sonny's training program. The Operator need not have an ownership interest in your Franchise.

You, all owners, and your Operator, if any, must execute a separate Non-Compete and Confidentiality Agreement substantially in the form attached to this disclosure document as **Exhibit D** or **Exhibit E**, as applicable. These documents impose a perpetual duty of confidentiality as to all of Sonny's confidential information, and further restrict each owner and the Operator from being involved in any way whatsoever in any barbecue type restaurant, facility or business during the term of, and for a period of two years after the end of his or her involvement with the Restaurant.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and perform all services that we periodically require for Sonny's Restaurants. You may not offer any products (including alcoholic beverages) or perform any services that we have not authorized. There are no limits on the customers you may serve (with the exception of the liquor law age restrictions) although we can limit the areas where you provide catering services. You must keep your Restaurant open continuously throughout the term of the Franchise Agreement, during the minimum hours we determine.

Your catering business must be operated from your Restaurant and all products, and your material equipment and supplies used and sold in your catering business must be approved by us. You cannot operate from a food truck or other vehicle, nor may you use a third party delivery service without our prior written approval. Last, we can restrict where you can provide catering services but not to an area less than your Protected Area.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists 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/Area Development Agreement	Summary
a. Term of the Franchise	Franchise Agreement - Section 1.3	20 years.
	Area Development Agreement - Section 2	Earlier of date Sonny's and you agree or date last Sonny's Restaurant must be open under Area Development Agreement.
b. Renewal Term	Franchise Agreement - Section 2.1	One 10 year term.
	Area Development Agreement - Section 2	Number of years we grant you.

Provision	Section in Franchise/Area Development Agreement	Summary
c. Requirements for you to obtain a Renewal Agreement or extension	Franchise Agreement - Section 2.1	You must not be in default and must give written notice to us not less than 9 months or more than 12 months before expiration of your Franchise Agreement that you wish to renew. You must also pay a renewal fee, sign an estoppel certificate confirming that you have no claims against us, and remodel the Restaurant. You must sign our then current franchise agreement for the 10-year renewal franchise term, which may contain materially different terms (including fees).
	Area Development Agreement - Section 2	There must not be any default upon expiration. You must give us notice within 30 days before expiration. We must think additional development is warranted.
d. Termination by you	Franchise Agreement - Section 16.2	You can terminate if we fail to cure a breach of the Franchise Agreement within 30 days of written notice from you.
	Area Development Agreement - Section 8(h)	You can terminate if we fail to cure a breach of the Area Development Agreement within 30 days of written notice from you.
e. Termination by Sonny's without cause	Franchise Agreement - None	Not applicable.
	Area Development Agreement - None	Not applicable.
f. Termination by Sonny's with cause	Franchise Agreement - Section 16.1	We can terminate only if you default and fail to cure the default or if the default is non-curable.
	Area Development Agreement - Section 8	We can terminate only if you default and fail to cure the default or if the default is non-curable.

Provision	Section in Franchise/Area Development Agreement	Summary
g. "Cause" defined - defaults which can be cured	Franchise Agreement - Section 16.1	10 days to cure any monetary default or health or safety violation, 30 days to cure other defaults. (Subject to applicable state law that may extend this time.)
	Area Development Agreement - Section 8	Most defaults can be cured within 30 days after notice. Defaults under other agreements, so long as cured within the cure period, if any, in that agreement. (Subject to applicable state law that may extend this time.)
h. "Cause" defined - defaults which cannot be cured	Franchise Agreement - Section 16.1	Abandonment, including unauthorized temporary closure, bankruptcy, conviction of felony or other offense, unauthorized assignment, breach of non-compete, delivery of NSF check, underreporting Gross Receipts, nonpayment or underpayment of fees, unapproved start to construction, repeated defaults, failure to pay third parties, loss of liquor license, health/safety violations or violation of anti-terrorism laws.
	Area Development Agreement - Section 8(b) and (c)	Insolvency, bankruptcy, foreclosure of assets, failure to meet development schedule, or violation of anti-terrorism laws.
i. Your obligations on termination/non-renewal	Franchise Agreement - Sections 12.3 and 17	Obligations include changes to your Restaurant, return of the manuals, termination of use of proprietary information, and identification as a Sonny's Restaurant, inability to operate a barbeque restaurant for 2 years, and payment of amounts you owe.
	Area Development Agreement - Section 8(g)	Obligations include no further right to develop Sonny's Restaurants in the Development Area, and inability to operate a barbeque restaurant for 2 years.

Provision	Section in Franchise/Area Development Agreement	Summary
j. Assignment of contract by Sonny's	Franchise Agreement - Section 15.1	No restriction on our right to assign so long as the transferee assumes all of our obligations.
	Area Development Agreement - Section 6	No restriction on our right to assign so long as transferee has right to license others to operate Sonny's Restaurants in the territory.
k. "Transfer" by you – definition	Franchise Agreement - Section 15.2	Includes interest in contract or business arising therefrom.
	Area Development Agreement - Section 6(b)	Includes interest in contract or business arising therefrom.
l. Sonny's approval of transfer by Franchisee	Franchise Agreement - Section 15.2	We must approve all transfers.
	Area Development Agreement - Section 6(b)	We must approve all transfers.
m. Conditions for Sonny's approval of transfer	Franchise Agreement - Section 15.3	New franchisee qualifies, transfer fee paid, purchase agreement approved, release sign by you in favor of Sonny's, remodeling required, current Franchise Agreement signed by new franchisee, new franchisee completes training, closing occurs within 60 days of training completion (lesser requirements apply in transfer of minority interest).
	Area Development Agreement - Sections 6(b) and 16(j)	You must transfer all of your rights under all Franchise Agreements for Restaurants you operate in the territory and therefore the assignment terms and conditions of all your Franchise Agreements will apply.
n. Sonny's Right of First Refusal to acquire your business	Franchise Agreement - Sections 15.7 and 18.1	We can match any offer for your Restaurant or an ownership interest in you or any entity that owns you. We also can match any offer for the Restaurant location for one year after expiration or termination.
	Area Development Agreement - None	Not applicable.

Provision	Section in Franchise/Area Development Agreement	Summary
o. Sonny's option to purchase your business	Franchise Agreement - None	Not applicable.
	Area Development Agreement - Section 9	If you fail to meet the development schedule we can purchase all of your Restaurants developed under the Area Development Agreement. Value will be determined by appraisal.
p. Your death or disability	Franchise Agreement - Section 15.4	There is a limited right for your estate to transfer, but this must occur within 9 months of death or disability.
	Area Development Agreement – None	Not applicable.
q. Non-competition covenants during the term of the Franchise	Franchise Agreement - Section 12.2 Area Development Agreement - Section 7(b)	You may not be involved in any other barbecue-type restaurant or barbecue-type food service business or any business that grants franchises or licenses for these businesses, nor may you solicit any of our employees or an employee of any of our affiliates. For the purposes of "non-competition", a barbeque-type food service business not only means a restaurant or food service business that holds itself out as a facility or business that primarily sells barbeque food items, but also any other restaurant or food service business that derives more than 20% of its non-alcohol revenues from the sale of barbeque food items.

Provision	Section in Franchise/Area Development Agreement	Summary
r. Non-competition covenants after the Franchise is terminated or expires	Franchise Agreement - Section 12.3	For 2 years, no involvement in any barbecue-type restaurant or barbecue-type food service business as discussed in Item q. immediately above, or any business that grants franchises or licenses for the operation of these businesses, in either case that is located at, or doing business within 25 miles of, the Restaurant or any then existing Sonny's Restaurant. May not solicit or hire any of our employees or an employee of any of our affiliates during this 2-year period.
	Area Development Agreement - Section 7(c)	For 2 years, no involvement in any barbecue-type restaurant or barbecue-type food service business, or any business that grants franchises or licenses for the operation of these businesses, in either case that is located or does business in the Development Area or within 25 miles of any then existing Sonny's Restaurant. May not solicit or hire any of our employees or an employee of any of our affiliates during this 2-year period.
s. Modification of the agreement	Franchise Agreement - Sections 20 and 8.2	No modification without consent of all parties, but manuals subject to change.
	Area Development Agreement - Section 6(e)	No modification without consent of all parties.
t. Integration/merger clause	Franchise Agreement - Section 20.13	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable. This does not disclaim any representations made in this disclosure document.
	Area Development Agreement - Section 16(e)	Only the terms of the Area Development Agreement are binding (subject to state law). Any other promises may not be enforceable. This does not disclaim any representations made in this disclosure document.

Provision	Section in Franchise/Area Development Agreement	Summary
u. Dispute resolution by arbitration or mediation	Franchise Agreement - Section 20.6 and 20.7	Except for certain claims, all disputes must be mediated and if not settled by mediation then arbitrated.
	Area Development Agreement - Section 12	Except for certain claims, all disputes must be mediated and if not settled by mediation then arbitrated, all as provided in Franchise Agreement.
v. Choice of forum	Franchise Agreement - Section 20.6, 20.7 and 20.9	Mediation location selected by mediator. Arbitration must be in the city and state where we have our headquarters, which is currently Winter Park, Florida. Litigation must be in the county and state where we have our headquarters, which is currently Orange County, Florida.
	Area Development Agreement - Section 12	Mediation and arbitration locations and litigation forum as provided in Franchise Agreement.
w. Choice of law	Franchise Agreement -Section 20.8	Florida.
	Area Development Agreement - Section 12	Florida.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise, although we can in the future.

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.

2022 Sales Volume Information

As of December 31, 2022 there were 93 franchised Sonny's restaurants in the Sonny's franchise system. The sales volume information below is based upon 85 of these franchised Sonny's restaurants that were open during all of 2022 (the "2022 Franchisee Restaurants"). We excluded one franchised Sonny's restaurant that would have otherwise been included in the 2022 Franchisee Restaurants as the characteristics of this restaurant are substantially different than those of the 2022 Franchisee Restaurants as it has different hours of operation, different menu choices, and its days of operation are limited based on its location. We have also excluded 11 franchised Sonny's restaurants that were not open for the entire 12-month period ended December 31, 2022. Of these 11, 2 were excluded because they were temporarily closed for remodeling during 2022. 5 Restaurants were excluded because they were opened in 2022 and were not open for all of 2022 and 4 Restaurants were excluded because they permanently closed. The Restaurants that permanently closed had been open for longer than one year when they closed.

The 2022 Franchisee Restaurants did offer all or some of the following services depending upon the restaurant during this time period: take-out, drive-thru, catering, and delivery services.

2022 Annual Sales Volume Information

The average annual sales for the 2022 Franchisee Restaurants in 2022 was $3,136,155 with 40 Restaurants (47.1%) attaining or exceeding this average. All of the 2022 Franchisee Restaurants had sales in excess of $1,500,000, 98.8% of the 2022 Franchisee Restaurants had sales in excess of $1,750,000 and 97.7% of the 2022 Franchisee Restaurants had sales exceeding $2,000,000. The highest and lowest 2022 sales for the 2022 Franchisee Restaurants were $5,580,911 and $1,690,658 respectively. The median 2022 sales for the 2022 Franchisee Restaurants was $3,070,599.

All of the dollar amounts above have been rounded to the nearest dollar. The percentages have been rounded to the nearest tenth.

The sales for the 2022 Franchisee Restaurants were compiled from the monthly "Gross Receipts" reports we received from our franchisees. Those reports are not audited. We have not independently verified that these reports are true and correct. Note also that these figures only represent sales. These figures exclude from sales, sales tax, discounts and returns. This is consistent with the Franchise Agreement.

These sales figures do not reflect the cost of sales, operating expenses or other costs or expenses that must be deducted from the sales figures to calculate net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Sonny's Restaurant. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

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

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

Actual financial results will vary. Results will typically vary based on location, competition in the market, visibility and ease of access, cleanliness of the Restaurant, the quality of the service of the Restaurant, the length of time the Restaurant has been operating, and other factors. For example, a newly opened Restaurant would not be expected to achieve sales volumes similar as those of an established Restaurant.

Other than the preceding financial performance representation, we do 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 franchise, however, we may provide you with the actual records of that franchise. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Tara Holmes, Sonny's Franchise Company, 359 Carolina Avenue, Suite A, Winter Park, Florida 32789, (407) 660-8888, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2020, 2021 and 2022[1]

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	96	95	-1
	2021	95	92	-3
	2022	92	93	+1
Company-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	97	96	-1
	2021	96	93	-3
	2022	93	94	+1

1. All numbers are as of December 31 for each year.

Table No. 2

Transfers of Outlets from Franchisees to New Owners
For years 2020, 2021, and 2022[1]

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Florida	2020	1
	2021	1
	2022	5
Georgia	2020	1
	2021	1
	2022	0
Louisiana	2020	0
	2021	1
	2022	0
Mississippi	2020	1
	2021	0
	2022	0
Total	2020	3
	2021	3
	2022	5

1. All numbers are as of December 31 for each year.

Table No. 3

Status of Franchised Outlets
For years 2020, 2021 and 2022[1]

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
Alabama	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	73	0	1	0	0	0	72
	2021	72	0	3	0	0	0	69
	2022	69	1	4	0	0	0	66
Georgia	2020	12	0	0	0	0	0	12
	2021	12	0	0	0	0	0	12
	2022	12	2	0	0	0	0	14

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
Kentucky	2020	4	0	0	0	0	0	4
	2021	4	2	0	0	0	0	6
	2022	6	1	0	0	0	0	7
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Mississippi	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
North Carolina	2020	3	0	0	0	0	0	3
	2021	3	0	2	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	96	0	1	0	0	0	95
	2021	95	2	5	0	0	0	92
	2022	92	5	4	0	0	0	93

NOTE: All numbers are as of December 31 for each year.

Table No. 4

Status of Company-Owned Outlets
For years 2020, 2021 and 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

1. All numbers are as of December 31 for each year.

Table No. 5

Projected Openings as of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened as of 12/31/2022	Projected New Franchised Outlet In Fiscal Year 2023	Projected New Company-Owned Outlet In Fiscal Year 2023
Florida	1	1-2	0
Georgia	0	0	0
Kentucky	0	0	0
Louisiana	0	0-1	0
Totals	1	1-3	0

Attached as **Exhibit A-1** is a list of all franchisees and their respective Sonny's Restaurants as well as all company-owned Sonny's Restaurants as of December 31, 2022. Attached as **Exhibit A-2** is a list of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during Sonny's most recently completed fiscal year or who has not communicated with Sonny's within 10 weeks of the issuance date of this disclosure document. There are 9 franchisees listed on this Exhibit. As of December 31, 2022 we had no area developers in the Sonny's system.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Sonny's franchise program. You may wish to speak with current and former franchisees, but be aware that not all of such franchisees will be able to communicate with you.

Certain franchisees within the Sonny's franchise system have formed the Franchise Cooperative Association, Inc. ("FCA"). The FCA is voluntary and was not created, sponsored or endorsed by Sonny's. The FCA contact is Kyle Dixon, at PO Box 2495, Ocala, FL 34478, (352) 834-0627, email kyle@iserv.team. Sonny's has established a Franchisee Advisory Counsel. The Franchisee Advisory Council contact is Kyle Dixon, at PO Box 2495, Ocala, FL 34478, (352) 834-0627, email kyle@iserv.team. Sonny's agrees to consult with its Franchisee Advisory Council regarding any major change in the Sonny's system (including, without limitation, any remodeling standards as described in the Franchise Agreement – Section 20.12) that requires a material investment by Franchisees, but Sonny's retains sole decision-making power with respect to any such change. Sonny's is not aware of any other trademark-specific franchisee organization associated with the Sonny's franchise system.

ITEM 21

FINANCIAL STATEMENTS

Attached as **Exhibit B** are our audited balance sheet, and related statements of income and retained earnings, and cash flows as of December 31, 2020, 2021 and 2022. Exhibit B also contains

our unaudited balance sheet and a Statement of Operations as of and for the 3-month period ended March 31, 2023. THE FINANCIAL STATEMENTS AS OF MARCH 31, 2023 ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENTS AND FORM.

ITEM 22

CONTRACTS

Attached to this disclosure document are the following forms of the various franchise documents.

Exhibit C	Form of Sonny's Franchise Agreement
Exhibit D	Form of Non-Compete and Confidentiality Agreement (Franchisee)
Exhibit E	Form of Non-Compete and Confidentiality Agreement (Operator)
Exhibit F	Form of Sonny's Cooperative Advertising Agreement
Exhibit G	Form of Landlord's Agreement and Declaration and Lender's Agreement Regarding Use of Premises as a Sonny's Restaurant
Exhibit H	Form of Estoppel Certificate Relating to Franchise Agreement
Exhibit I	Form of Owner's Guaranty and Assumption of Franchisee's Obligations
Exhibit J	Form of Area Development Agreement
Exhibit K	Form of Addendum to Sonny's Franchise Agreement Regarding Renewal
Exhibit L	Form of Addendum to Sonny's Franchise Agreement Regarding Transfer
Exhibit O	Sonny's Franchise Application

ITEM 23

RECEIPT

Our and your copies of the disclosure document Receipt are located at the last 2 pages of this disclosure document.

Exhibit A

LIST OF STATE AGENCIES

VIRGINIA

State Agency:
State Corporations Commission
Division of Securities and Retail Franchising
1300 East Main Street,
9th Floor
Richmond, Virginia 23219

Service of Process:
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Exhibit A-1

SCHEDULE OF RESTAURANTS

This Document follows on the Next Page.

SCHEDULE OF RESTAURANTS AS OF DECEMBER 31, 2022

Franchisee Name	Outlet Address	Telephone Number
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	770 Schillinger Road South Mobile, AL 36695	(251) 634-0999
Alachua BBQ, LLC Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	NW 15935 U.S. Highway 441 Alachua, FL 32615	(386) 462-3180
Sonny's Franchise Company* Robert Yarmuth	2210 E. Semoran Blvd. Apopka, FL 32703	(407) 814-8888
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	595 N. Broadway Ave. Bartow, FL 33830	(863) 534-1429
Q Management of Belleview, Inc. Ken Kirkpatrick/ Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	5239 SE Abshier Blvd. Belleview, FL 34420	(352) 347-5400
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar	631-67th Street, Circle East Bradenton, FL 34208	(941) 746-6166
Bushnell BBQ, LLC Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	2684 West County Road 48 Bushnell, FL 33513	(352) 569-0200
South Florida Barbeque of Clermont, Inc. Dale and Gail Coyne	1500 East Highway 50 Clermont, FL 34711	(352) 243-6422
South Florida Barbeque of Clewiston, Inc. Dale and Gail Coyne	1030 W. Sugarland Highway Clewiston, FL 33440	(863) 983-4171
McNab BBQ Deland, Inc. James McNab/Kristen McNab/Wade Hammond/Joe Stagliano	1500 N. Woodland Boulevard Deland, FL 32720	(386) 279-0166

Franchisee Name	Outlet Address	Telephone Number
South Florida Barbeque of Eustis, Inc. Dale and Gail Coyne	15800 Hwy 441 Eustis, FL 32726	(352) 589-6888
Hometown Bar-B-Q, LLC Robert C. Stoky/Dean Moreau	33505 S. Dixie Highway Florida City, FL 33034	(305) 245-8585
South Florida Barbeque, Inc. Dale and Gail Coyne	3120 South US 1 Ft. Pierce, FL 34982	(772) 468-9086
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	925 North Beal Parkway Ft. Walton Beach, FL 32547	(850) 314-0717
39TH BBQ, LLC. Ken Kirkpatrick/Brandon Manly/ Wesley Dixon/Joshua McCall/Brandon K. Dixon	9213 N.W. 39th Avenue Gainesville, FL 32606	(352) 381-7333
39TH BBQ, LLC. Ken Kirkpatrick/Brandon Manly/Wesley Dixon/Joshua McCall/Brandon K. Dixon	3635 SW Archer Road Gainesville, FL 32608	(352) 375-6667
39TH BBQ, LLC. Ken Kirkpatrick/Brandon Manly/Joshua McCall/Wesley Dixon/Brandon K. Dixon	2700 N. Waldo Road Gainesville, FL 32609	(352) 378-7881
South Florida Barbeque of Haines City, Inc. Dale and Gail Coyne	35620 US Hwy 27 Haines City, FL 33844	(863) 422-1117
Inverness Bar-B-Q, Ltd. Ken Kirkpatrick/Wesley Dixon/Joshua McCall/Brandon Manly/Brandon K. Dixon	750 W. Main St. Inverness, FL 34450	(352) 341-2686
Duval BBQ II, LTD Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	12719 Atlantic Blvd. Jacksonville, FL 32225	(904) 220-9499

Franchisee Name	Outlet Address	Telephone Number
JAX BBQ, LLC Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	1923 S. Lane Avenue Jacksonville, FL 32210	(904) 786-0081
Mandarin BBQ, LLC Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	12485 San Jose Blvd. Jacksonville, FL 32223	(904) 288-7928
Space Coast Bar-B-Q James and Kristen McNab/Joe Stagliano/Wade Hammond	Building K6-1145 (MFF), Room #1012 Kennedy Space Center, FL 32899	(321) 867-3360
Lake City BBQ, LLC Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	3177 West US Hwy 90 Lake City, FL 32055	(386) 752-1117
South Florida Barbeque of Lakeland, North, Inc. Dale and Gail Coyne	3611 U.S. Hwy 98 North Lakeland, FL 33809	(863) 853-8283
South Florida Barbeque of Lakeland South Dale and Gail Coyne	5910 S. Florida Ave. Lakeland, FL 33813	(863) 646-2990
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar	2250 Seminole Blvd. Largo, FL 33778	(727) 501-9000
G & W Coastal Properties, Inc. Wayne Lindsey/Cassidy Carpenter Nelson	2240 S. Highway 77 Lynn Haven, FL 32444	(850) 763-5114
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	2250 Highway 71 Marianna, FL 32448	(850) 526-7274
McNab & McNab of Viera, Inc. James McNab, Jr./Jim McNab	150 Sheriff Drive Melbourne, FL 32940	(321) 242-4600

Franchisee Name	Outlet Address	Telephone Number
McNab & McNab Enterprises, Inc. James M. McNab/Wade Hammond/Joe Stagliano	310 N. Courtenay Parkway Merritt Island, FL 32953	(321) 449-9102
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar	5130 Little Rd. New Port Richey, FL 34655	(727) 375-9555
O.S. Bar-B-Q, Inc. Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	1845 SW College Road Ocala, FL 34474	(352) 629-2663
O.S. Bar-B-Q, Inc. Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	4102 E. Silver Sprgs Blvd. Ocala, FL 34470	(352) 236-1012
Real Pit Bar-B-Q, Ltd. Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	1794 S.W. County Rd. 484 Ocala, FL 34473	(352) 245-5595
Maguire BBQ, LLC Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	11080 W. Colonial Drive Ocoee, FL 34761	(407) 993-6000
South Florida Barbeque of Orange City, Inc. Dale and Gail Coyne	1024 Saxon Blvd. Orange City, FL 32763	(386) 775-9900
Duval BBQ, Inc. Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	1976 Kingsley Avenue Orange Park, FL 32073	(904) 272-4606
LEE VISTA BBQ, LLC. Ken Kirkpatrick/Brandon Manly/ Joshua McCall /Wesley Dixon//Brandon K. Dixon	7423 S. OBT Orlando, FL 32809	(407) 859-7197

Franchisee Name	Outlet Address	Telephone Number
LEE VISTA BBQ, LLC. Ken Kirkpatrick/Brandon Manly/Joshua McCall/Wesley Dixon//Brandon K. Dixon	7055 S. Semoran Boulevard Orlando, FL 32822	(407) 992-8818
LEE VISTA BBQ, LLC. Ken Kirkpatrick/Brandon Manly/Joshua McCall/Wesley Dixon//Brandon K. Dixon	7460 Dover Garden Lane Oviedo, FL 32765	(407) 971-1131
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	5129 Highway 90 Pace, FL 32571	(850) 466-4526
J-Mill, Inc. John Miller	425 N. State Road 19 Palatka, FL 32177	(386) 328-4655
McNab & McNab Enterprises PB, Inc. James M. McNab/Jim McNab/Wade Hammond/Joe Stagliano	1020 Malabar Road S. E. Palm Bay, FL 32907	(321) 953-3997
Bar-B-Q Exchange, Inc. James McNab/Mark Stanton	25 Cypress Edge Drive Palm Coast, FL 32137	(386) 446-5700
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar	30503 US Hwy 19 N Palm Harbor, FL 34684	(727) 785-5585
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	6702 North 9th Avenue Pensacola, FL 32504	(850) 476-7618
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	630 N. Navy Blvd. Pensacola, FL 32507	(850) 456-2000
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	8313 Chellie Road Pensacola, FL 32526	(850) 944-6633
R. C. Lincoln, Inc. Rod Lincoln	4385 Park Blvd. Pinellas Park, FL 33781	(727) 546-8300

Franchisee Name	Outlet Address	Telephone Number
South Florida Barbeque of Port Orange, Inc Dale and Gail Coyne	1515 Dunlawton Avenue Port Orange, FL 32129	(386) 492-8820
W.R.T.W., Inc. Pam Murphy/Clay Murphy	2720 S.R. 16 St. Augustine, FL 32092	(904) 824-3315
R. C. Lincoln, Inc. Rod Lincoln	3650 Tyrone Boulevard St. Petersburg, FL 33710	(727) 341-2990
LEE VISTA BBQ, LLC. Ken Kirkpatrick/Brandon Manly/Joshua McCall/Wesley Dixon//Brandon K. Dixon	3506 Orlando Drive Sanford, FL 32773	(407) 321-9295
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar	3926 South Tamiami Trail Sarasota, FL 34231	(941) 364-5833
South Florida Barbeque of Sebring, Inc. Dale and Gail Coyne	751 U.S. 27 South Sebring, FL 33870	(863) 382-3820
Spring Hill BBQ, LLC Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	4731 Commercial Way Spring Hill, FL 34606	(352)597-3322
Starke BBQ, LLC Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/ Brandon K. Dixon	230 South Temple Ave. Starke, FL 32091	(904) 964-8840
South Florida Barbeque, Inc. Dale and Gail Coyne	1961 S. US Highway 1 Stuart, FL 34994	(772) 283-4150
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	1460 Timberlane Rd. Tallahassee, FL 32312	(850) 906-9996
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	3101 Dick Wilson Boulevard Tallahassee, FL 32301	(850) 878-1185

Franchisee Name	Outlet Address	Telephone Number
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	2707 N. Monroe Street Tallahassee, FL 32303	(850) 385-2167
Sumter Landing BBQ, LLC Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	1128 Canal Street The Villages, FL 32162	(352) 430-1461
McNab & McNab Enterprises T, Inc. James M. McNab/Jim McNab/Wade Hammond/Joe Stagliano	2900 Cheney Highway Titusville, FL 32780	(321) 385-2665
McNab & McNab "V", Inc. James M. McNab/Jim McNab/Wade Hammond/Joe Stagliano	5001 – 20th Street Vero Beach, FL 32960	(772) 770-4190
A&M Bar-B-Q, Inc. Jim Hoff	5324 Bruce B. Downs Blvd. Wesley Chapel, FL 33543	(813) 994-8989
LEE VISTA BBQ, LLC. Ken Kirkpatrick/Brandon Manly/Joshua McCall /Wesley Dixon/ Brandon K. Dixon	3390 University Blvd. Winter Park, FL 32792	(407) 671-2002
R. C. Lincoln, Inc. Rod Lincoln	6606 Gall Blvd. Zephyrhills, FL 33542	(813) 782-4272
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar	1900 N. Slappey Blvd. Albany, GA 31701	(229) 883-7427
Brunswick BBQ, LLC Ken Kirkpatrick/Wesley Dixon/Brandon Manly/Joshua McCall/Brandon K. Dixon	5328 New Jesup Hwy. Brunswick, GA 31525	(912) 264-9184
NEA-BBQ, LLC Ron Donley/Guy Leslie	1905 Buford Mill Drive Buford, GA 30043	(770) 831-5002
NEA-BBQ, LLC Ron Donley/Guy Leslie	30975 Hwy. 441 S. Commerce, GA 30529	(706) 335-4741
NEA-BBQ, LLC Ron Donley/Guy Leslie	641 Mount Zion Road Jonesboro, GA 30236	(770) 968-0052

Franchisee Name	Outlet Address	Telephone Number
Kingsland BBQ, LLC Ken Kirkpatrick/Wesley Dixon/Brandon Manley/Joshua McCall/Brandon K. Dixon	1380 E. Boone Ave. Ext. Kingsland, GA 31548	(912) 673-7262
NEA-BBQ, LLC Ron Donley/Guy Leslie	660 Duluth Highway Lawrenceville, GA 30045	(770) 822-3330
Zeb Q, LLC Brad and Gina Fink	5811 Zebulon Road Macon, GA 31210	(478) 285-8700
NEA-BBQ, LLC Ron Donley/Guy Leslie	160 Cobb Parkway Marietta, GA 30062	(770) 428-1534
Cross Q, Limited Liability Company Brad and Gina Fink	1001 St. Patrick's Drive Perry, GA 31069	(478) 218-2100
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar	14293 U.S. Hwy 19 South Thomasville, GA 31792	(229) 558-9000
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Wiemar	1306 US-82 Tifton, GA 31794	(229) 212-3178
Valdosta BBQ, LLC. Ken Kirkpatrick/Joshua McCall/Wesley Dixon/Brandon Manly/Brandon K. Dixon	1701 Norman Dr. Valdosta, GA 31601	(229) 241-8090
Robins Q, LLC Brad and Gina Fink	811 Russell Parkway Warner Robins, GA 31088	(478) 929-3333
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Wiemar/Layton Grisette	145 Three Springs Road Bowling Green, KY 42104	(270) 232-7360
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	200 Hwy. 770 Corbin, KY 40701	(606) 526-0000
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	2341 Buena Vista Road Lexington, KY 40505	(502) 513-3840

Franchisee Name	Outlet Address	Telephone Number
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	141 Bizzack Blvd. Frankfort, KY 40601	(502) 440-1310
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	109 North Plaza Drive Nicholasville, KY 40356	(859) 887-0021
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	1001 Center Drive Richmond, KY 40475	(859) 624-4499
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	70 Sonny's Way Somerset, KY 42501	(606) 678-0198
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	12475 Florida Blvd. Baton Rouge, LA 70815	(225) 272-5028
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Weimar/Layton Grisette	1374 West Government St. Brandon, MS 39042	(601) 825-7675
ACG BBQ, LLC Michael Klump/Karl Jaeger/Bill Wiemar/Layton Grisette	101 Hampstead Place Clinton, MS 39056	(601) 308-1188
Tricor, Inc. Ed Tubel	7820 Lyles Lane Concord, NC 28027	(704) 979-0073
Tricor, Inc. Ed Tubel	2781 Cherry Rd. Rock Hill, SC 29730	(803) 324-7984

*Company-owned location

Exhibit A-2

SCHEDULE OF FRANCHISEES WHO LEFT THE SYSTEM DURING 2022

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

Florida

Southwest Bar-B-Q, Inc.
John Hokanson
Bradenton, Florida
(941) 758-7766

South Florida Barbeque, Inc.
Dale and Gail Coyne
Ft. Myers, Florida
(815) 886-3400

LJR Properties, Inc.
Eddie Titen
Largo, Florida
(813) 926-5102

LJR Food Services, Inc.
Eddie Titen
New Port Richey, Florida
(813) 926-5102

Lee Vista BBQ, LLC
Ken Kirkpatrick
Orlando, Florida
(352) 620-2514

West Coast Bar B Q, LLC
Eddie Titen
Palm Harbor, Florida
(813) 926-5102

Southwest Bar-B-Q, Inc.
John Hokanson
Sarasota, Florida
(941) 758-7766

W.R.T.W., Inc.
Pam Murphy/Clay Murphy
St. Augustine, Florida
(904) 824-3206

South Florida Barbeque of Winter Haven
Dale and Gail Coyne
Winter Haven, Florida
(815) 886-3400

Some of these franchisees may be operating other Sonny's Restaurants

Exhibit B

FINANCIAL STATEMENTS

The Financial Statements follow on the Next Page.

Sonny's Franchise Company
Consolidated Balance Sheet

	Mar-23
Cash	$ 3,630,334
Accounts Rec. Sauce	467,955
Accounts Rec. Franchisee Fees & House Charges	1,062,086
Accounts Rec. Other	23,543
Less: Allowance for Bad Debt	(3,025)
Inventory	31,613
Prepaid Expenses	109,294
Due from Sonny's Ad Fund	52,582
Total Current Assets	5,374,382
Investment	1,562,500
Leasehold Improvements	877,942
Furniture & Fixtures	221,884
Automobile	135,906
Equipment	742,611
Accumulated Depreciation	(817,490)
Net Fixed Assets	2,723,352
Deposits	91,013
Right of Use Asset	3,565,573
Unamortized Organizational Costs	114,582
Unamortized Trademarks, Logo's, Etc/	236,377
Total Other Assets	4,007,545
Total Assets	$ 12,105,279
Accounts Payable	$ 140,957
Convention, W Meeting, BBQ Tours	(19,100)
Sales Tax Payable	6,912
Accrued Gift Card Liability	754,583
Gift Card Breakage Allowance	(366,424)
Accrued Expenses	155,951
Accrued Credit Card Fees	6,131
Accrued Payroll	32,387
Short-term Lease Liability	180,332
Total Current Liabilities	891,729
Long-term Lease Liability	3,482,595
Total Liabilities	4,374,324
Common Stock	500
Additional Paid-in-Capital	432,309
Current Distributions	(1,750,000)
Accumulated Adjustments Account	7,033,116
Year-to-Date Income	2,015,030
Total Equity	7,730,955
Total Liabilities and Equity	$ 12,105,279

Sonny's Franchise Company
Consolidated Income Statement

	Mar-23		YTD Mar-23	
	$	% of Sales	$	% of Sales
Restaurant Sales	$ 409,779	18.1%	$1,155,215	19.7%
Franchise Royalties	1,075,838	47.4%	2,949,986	50.2%
Bar-B-Q Sauce Sales	445,836	19.7%	1,208,108	20.6%
Sale of Franchise Rights	10,000	0.4%	29,500	0.5%
Management Fees	20,000	0.9%	60,000	1.0%
Purchasing Rebates	305,989	13.5%	470,970	8.0%
Total Revenue	2,267,441	100.0%	5,873,779	100.0%
Cost of Sales	142,698	6.3%	422,242	7.2%
Cost of Sales - Bar-B-Q Sauce	459,015	20.2%	1,320,720	22.5%
Wages & Benefits	339,918	15.0%	1,149,286	19.6%
General & Administrative Expenses	230,737	10.2%	937,056	16.0%
Total Costs	1,172,368	51.7%	3,829,305	65.2%
Gross Profit	1,095,074	48.3%	2,044,474	34.8%
Depreciation & Amortization	8,548	0.4%	23,948	0.4%
Operating Profit	1,086,526	47.9%	2,020,526	34.4%
Interest Income	(7,802)	-0.3%	(18,212)	-0.3%
Taxes & Licenses	-	0.0%	866	0.0%
Other	2,493	0.1%	22,842	0.4%
Total Nonoperating Exp/(Inc)	(5,309)	-0.2%	5,496	0.1%
Net Income	$1,091,834	48.2%	$2,015,030	34.3%

Financial Statements

SONNY'S FRANCHISE COMPANY

December 31, 2022, 2021 and 2020

SONNY'S FRANCHISE COMPANY

Financial Statements

December 31, 2022, 2021 and 2020

(With Independent Auditor's Report Thereon)

SONNY'S FRANCHISE COMPANY

Table of Contents

Independent Auditor's Report.....1

Financial Statements:

Balance Sheets 3

Statements of Income and Retained Earnings 4

Statements of Cash Flows.....5

Notes to Financial Statements.....6

SCHAFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP
Certified Public Accountants

Michael R. Schafer, CPA
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541 S. Orlando Avenue, Suite 312
Maitland, Florida 32751
(407) 875-2760

Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

Independent Auditor's Report

To the Board of Directors
Sonny's Franchise Company

Opinion

We have audited the accompanying financial statements of Sonny's Franchise Company, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and retained earnings and cash flows for the years ended December 31, 2022, 2021 and 2020, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sonny's Franchise Company as of December 31, 2022 and 2021 and the results of its operations and its cash flows for the years then ended December 31, 2022, 2021 and 2020 in accordance with accounting principles generally accepted in the Unites States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards 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 Sonny's Franchise Company 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sonny's Franchise Company'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 auditor'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 judgment made by a reasonable user based on the financial statements.

In performing 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 Sonny's Franchise Company's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sonny's Franchise Company'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.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

March 10, 2023
Maitland, Florida

SONNY'S FRANCHISE COMPANY

Balance Sheets

December 31, 2022 and 20201

Assets

	2022	2021
Current assets:		
Cash and cash equivalents	$ 3,914,393	4,771,795
Accounts receivable, less allowance for doubtful accounts of $3,025 in 2022 and 2021 (note 6)	1,747,309	1,372,835
Inventories	34,888	23,496
Prepaid expenses	100,319	68,727
Total current assets	5,796,909	6,236,853
Investments (note 3)	1,562,500	1,562,500
Property and equipment, net (note 4)	1,125,514	2,081,070
Right of use asset (note 8)	3,565,573	-
Intangible assets, net (note 5)	357,191	382,115
Other assets	51,430	8,037
Total assets	$ 12,459,117	10,270,575

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable	$ 318,791	86,513
Accrued expenses (notes 6 and 7)	1,011,349	674,796
Short-term lease liability (note 8)	180,332	-
Total current liabilities	1,510,472	761,309
Long-term lease liability (note 8)	3,482,595	-
Total liabilities	4,993,067	761,309
Stockholders' Equity:		
Voting common stock, $.01 par value; 1,000 shares authorized, issued and outstanding	10	10
Non-voting common stock, $.01 par value; 49,000 shares authorized, issued and outstanding	490	490
Additional paid-in capital	432,309	432,309
Retained earnings	7,033,241	9,076,457
Total stockholders' equity	7,466,050	9,509,266
Total liabilities and stockholders' equity	$ 12,459,117	10,270,575

See accompanying notes to financial statements.

SONNY'S FRANCHISE COMPANY

Statements of Income and Retained Earnings

Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Revenue:			
Restaurant sales	$ 4,834,986	4,621,313	3,930,600
Royalties	11,586,853	10,718,478	8,761,191
Bar-B-Q sauce sales	4,563,617	4,264,845	4,375,180
Sale of franchise rights	258,964	359,484	300,450
Management fees (note 6)	240,000	240,000	240,000
Purchasing rebates	1,435,599	1,338,923	1,038,581
Gift card breakage income	40,000	25,000	50,000
Convention sales	179,400	166,050	1,658
Paycheck protection program grant income (note 11)	-	-	660,889
Total revenue	23,139,419	21,734,093	19,358,549
Expenses:			
Cost of restaurant sales	1,629,432	1,610,490	1,364,903
Cost of Bar-B-Q sauce sales	4,167,381	4,126,987	4,091,656
Wages, payroll taxes and benefits (note 9)	4,734,663	4,474,453	3,996,083
General and administrative (notes 2, 6 and 8)	4,468,136	3,151,960	2,555,433
Total expenses	14,999,612	13,363,890	12,008,075
Gross profit	8,139,807	8,370,203	7,350,474
Other operating expenses:			
Depreciation and amortization (note 2)	104,946	158,075	163,785
Taxes and licenses	28,489	30,054	29,948
Operating profit	8,006,372	8,182,074	7,156,741
Non-operating income (expense):			
Interest income	305,087	581	897
Gain on sale of property	2,618,700	-	-
Other income (expense), net	(56,709)	(54,251)	(32,563)
Total non-operating income (expenses)	2,867,078	(53,670)	(31,666)
Net income	10,873,450	8,128,404	7,125,075
Retained earnings, beginning of year	9,076,457	8,698,053	6,197,978
Distributions to shareholders	(12,916,666)	(7,750,000)	(4,625,000)
Retained earnings, end of year	$ 7,033,241	9,076,457	8,698,053

See accompanying notes to financial statements.

SONNY'S FRANCHISE COMPANY

Statements of Cash Flows

Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Cash flows from operating activities:			
Net income	$ 10,873,450	8,128,404	7,125,075
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	104,946	158,075	163,785
Non-cash lease expense	64,432	-	-
Gain on sale of property	(2,618,700)	-	-
Changes in assets and liabilities, net of effects of sale of business units:			
Accounts receivable	(374,474)	(141,279)	17,105
Inventories	(11,392)	1,439	3,273
Prepaid expenses	(31,562)	(33,809)	25,165
Other assets	(43,393)	27,853	(27,853)
Accounts payable and accrued expenses	568,831	(116,265)	(95,282)
Deferred rent	-	(17,984)	(23,981)
Net cash provided by operating activities	8,532,138	8,006,434	7,187,287
Cash flows from investing activities:			
Purchases of property and equipment	(962,360)	(18,364)	(83,475)
Net proceeds from sale of property	4,489,486	-	-
Net cash provided by (used in) investing activities	3,527,126	(18,364)	(83,475)
Cash flows from financing activities:			
Distributions paid to shareholders	(12,916,666)	(7,750,000)	(4,625,000)
Net cash used in financing activities	(12,916,666)	(7,750,000)	(4,625,000)
Net increase (decrease) in cash and cash equivalents	(857,402)	238,070	2,478,812
Cash and cash equivalents - Beginning of year	4,771,795	4,533,725	2,054,913
Cash and cash equivalents - End of year	$ 3,914,393	4,771,795	4,533,725

See accompanying notes to financial statements.

SONNY'S FRANCHISE COMPANY

Notes to Financial Statements

Years Ended December 31, 2022, 2021 and 2020

(1) Organization and Basis of Presentation

Sonny's Franchise Company (the Company), formerly known as FJW Enterprises, Inc., is the succeeding company after the merger of FJW Enterprises, Inc., Sonny's Restaurant Company and Sonny's Franchise Company in 1994. The Company began operating Sonny's Bar-B-Q Restaurants in 1980. In 1991, the Company acquired the property of the existing franchise owner, including all franchise trademark rights and existing franchise agreements.

As of December 31, 2022, 2021 and 2020, the Company operated 1 company-owned store.

Existing franchises, including Company-owned stores, totaled 97, 90 and 96 as of December 31, 2022, 2021 and 2020, respectively. These franchises are located primarily in the southeast region of the United States. The Company's revenues are primarily affected by competition from other casual dining restaurants.

(2) Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

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

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of cash and short-term investments. The Company places its cash and investments with Fifth Third Bank. At certain times throughout the year, cash and investments may exceed federally insured limits. The Company has not experienced any losses in such accounts. Company management believes it is not exposed to any significant credit risk on cash and temporary cash investments.

(b) Accounts Receivable

Accounts receivable consists primarily of franchise royalty payments, bar-b-q sauce, catering billings, and other miscellaneous receivables.

(c) Allowance for Doubtful Accounts

The Company performs a specific review of account balances and applies historical collection experience to the various aging categories of receivable balances in establishing an allowance.

(2) Summary of Significant Accounting Policies (Continued)

(d) Inventories

Inventories consist of food, beverages, paper goods and supplies and small wares are stated at the lower of cost or market. Cost is determined under the first-in, first-out method.

(e) Property and Equipment

Property and equipment with an original cost in excess of $5,000 are recorded at cost. Expenditures for improvements and major renewals are capitalized and minor replacement, maintenance, and repairs are charged to expense. Depreciation is provided on straight-line and accelerated methods over the following estimated useful lives:

	Year
Leasehold improvements	5-40
Furniture, fixtures, equipment, software and vehicles	3-7

Amortization is provided for leasehold improvements on a straight-line basis over the life of the lease.

(f) Income Tax Status - S Corporation

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal and state income taxes has been included in the financial statements.

In accordance with "Income Taxes" FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting recognition for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in the Company's income tax returns. The tax benefit from an uncertain tax position is only recognized in the balance sheets if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Since the Company's income tax filings are subject to audit by various taxing authorities, generally for three years after they are filed, the Company is no longer subject to examination by taxing authorities for the years ended before December 31, 2019.

(2) Summary of Significant Accounting Policies (Continued)

(f) Income Tax Status - S Corporation (Continued)

In evaluating the Company's tax provisions and accruals, future taxable income and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances. There is no interest or penalties included in the statements of income and retained earnings. There are currently no pending income tax examinations by taxing authorities. As of December 31, 2022, and 2021, the Company had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

(g) Goodwill, Franchise Rights and Trademarks

Goodwill acquired in a purchase business combination that is determined to have an indefinite useful life are not amortized but tested for impairment at least annually in accordance with the provisions of "Intangibles-Goodwill and Other," FASB Accounting Standards Codification Topic 350 (Topic 350). Goodwill is tested annually for impairment on a reporting unit basis and more frequently if events and circumstances indicate that the asset might be impaired. For purposes of testing goodwill impairment, a reporting unit is defined as a restaurant location. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value.

Based upon the Company's review, no goodwill impairment charges were required in fiscal 2022, 2021 or 2020.

Franchise rights and trademarks are recorded at cost and are amortized over the term of the agreements. All depreciable intangible assets are amortized using the straight-line method. Amortization expense was $24,924 in each of the years ended 2022, 2021 and 2020.

(h) Impairment or Disposal of Long-Lived Assets

In accordance with "Property, Plant and Equipment – Impairment or Disposal of Long-Lived Assets," FASB Accounting Standards Codification Topic 360 (Topic 360), long lived assets, such as property, plant and equipment and purchased intangibles subject to amortization are reviewed for impairment on a restaurant-by-restaurant basis whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset

(2) Summary of Significant Accounting Policies (Continued)

(h) Impairment or Disposal of Long-Lived Assets (Continued)

exceeds the fair value of the asset. Fair value of long-lived assets is calculated as the discounted future cash flows generated by these assets. Assets held for sale are separately presented in the balance sheet and reported at the lower of the carrying amount or the fair value less costs to sell and are no longer depreciated.

(i) Advertising Costs

The costs of advertising, promotion and marketing programs are charged to general and administrative expenses in the year incurred. Total advertising costs for the years ended 2022, 2021 and 2020 were $284,400, $197,500, and $132,300, respectively, and are included in the accompanying statements of income and retained earnings.

(j) Revenue Recognition

The principal sources of revenue are derived from restaurant sales, gift card sales, Bar-B-Q sauce sales, the collection of franchise royalties and advertising fees based on a percentage of the franchisee gross receipts, and franchisee licensing fees. Restaurant sales and Bar-B-Q sauce sales are recognized as earned.

Gift Card Sales

The Company records deferred revenue for the sale of gift cards and recognizes this revenue upon the redemption of gift cards in restaurant sales. Gift card breakage income is recognized based upon historical redemption patterns and represents the balance of gift cards for which the Company believes the likelihood of redemption by the customer is remote.

Franchise Fees

The Company currently franchises its concept across 8 states. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

(2) Summary of Significant Accounting Policies (Continued)

(j) Revenue Recognition (Continued)

Franchise Fees (Continued)

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) franchise renewal fees; (c) continuing franchise fees (royalties); (d) development fees; and (e) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company requires the entire non-refundable franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of twenty years and a renewal term of ten years. The Company's services under the franchise agreement include: training of franchisees and staff, assisting with site selection, the right to use trademarks and proprietary information, and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue.

At December 31, 2022 and 2021, all performance obligations had been met as the selling price of the pre-opening services was greater than the amount of the initial and renewal franchise fees. As a result, all franchise fee revenue was recognized as the pre-opening services were performed. There is no deferred franchise fee revenue recorded at December 31, 2022 and 2021.

Development Fees

Franchisees have the option to develop additional locations at the time the franchisee enters into a franchise agreement for its initial location. In accordance with the development agreement the franchisor grants the franchisee development rights to a certain geographic area. The franchisee enters into a separate franchise agreement for each additional location. The Company derives benefit from the development agreement once a location is opened and represents a continuation of the performance obligation to be provided by the Company under

(2) Summary of Significant Accounting Policies (Continued)

(j) Revenue Recognition (Continued)

Development Fees (Continued)

the standard franchise agreement. The total up-front fee for the franchise agreement and development agreement are recognized ratably on a straight-line basis over the term of the franchise agreement for the additional location. These fees are typically received in advance of the beginning of the franchise term for the additional location, the cash received is initially recorded as a contract liability until recognized as revenue over time.

Royalty and Advertising Fees

The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross revenue as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's revenue occur.

The Company collects royalties, as stipulated in the franchise agreement, currently equal to 3.5% - 4.5% of gross revenues and a marketing and advertising fee currently equal to 1% - 2% of gross revenues, as applicable. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of revenue over the term of the franchise agreement. The franchise agreement royalties, inclusive of advertising fund contributions as applicable, represent revenue-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur. Royalties are collected monthly.

Disaggregation of Revenue

The Company believes that the captions contained on the statements of income and retained earnings appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2022, 2021 and 2020.

(2) Summary of Significant Accounting Policies (Continued)

(k) Adoption of New Accounting Standards

Effective January 1, 2022, the Company adopted FASB ASC 842, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Company elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Company also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

(l) Use of Estimates

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

(m) Fair Value of Financial Instruments

In accordance with "Fair Value Measurements and Disclosures", FASB Accounting Standards Codification Topic 820 (Topic 820), entities are required to make disclosures about recurring and nonrecurring fair value measurements. Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements of assets and liabilities to include disclosure about inputs used in the determination of fair value using the three categories listed below.

Fair value is defined under Topic 820 as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Topic 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

(2) Summary of Significant Accounting Policies (Continued)

(m) Fair Value of Financial Instruments (Continued)

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels of inputs to the valuation methodology are:

Level 1: Quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2: Quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3: Unobservable and significant to the fair value measurement of the asset or liability.

The Company's financial instruments are cash and cash equivalents, investments, prepaid expenses and other assets, accounts receivable, other assets, accounts payable and accrued expenses.

The recorded values of cash and cash equivalents, prepaid expenses and other assets, accounts receivable, other assets, accounts payable and accrued expenses approximate their fair value based on their short-term nature.

The recorded value of investments approximates fair value based on unobservable inputs (Level 3 inputs) significant to the fair value measurement of the asset.

(n) Subsequent Events

In preparing these financial statements, the Company has evaluated subsequent events and transactions for potential recognition and disclosure through March 10, 2023, which is the date the financial statements were available to be issued.

(3) Investments

Investments held by the Company are classified as trading securities and consist of artwork.

Unrealized gains and losses associated with trading securities are included in earnings on a current basis. The Company determines cost on the specific identification basis. The following table summarizes the Company's investments at December 31, 2022 and December 31, 2021:

	Input Level	Fair Value	Cost
Artwork	3	$ 1,562,500	1,562,500

(4) Property and Equipment

Property and equipment consisted of the following at December 31:

	2022	2021
Land	$ -	505,692
Land improvements	-	80,770
Buildings and improvements	-	1,708,295
Leasehold improvements	877,942	923,529
Furniture, fixtures, equipment, software and vehicles	1,047,345	1,664,412
	1,925,287	4,882,698
Less accumulated depreciation and amortization	(799,773)	(2,801,628)
	$ 1,125,514	2,081,070

(5) Intangible Assets

Intangible assets consisted of the following as of December 31:

	2022	2021
Trademarks and logo	$ 1,097,987	1,097,987
Excess of purchase price over net assets acquired (goodwill)	334,461	334,461
	1,432,448	1,432,448
Less - accumulated amortization	(1,075,257)	(1,050,333)
	$ 357,191	382,115

(6) Related Party Transactions

To facilitate operations, the Sonny's Advertising Fund, Inc. (Fund) shares office space, supplies and equipment with Sonny's Franchise Company (SFC) for which the Fund reimburses SFC. Additionally, all payroll and related benefits for SFC employees dedicated to operations of the Fund are reimbursed to SFC. Reimbursed costs for the years ended December 31, 2022, 2021 and 2020 were $807,386, $645,729 and $845,566, respectively. The Company received management fees in the amount of $240,000 in 2022, 2021 and 2020 from a not-for-profit advertising corporation (the Corporation) which is managed by the Company. Amounts due (to) from the Corporation at December 31, 2022 and 2021 are $84,894 and $78,222 respectively, are non-interest bearing and due on demand and are included in accounts receivable and accrued expenses. In addition, the Company paid the Corporation advertising fees for the company-owned stores, in accordance with the franchise agreements. Expenses associated with advertising fees in 2022, 2021 and 2020 amounted to $49,752, $46,105 and $40,872, respectively, and are included in general and administrative expense in the accompanying statements of income and retained earnings.

(7) Leases

The Company leases its corporate office space, one store, equipment and storage space. The corporate office space is an operating lease with a 63 month term. The store lease is an operating lease with a 12 year initial term. The lease includes an extension option of 4 five-year renewals. This lease was part of a sale -lease back transaction with the Company receiving $4,489,486 in proceeds with a gain of $2,618,700. Rent expense for all operating leases, consisting of long-term and month-to-month leases, totaled $398,708 and $250,023 and $250,229 for the years ended December 31, 2022, 2021 and 2020, respectively, and are included in general and administrative expenses in the accompanying statements of income and retained earnings. These expenses include office lease expense, store lease expense, storage rental costs, sales taxes, and common area maintenance charges.

The following table shows ROU assets and lease liabilities, and the associated financial statement line items as of December 31, 2022:

Lease-Related Assets and Liabilities	
Right-of-use assets:	
Operating leases	$ 3,565,573
Lease liabilities:	
Operating leases:	
Current liability	$ 180,332
Non-current liability	3,482,595
	$ 3,662,927

The following summarizes the cash flow information related to operating leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	$ 142,040
Lease assets obtained in exchange for lease liabilities:	$ 3,717,536

Weighted average lease term and discount rate as of December 31, 2022 were as follows:

Weighted average remaining lease term	9.7 years
Weighted average discount rate	3.08%

(7) Leases

Lease liability maturities as of December 31, 2022, are as follows:

	Operating Leases
2023	$ 180,332
2024	418,263
2025	441,592
2026	465,857
2027	491,092
Thereafter	1,665,791
Total lease liabilities	$ 3,662,927

(8) Employee Benefit Plan

The Company has established a 401(k) savings plan for all eligible employees. Employees may contribute up to 15 percent of their earnings. The Company matches employee contributions at 50 percent for each dollar contributed, up to 5 percent of compensation and may, at its discretion, make a profit-sharing allocation annually to the plan which vests over six years of credited service. The Company's matching contributions were $21,987, $0 and $2,627 for the years ended December 31, 2022, 2021 and 2020, respectively, and are included in wages and benefits expense in the accompanying statements of income and retained earnings.

(9) Legal Matters

The Company is named in various claims and legal actions in the normal course of its operations. As of December 31, 2022, the amount of potential exposure cannot be reasonably estimated. Based upon counsel and management's opinion, the losses resulting from these lawsuits, if any, will be covered by insurance and will not have a material adverse effect on the stockholders' equity or results of operations.

(10) Paycheck Protection Program (PPP) Loan

In May 2020, the Company applied for and received a loan in the amount of $660,889 pursuant to the Paycheck Protection Program (PPP) established by the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide relief in connection with the coronavirus pandemic. The note bears interest at 1% and is subject to a payment deferral period of six months. However, the note and related interest are subject to forgiveness when the proceeds of the loan are used to fund payroll and other allowable expenses as defined by the PPP. As of December 31, 2020, the Company incurred more than $660,889 of qualifying expenditures and, accordingly, has recorded $660,889 as PPP grant revenue in the accompanying statement of income and retained earnings. The loan was forgiven in December 2020.

Exhibit C

FORM OF SONNY'S FRANCHISE AGREEMENT

This Document follows on the Next Page.

Restaurant No.: _____

Restaurant Location: _____
_____

SONNY'S FRANCHISE COMPANY

FRANCHISE AGREEMENT

Between

SONNY'S FRANCHISE COMPANY

and

_____

Dated _____, 20__

TABLE OF CONTENTS

PAGE

ARTICLE 1 PREAMBLES, ACKNOWLEDGMENTS AND GRANT OF FRANCHISE 1
1.1 **Preambles**.....1
1.2 **Acknowledgments**. 1
1.3 **Grant and Term of the Franchise**.....2

ARTICLE 2 EXPIRATION OF FRANCHISE 3
2.1 **Franchisee's Option to Renew**. 3

ARTICLE 3 TERRITORIAL RIGHTS AND OBLIGATIONS 4
3.1 **Protected Area**.....4
3.2 **Rights Reserved by the Company**. 4

ARTICLE 4 SITE APPROVAL AND LEASE AND MORTGAGING OF PREMISES.....5
4.1 **Site Approval**.....5
4.2 **Lease of Premises**. 5
4.3 **Term of Lease**. 6
4.4 **Liens on Restaurant Property**.....6

ARTICLE 5 DEVELOPMENT AND OPENING OF RESTAURANT 6
5.1 **Development and Construction**. 6
5.2 **Opening of the Restaurant**. 6

ARTICLE 6 INITIAL FRANCHISE FEE.....7

ARTICLE 7 OTHER FEES 7
7.1 **Royalty Fee**. 7
7.2 **Definition of "Gross Receipts"**.....7
7.3 **Interest on Late Payments**.....8
7.4 **Application of Payments**.....8
7.5 **Damage or Destruction of Restaurant**. 8
7.6 **Payment Method and Timing**. 8
7.7 **Extension**.....9

ARTICLE 8 SYSTEM STANDARDS.....9
8.1 **Compliance with System Standards**.....9
8.2 **Confidential Manuals**. 11
8.3 **Catering Business**.....11

ARTICLE 9 TRAINING AND ASSISTANCE 12
9.1 **Initial Training**.....12
9.2 **Employees**. 12
9.3 **Training of Employees**.....13

PAGE

9.4 **Additional Training**. 13

ARTICLE 10 ADVERTISING AND PROMOTION 13
10.1 **System Brand Fund Contribution**. 13
10.2 **Brand Fund**. 13
10.3 **Local Advertising**. 14
10.4 **Cooperative Advertising**. 14
10.5 **Advertising Approval**. 15
10.6 **Maximum Required Annual Advertising Expenditures**. 15

ARTICLE 11 MARKS; internet presence; DATA SECURITY 15
11.1 **Ownership and Goodwill of Marks**. 15
11.2 **Limitations on the Franchisee's Use of the Marks**. 15
11.3 **Notification of Infringements and Claims**. 16
11.4 **Discontinuance of Use of Marks**. 16
11.5 **Indemnification for Use of Marks**. 16
11.6 **Internet Presence**. 16
11.7 **Data Security.** 17

ARTICLE 12 RESTRICTIVE COVENANTS 18
12.1 **Confidential Information**. 18
12.2 **In-Term Covenant**. 19
12.3 **Post-Term Covenant**. 20

ARTICLE 13 RECORDS, REPORTS AND FINANCIAL STATEMENTS 20
13.1 **Bookkeeping and Recordkeeping**. 20
13.2 **Reports and Financial Statements**. 20

ARTICLE 14 INSPECTIONS AND AUDITS 21
14.1 **The Company's Right to Inspect**. 21
14.2 **The Company's Right to Audit**. 21

ARTICLE 15 TRANSFER 22
15.1 **By the Company**. 22
15.2 **By the Franchisee**. 22
15.3 **Conditions for Approval of Transfer**. 23
15.4 **Franchisee's Death or Disability**. 25
15.5 **Operation Upon Death or Disability**. 25
15.6 **Effect of Consent to Transfer**. 26
15.7 **The Company's Right of First Refusal**. 26

ARTICLE 16 TERMINATION 27
16.1 **By the Company**. 27
16.2 **By the Franchisee**. 29

PAGE

ARTICLE 17 RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF AGREEMENT....29
17.1 **Franchisee Obligations.**....29
17.2 **Company Rights**....30

ARTICLE 18 RIGHT OF FIRST REFUSAL TO PURCHASE RESTAURANT....30
18.1 **Right of First Refusal After Expiration or Termination**....30

ARTICLE 19 RELATIONSHIP OF THE PARTIES/INDEMNIFICATION....31
19.1 **Independent Contractors**....31
19.2 **No Liability for Acts of Other Party**....31
19.3 **Taxes**....31
19.4 **Indemnification**....32

ARTICLE 20 ENFORCEMENT....32
20.1 **Severability and Substitution of Valid Provisions**....32
20.2 **Waiver of Obligations**....33
20.3 **Costs and Attorneys' Fees**....34
20.4 **Franchisee May Not Withhold Payments Due to the Company**....34
20.5 **Rights of Parties Are Cumulative**....34
20.6 **Mediation**....34
20.7 **ARBITRATION**....35
20.8 **GOVERNING LAW**....37
20.9 **CONSENT TO JURISDICTION**....37
20.10 **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**....38
20.11 **Binding Effect**....38
20.12 **Limitations of Claims**....38
20.13 **Construction**....38
20.14 **Compliance with Anti-Terrorism Laws**....40
20.15 **Company's Judgment**....40

ARTICLE 21 NOTICES AND PAYMENTS....40

EXHIBITS

Exhibit "A" Description of Premises
Exhibit "B" Form of Non-Compete and Confidentiality Agreement (Franchisee and Franchisee Owners)
Exhibit "C" Form of Non-Compete and Confidentiality Agreement (Operator)
Exhibit "D" Form of Sonny's Cooperative Advertising Agreement
Exhibit "E" Owners' Guaranty and Assumption of Franchisee's Obligations

SONNY'S FRANCHISE COMPANY
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is being entered into this ___ day of _____, 20__ between:

SONNY'S FRANCHISE COMPANY, a Florida corporation, with its principal business office at 359 Carolina Avenue, Suite A, Winter Park, Florida 32789 (the "**Company**")

and

_____ with its principal business office at _____ (the "**Franchisee**").

ARTICLE 1

PREAMBLES, ACKNOWLEDGMENTS AND GRANT OF FRANCHISE

1.1 **Preambles**.

(a) The Company has expended time and effort developing retail outlets specializing in the sale of barbecue food and featuring drive-thru and catering services. These outlets are known as "**Sonny's Restaurants**" and conduct a sit-down and catering business under a uniform business format, specially designated equipment, formulae, design, layout and specifications for the preparation and sale of barbecue food and other authorized food products and beverages (the "**Sonny's System**").

(b) The Company uses, promotes and licenses certain trademarks, service marks and other commercial symbols in operating Sonny's Restaurants, including the trade and service mark "**Sonny's**" and "**Sonny's BBQ**" which have gained and continue to gain public acceptance and goodwill, and the Company may continue to create, use and license additional trademarks, service marks and commercial symbols in developing and operating Sonny's Restaurants (collectively, the "**Marks**").

1.2 **Acknowledgments**. The Franchisee acknowledges:

(a) That it has read this Agreement and the Company's Franchise Disclosure Document and has been given an opportunity to obtain clarification of any provision the Franchisee did not understand. The Franchisee understands that an investment in a Sonny's Restaurant involves business risks and that its business abilities and effort are vital to the success of its Sonny's Restaurant.

(b) That it has conducted an independent investigation of the Sonny's Restaurant franchise opportunity and recognizes that, like any other business, the nature of the business conducted by a Sonny's Restaurant likely will evolve and change over time.

(c) That the Company has made no representations regarding sales, profits or cash flow, other than contained in the Company's Franchise Disclosure Document, and any information of this nature that the Franchisee has acquired from other sources, including other Sonny's Restaurant franchisees, does not constitute information obtained from the Company.

(d) That as an inducement to the Company's entry into this Agreement, all statements the Franchisee has made and all materials it has submitted to the Company in applying for and purchasing the franchise are accurate and complete and that the Franchisee has made no misrepresentations or material omissions in obtaining the franchise.

(e) That in all of their dealings with the Franchisee, the Company's officers, directors, employees and agents have acted only in a representative and not in an individual capacity, and that business dealings between the Franchisee and the Company as a result of this Agreement are solely between the Franchisee and the Company.

(f) This Agreement is solely between the Company and the Franchisee for the specific Sonny's Restaurant at the Premises set forth below.

(g) The Franchisee is aware, fully understands and agrees that the Company may grant other Franchises to other third parties for the operation of Sonny's Restaurants on terms different from the terms set forth in this Agreement and, as such, nothing contained herein or elsewhere grants to the Franchisee or is any assurance to the Franchisee that the terms and conditions contained herein shall be the same or as beneficial as any other terms and conditions of other franchise agreements.

1.3 **Grant and Term of the Franchise**. The Franchisee has applied for a franchise to own and operate a Sonny's Restaurant at, and catering business from, the location described in Exhibit "A" (the "**Premises**") attached hereto and made a part hereof. Subject to the terms and conditions contained in this Agreement, the Company hereby grants the Franchisee, and the Franchisee accepts, a franchise to operate a Sonny's Restaurant (the "**Restaurant**") at the Premises and, a catering business (the "**Catering Business**") from the Premises, and to use the Marks and the Sonny's System in its operations at the Premises (the "**Franchise**") for a term commencing on the date of execution of this Agreement and ending on the last day of the month, which month is twenty (20) years after the Restaurant opens for business (the "**Initial Term**"), unless sooner terminated in accordance with Article 16 below. At such time as the Restaurant opens for business, the Franchisee shall, at the request of the Company, execute a document confirming said opening date and the expiration date of this Agreement. The Franchisee must operate the Restaurant solely at the Premises and the Catering Business solely from the Premises, unless otherwise approved in writing by the Company. The Franchisee agrees that it will at all times faithfully, honestly and diligently perform its obligations hereunder, and that it will continuously exert best efforts to promote and enhance the business of the Restaurant and Catering Business and the goodwill of the Marks. If the location of the Premises is not determined as of the date hereof, but is subsequently determined pursuant to Section 3.1 below, Franchisor shall update Exhibit "A" with the location of the Premises once it is determined and Protected Area and promptly provide Franchisee with an updated Exhibit "A".

ARTICLE 2

EXPIRATION OF FRANCHISE

2.1 **Franchisee's Option to Renew**. Upon expiration of the Initial Term of the Franchise, the Franchisee has the option to renew the franchise for a single term of ten (10) years ("**Renewal Term**"), provided:

(a) the Franchisee is not in default of any provisions of this Agreement or any other agreement with the Company or any other creditor or supplier of the Restaurant or Catering Business and the Franchisee has substantially complied with the terms and conditions of these agreements during their terms;

(b) the Franchisee and its owners (as set forth below) and any of their affiliates, are not in default of any other agreement with the Company, including any other agreement to operate any other Sonny's Restaurant;

(c) the Franchisee is able to maintain possession of the Premises or, if not, to secure and develop a suitable alternative site approved by the Company for the Renewal Term;

(d) the Franchisee delivers to the Company written notice of its election to renew the Franchise not less than nine (9) months nor more than twelve (12) months before the expiration of the Initial Term; failure by the Franchisee to deliver such notice will be deemed an election not to acquire a renewal franchise;

(e) the Franchisee pays to the Company, concurrently with its notice of its election to renew the Franchise, a renewal fee equal to the greater of (i) $17,500.00, or (ii) fifty percent (50%) of the then current initial franchise fee;

(f) the Franchisee, its owners, and any of their affiliates, execute and deliver to the Company an estoppel certificate/general release in a form satisfactory to the Company which, among other matters, releases without qualifications any and all claims against the Company and its stockholder, officers, directors, employees and agents relating to all matters between the Company, on the one hand, and the Franchisee, its owners and any of their affiliates as requested by the Company, on the other, including all matters relating to the Restaurant as well as any other Sonny's Restaurant owned or operated by the Franchisee, its owners, or any of their affiliates;

(g) the Franchisee executes the Company's then-current form of franchise agreement and related documents then used by the Company (with appropriate modifications to reflect that the agreement relates to a renewal franchise);

(h) the Franchisee remodels (as described in Section 20.13) the Restaurant so that it meets the then current System Standards (as defined in Section 8.1) prior to the end of the Term; and

(i) the Franchisee, its owners, its manager who is responsible for the day-to-day operations of the Restaurant (the "**Operator**"), managers and those other individuals that the Company may require, attend and satisfactorily complete retraining or refresher training courses as the Company may require.

ARTICLE 3

TERRITORIAL RIGHTS AND OBLIGATIONS

3.1 **Search Area.** Franchisee will have the right to operate the Restaurant at one (1) location only. The Restaurant will be located at a site selected by Franchisee and approved by Franchisor. If the site has not been approved as of the date Franchisor executes this Agreement, the Restaurant must be located in the non-exclusive "Search Area" set forth in the Rider to this Agreement. Franchisee acknowledges that Franchisor may grant others the right to seek sites within the foregoing area, and that Franchisee acquires no exclusive or priority rights in such area. If Franchisor has not approved a site for the Restaurant at the time this Agreement is executed, Franchisor may terminate this Agreement if Franchisee fails to obtain Franchisor's approval of a site within One Hundred Eighty (180) days of the date of this Agreement. Upon approval of the site by Franchisor, Franchisor shall update Exhibit "A" to this Agreement indicating the address of the Restaurant and the Protected Area, and promptly provide Franchisee with an updated Exhibit "A".

3.2 **Protected Area**. Except as otherwise provided in Section 3.2 of this Article, and only so long as there is no uncured material default hereunder, the Company (and its affiliates) will not itself establish, or grant to a third party the right to establish, another Sonny's Restaurant to be physically located within the geographic area described on Exhibit "A" (the "**Protected Area**"), unless otherwise agreed to in writing. **Rights Reserved by the Company**. The Company (and its affiliates) retains the right in its sole discretion:

(a) to establish Sonny's Restaurants and grant to other persons the right to establish Sonny's Restaurants at any location outside of the Protected Area (including at the boundary of the Protected Area) and on any terms and conditions as the Company deems appropriate;

(b) subject to the provisions of Section 8.3, to sell and deliver, and allow others to sell and deliver, products and services identified by the Marks through catering businesses or other operations located physically outside the Protected Area, even if said sales and services are to customers in the Protected Area;

(c) to sell products identified by the Marks, or other trademarks or service marks, within or outside the Protected Area, through distribution channels other than Sonny's Restaurants or Catering Businesses (including, but not limited to, retail stores, grocery stores, mail order and e-commerce channels);

(d) to operate, or allow others to operate, similar or identical businesses within the Protected Area if such businesses do not operate under the Marks;

(e) to operate, or allow others to operate, businesses inside the Protected Area under the Marks that are not competitive with a Sonny's Restaurant, including a catering business selling products traditionally sold by a Sonny's Restaurant;

(f) acquiring businesses that are similar to a Sonny's Restaurant, including a catering business;

(g) to operate, or allow others to operate, businesses inside the Protected Area under the Marks, at captive sites including at or within a hotel, department store, airport, military base, university, supermarket, government facility, school, corporate cafeteria, amusement park, hospital or sporting arena or stadium; provided, that: (1) no such business will ever be operated within one mile of the physical location of the Franchisee's Restaurant without the Franchisee's express consent; and (2) the Company has offered the Franchisee the right of first refusal to operate such location and the Franchisee has, within thirty (30) days of being provided such offer, either declined to exercise a right to establish and operate such business or failed to respond to the Company regarding the right of first refusal. Notwithstanding anything in clause (2) above, the Company is under no obligation to provide a right of first refusal to Franchisee if, at the time of such offer, Franchisee is in default under any agreement between Franchisee and the Company or any affiliate or Franchisee is not in good standing or the Company reasonably determines that the Franchisee does not have the financial or operational capacity or capability to operate such business; and

(h) Subject to Section 15.1, to sell the Company or substantially all of its assets, to any third party regardless whether such third party operates, or franchises the operation of, businesses similar to a Sonny's Restaurant or a Catering Business.

ARTICLE 4

SITE APPROVAL AND LEASE AND MORTGAGING OF PREMISES

4.1 **Site Approval**. The Franchisee must receive written approval from the Company of the site and conditions of the Premises, including, but not limited to, overall layout, parking, topography and curb cuts, prior to execution of this Agreement, and the Franchisee will have provided the Company with such documents, plans and information as required by the Company to evaluate the Premises. The Company's approval of the Premises and any plans for development of the Premises do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the Premises for a Sonny's Restaurant or for any other purpose. The Company's approval of the site for the Premises indicates only that the Company believes that the Premises falls within the acceptable criteria for sites and premises that the Company has established as of the time of its approval of the Premises. The Franchisee acknowledges and agrees that the Franchisee's acceptance of the Franchise for the Premises is based on the Franchisee's own independent investigation of the suitability of the Premises.

4.2 **Lease of Premises**. The lease for the Premises, if the Premises are to be leased by the Franchisee from a third party (the "**Landlord**"), must be approved by the Company in writing

prior to signing the lease, and may not thereafter be modified without the prior written approval of the Company. The Franchisee acknowledges that such lease and any subsequent renewal lease will contain provisions in the form approved by the Company which (a) requires the Landlord to give the Company written notice of the Franchisee's default under the lease and opportunity (but not the obligation) to cure any such default within not less than thirty (30) days of notice of such default if the Franchisee fails to cure such default; (b) allows for assignment of the lease to the Company or its designee if the Franchisee defaults under the lease or this Agreement; (c) requires that the terms of the lease whether upon renewal or otherwise, will not be modified without the Company's prior written approval; and (d) allows the Company, if the Franchisee fails to do so and in the Company's sole discretion, to enter the Premises upon termination or expiration of the Agreement to remove trademarked materials and to de-identify the Premises as a Sonny's Restaurant. The Franchisee acknowledges that the Company's approval of the lease does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a Sonny's Restaurant operated at the Premises. This approval indicates only that the Company believes that the terms of the lease fall within the acceptable criteria for such leases the Company has established as of the time of its approval.

4.3 **Term of Lease**. The term of this Agreement shall not, in any event, extend beyond the term of any lease for the Premises. Accordingly, this Agreement shall expire if the lease for the Premises should expire or be terminated, subject to the rights of the Company to take over the Premises as set forth in this Agreement or any other agreement.

4.4 **Liens on Restaurant Property**. The Franchisee may not, without the prior written consent of the Company, grant to any third party a mortgage, security interest or any other encumbrance whatsoever on any of the assets of the Restaurant including, but not limited to, land, equipment or other property used by the Franchisee in the operations of the Restaurant and Catering Business.

ARTICLE 5

DEVELOPMENT AND OPENING OF RESTAURANT

5.1 **Development and Construction**. The Franchisee is responsible for developing, and to the extent necessary, constructing and/or renovating, the Restaurant and is required to adhere to the prototype, mandatory plans, specifications and layouts that the Company prescribes from time to time. The Franchisee is obligated to develop, construct and renovate the Restaurant in accordance with such plans, specifications and layouts and to ensure that the Restaurant complies with all applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. The Premises and/or the plans, specifications and layouts thereof will not be altered unless the Company has given its prior written approval for such alterations, and all alterations will be in conformity with said approval.

5.2 **Opening of the Restaurant**. The Franchisee agrees to begin construction of the Restaurant within nine (9) months from signing this Agreement and to open the Restaurant within six (6) months from the date construction began. No extensions of such time limits to begin and complete construction and to open the Restaurant will be given unless such extensions are in

writing by the Company. The Franchisee must give the Company thirty (30) days written notice prior to opening the Restaurant and will not open the Restaurant without the Company's prior written approval, which approval will not be unreasonably withheld. If the Franchisee opens the Restaurant before receiving the Company's approval, it agrees to pay to the Company a fee of $1,000 per day until the Company issues its written approval for opening.

ARTICLE 6

INITIAL FRANCHISE FEE

Upon signing of this Agreement, the Franchisee agrees to pay the Company a non-recurring and non-refundable initial franchise fee of $35,000.00, which is deemed fully earned by the Company upon signing of this Agreement. If Franchisee paid an application fee then the amount of such application fee will be applied against the initial franchise fee.

ARTICLE 7

OTHER FEES

7.1 **Royalty Fee**. The Franchisee agrees to pay the Company a monthly royalty fee equal to four and one-half percent (4 1/2%) of the Franchisee's monthly Gross Receipts (as defined in Section 7.2 below) (the "**Royalty Fee**"). The Royalty Fee shall be paid by the tenth day of each month based on the Gross Receipts of the preceding month via the payment method described below.

7.2 **Definition of "Gross Receipts"**. As used in this Agreement, the term "**Gross Receipts**" means all revenue the Franchisee derives from operating the Restaurant and/or Catering Business, including, but not limited to, cash, credit, checks, gift certificates sold, or food stamps. Revenue includes:

(a) the total price collected for any food or beverage items served or delivered by the Restaurant or Catering Business, including take-out business, but excluding customer refunds, adjustments, discounts and credits actually made by the Restaurant;

(b) the menu price (or retail price for non-menu items) for any food or beverage items delivered by a third party, without deduction for any discounts or credits provided to the third party or others; and

(c) all goods or services received from a vendor, supplier or customer in a barter and/or exchange transaction where the Franchisee furnishes services and/or products, which goods and services will be valued at the full retail price of the goods and/or services provided by the Franchisee.

"Gross Receipts" excludes all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority.

7.3 **Interest on Late Payments**. All amounts that the Franchisee owes to the Company, if more than seven (7) days late, will bear interest beginning from their original due date at the rate of one and one-half percent (1 1/2%) per month or the highest contract rate of interest permitted by law, whichever is less. The Franchisee acknowledges that this Paragraph does not constitute an agreement by the Company to accept any payments after they are due or commitment by the Company to extend credit to, or otherwise finance the Franchisee's operation of, the Restaurant or Catering Business. Failure by the Franchisee to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 16.1(a) below, notwithstanding the provisions of this Paragraph.

7.4 **Application of Payments**. Notwithstanding any designation the Franchisee might make, the Company has sole discretion to apply any of the Franchisee's payment to any of the Franchisee's past due indebtedness to the Company. The Franchisee acknowledges and agrees that the Company may set off any amounts that the Franchisee owes against any amounts the Company might owe the Franchisee. The Franchisee cannot withhold payment of any amounts owed to the Company due to the Company's alleged non-performance of any of its obligations under this Agreement.

7.5 **Damage or Destruction of Restaurant**. If the Restaurant is damaged or destroyed, Franchisee shall, notwithstanding any other provision of this Agreement, continue to pay to the Company (a) on a continuing basis its monthly Royalty Fees in an amount equal to the average monthly Royalty Fee for the twelve (12) month period immediately preceding such damage or destruction, and (b) on a continuing basis its monthly System Brand Fund Contribution equal to the average monthly System Brand Fund Contribution for the twelve month period immediately preceding such damage or destruction. If the Restaurant is open for less than twelve (12) months, the average monthly Royalty Fee and the average monthly System Brand Fund Contribution shall be based on the months that the Restaurant was actually open. Franchisee shall further maintain business interruption insurance to cover such loss and payment of such Royalty Fees and System Brand Fund Contribution.

7.6 **Payment Method and Timing**. The Franchisee agrees to sign and deliver to the Company the documents that the Company periodically requires to authorize the Company to debit the Franchisee's business checking account automatically for the Royalty Fee and System Brand Fund Contribution and other amounts due under this Agreement or any related agreement. The Company will debit the Franchisee's account for the Royalty Fee and System Brand Fund Contribution, based on the Gross Receipts for the previous month, and for any other amounts payable, on or after the due date. The Franchisee agrees to make the funds available for withdrawal by electronic transfer before each due date. In connection with the automatic debit program, the Company may require, at the Franchisee's expense, overdraft protection for the business checking account. The Franchisee agrees to reimburse the Company for any "**insufficient funds**" charges and related expenses incurred in connection with the failure to maintain sufficient funds in the automatic debit account.

If the Franchisee fails to report Gross Receipts for any month, the Company may debit the account for one hundred twenty five percent (125%) of the Royalty Fee and the System Brand Fund Contribution that the Company debited for the previous month, upon five (5) days written

notice to the Franchisee. If the amount debited from the account is less than the amount actually owed to the Company for the month (once the Company has determined the true and correct Gross Receipts of the Restaurant for the month), the Company will debit the account for the balance due on the day that the Company specifies. If the amount debited from the account is greater than the amount actually owed to the Company for the month (once the Company has determined the true and correct Gross Receipts of the Restaurant for the month), the Company will credit the excess, without interest, against the amount that the Company otherwise would debit from the account during the following month.

7.7 **Extension**. If Franchisee fails to perform its obligations so that either the Restaurant does not open in a timely manner as required by Section 5.2 above, or Franchisee fails to complete the remodel of the Restaurant in a timely manner as required by the Company, the Company may grant Franchisee's request for an extension of time to open or complete the remodel, as applicable, in the Company's sole discretion, so long as Franchisee meets the Company's requirements including payment of any extension fee.

ARTICLE 8

SYSTEM STANDARDS

8.1 **Compliance with System Standards**. The Franchisee agrees to fully and timely comply with each and every mandatory specification, standard and operating procedure that relates to the appearance, function, cleanliness, and operation of a Sonny's Restaurant (the "**System Standards**"). System Standards will be prescribed from time to time by the Company in the Confidential Manuals, (as defined in Section 8.2) or otherwise communicated to the Franchisee in writing or electronic form, and such System Standards will upon such communication constitute provisions of this Agreement as if fully set forth herein; provided, however, Franchisor shall provide Franchisee with written notice of any such changes provided in electronic form within one-hundred eighty (180) days of the electronic communication. All references to this Agreement include all System Standards as periodically modified. System Standards shall regulate aspects of the Restaurant, including Catering Business operations, and may include, but are not limited to, the following

(a) the safety, maintenance, cleanliness, sanitation, function and appearance of the Restaurant premises and its equipment, fixtures, furniture and signs;

(b) required periodic remodeling (as described in Section 20.13) of the Restaurant, provided, however, the Franchisee will not be required to remodel the Restaurant within ten (10) years following opening of the Restaurant or during the last four (4) years of this Agreement;

(c) required or authorized products, including food products prepared, sold or designed by the Company or its affiliates under the Marks or using trade secrets, formulae and recipes that are proprietary to the Company or its affiliates, such as various cuts of pork, beef, chicken and ribs, and additional items such as beans, sauces, cole slaw and other food items which are or may be offered for sale or consumption (the "**Products**");

(d) designated or approved suppliers and/or manufacturers (which may be limited to or include the Company or an affiliate) and the types, models and brands of equipment, furnishings, supplies, apparel, merchandise, Products and services, and supplier approval criteria and procedures, including any fees associated therewith, and delivery services, including third party delivery services;

(e) the computer hardware and/or operating software the Company specifies from time to time (the "**Computer System**"). The Company may modify specifications for and components of the Computer System. The Company's modification of specifications for the Computer System, and/or other technological developments or events, might require the Franchisee to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. Although the Company cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over the Agreement's remaining term, the Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. The Company shall not require a complete replacement of the Franchisee's Computer System more often than once every seven (7) years. The Company has no obligation to reimburse the Franchisee for any Computer System costs. Within sixty (60) days after the Franchisee receives notice from the Company, the Franchisee agrees to obtain the Computer System components that the Company designates and to ensure that the Franchisee's Computer System, as modified, is functioning properly.

(f) quality, taste, portion control and uniformity, and manner of preparation for sale including storage, handling, packaging procedures, and inventory requirements, of authorized food and beverage products sold at the Restaurant or through the Catering Business, including but not limited to limitations with regard to offering alcoholic beverages at the Restaurant or through the Catering Business;

(g) sales, marketing, advertising and promotional programs and materials used in these programs, and participation in market research and testing and product and service development programs;

(h) use and display of the Marks;

(i) confidentiality of certain information, including but not limited to trade secrets, disclosed to the Franchisee during the term of this Agreement as described in Section 12.1 below;

(j) days and hours of operation of the Restaurant;

(k) acceptance of credit and debit cards (including PCI compliance), honoring coupons, gift certificates, gift cards, other payment systems and check verification services;

(l) methods and manner of bookkeeping, accounting, data processing, record keeping and reporting financial information to the Company;

(m) types, amounts, terms and conditions of insurance coverage required to be carried for the Restaurant, including the Company's right to obtain insurance coverage for the Restaurant at the Franchisee's expense if the Franchisee fails to obtain required coverage, and standards for underwriters of policies providing required insurance coverage; and

(n) compliance with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and the Company; and notifying the Company if any action, suit, report or proceeding is commenced or filed against the Franchisee or the Restaurant.

8.2 **Confidential Manuals**. The Company will provide on-line access to the Franchisee during the term of this Agreement to one or more manuals, which may consist of operations and training manuals (collectively, the "**Confidential Manuals**") that the Company furnishes to franchisees for use in operating a Sonny's Restaurant. The Confidential Manuals contain many of the System Standards and information relating to the Franchisee's other obligations under this Agreement and related agreements. The Company may modify the Confidential Manuals from time to time to reflect changes in System Standards, and the Franchisee agrees to comply with any such changes, upon notice of the change by the Company. The Franchisee may not at any time copy, duplicate, record or otherwise reproduce any part of the Confidential Manuals in accordance with Section 12.1(c) of this Agreement.

8.3 **Catering Business**. The Franchisee shall undertake a Catering Business as provided in Section 1.3 above. Such Catering Business will operate to cater the Products to third parties away from the Premises. In connection with the Catering Business, the Franchisee agrees:

(a) that the Catering Business will be operated solely out of the Premises, unless the Company has given prior written approval for the Catering Business to be operated out of a different or additional location;

(b) that the Catering Business will be operated under the name "**Sonny's BBQ**" or such other name as the Company may from time to time prescribe;

(c) that the Franchisee will furnish through the Catering Business only Products sold by the Franchisee at the Restaurant, and use material equipment and supplies approved by the Company;

(d) that the Franchisee will not operate the Catering Business from, or otherwise sell Products from, a food truck or other vehicle, without the prior written approval of the Company, which approval will not be unreasonably withheld, so long as the Franchisee agrees to comply with System Standards related to the Catering Business

and the Franchisee is in compliance with this Agreement and any other agreements between the Franchisee and the Company;

(e) that the Franchisee will operate the Catering Business in accordance with this Agreement, related agreements and the System Standards as the Company may from time to time prescribe; and

(f) that upon written notice by the Company, the Franchisee will be restricted to a certain area in which it may conduct the Catering Business, such area being within a certain number of miles radius of the Premises, which number of miles the Company may determine in its sole discretion. In no event, however, may said area be reduced to an area which is less than the Protected Area.

ARTICLE 9

TRAINING AND ASSISTANCE

9.1 **Initial Training**. The Franchisee and the Operator, if an Operator is employed by the Franchisee, and each person actively involved in the management or operation of the Restaurant, including the Catering Business, as specified by the Company, must enroll and satisfactorily complete the Company's initial training program. The Operator must meet the Company's minimum requirements and be approved by the Company prior to beginning to work for the Franchisee in this capacity. This program will be conducted at another Sonny's Restaurant specified by the Company or such other location as the Company designates, without additional charge to the Franchisee. The Franchisee agrees and acknowledges that the Restaurant may not be opened until all required persons successfully complete the initial training program. Franchisee will be responsible for its employees' travel, living expenses and any other costs incurred during all training programs and classes. Franchisee will also be responsible for all expenses incurred by the Company for any training performed by the Company at a location other than a Company-owned Sonny's Restaurant, including but not limited to travel, living expenses and other costs incurred by the Company's training staff. Franchisee will also pay any fees charged by the Company for such training before the training begins. Any new Operator or manager must complete the initial training to the Company's satisfaction before beginning to work for the Franchisee in this capacity. Further, any new Operator must meet the Company's minimum requirements and be approved by the Company before beginning to work for the Franchisee in this capacity.

9.2 **Employees**. The Franchisee shall be solely responsible for determining who to hire, how to compensate those individuals, how much to compensate those individuals, the terms of their employment and working conditions, the supervision of the individuals, the setting of work schedules, the maintenance of employment records, when and how to discipline those individuals, and when and how to terminate the employment of those individuals. These individuals are not the Company's agents or employees and the Company is not a joint employer of these individuals. The Franchisee shall post a written notice at the Restaurant notifying all of its employees that they are employees of the Franchisee not the Company. The content and location of this notice shall be approved by the Company. If required by the Company, the Franchisee will obtain a written

acknowledgement from each of its employees acknowledging that the employee is an employee of the Franchisee not the Company. The Franchisee is solely responsible for performing all administrative functions at its Restaurant, including payroll and providing workers' compensation insurance. The Franchisee acknowledges that the Company does not directly provide to the Franchisee's employees facilities or equipment or house or transport the Franchisee's employees or provide tools or materials required for the Franchisee's employees to perform services for the Franchisee.

9.3 **Training of Employees**. The Franchisee agrees to implement a training program for employees of the Restaurant in accordance with the System Standards. The Franchisee will be solely responsible for its employees' proper training. The Franchisee shall be responsible for a failure of any of its personnel to meet System Standards.

9.4 **Additional Training**. The Company may provide, upon the request of Franchisee, at such times as determined by the parties, additional training to Franchisee on topics requested by Franchisee and agreed to by the Company. Further, the Company may require Franchisee to attend such training as the Company determines, if Franchisee fails to comply with any of the Company's standards. All such training shall be held at a location determined by the Company and may be provided electronically. The Company may charge such fees as it shall establish from time to time for such training, plus its cost to provide such training, and such fees and costs must be paid before the training begins.

ARTICLE 10

ADVERTISING AND PROMOTION

10.1 **System Brand Fund Contribution**. The Franchisee agrees to pay to the Company a monthly "**System Brand Fund Contribution**" equal to two percent (2%) of the Franchisee's Gross Receipts, payable in the same manner as the Royalty Fee due hereunder.

10.2 **Brand Fund**. Recognizing the value of promoting the goodwill and public image of the Sonny's brand, the Company has established a brand fund (the "**Brand Fund**") to promote the Sonny's brand. The Brand Fund is a part of the Company but may, in the Company's discretion, be a separate corporation. The Company will direct all programs that the Brand Fund supports with the Company having sole discretion over all matters regarding its promotions including, but not limited to, the creative concepts, materials and endorsements used and their geographic, market and media placement and allocation. The Brand Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce website, social media programs and/or related strategies; administering regional and multi-regional marketing and promoting programs (including, without limitation, purchasing media and using promotion and marketing agencies and other advisors to provide assistance); brand development activities; public relations; market research, and other promotional activities. The Company may use System Brand Fund Contributions to pay the administrative costs of the Brand Fund, including, without limitation, the reasonable salaries and benefits of personnel who administer the Brand Fund, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to the Brand

Fund, collecting and accounting for System Brand Fund Contributions, and other expenses that the Company incurs in activities reasonably related to administering or directing the Brand Fund and its programs. The Company will not spend System Brand Fund Contributions principally to solicit new franchise sales; provided, however, the Company may spend System Brand Fund Contributions on its websites which may advertise franchises for sale**.** The Franchisee will have no right to direct the Brand Fund activities or review or approve any materials the Brand Fund may use or develop.

The Franchisee acknowledges that the Company undertakes no obligation to ensure that expenditures it makes in or affecting any geographic area are proportionate or equivalent to the System Brand Fund Contributions paid by Sonny's Restaurants operating in that geographic area or that any Sonny's Restaurant will benefit directly or in proportion to its System Brand Fund Contributions paid the Brand Fund from the development of promotional materials or the placement of these materials. The Company has the sole right to enforce the Franchisee's payment obligations as described hereunder, and except as expressly provided in this Section, the Company assumes no direct or indirect liability or obligation to the Franchisee for collecting System Brand Fund Contributions or maintaining, directing or administering the Brand Fund. Upon written request, the Company will make available to the Franchisee an audited financial statement for the Brand Fund for the last calendar year, in form as determined by the Company.

10.3 **Local Advertising**. Franchisee shall advertise its Restaurant. To that end, Franchisee shall spend at least two percent (2%) of its annual Gross Receipts on local advertising of the Restaurant approved by the Company ("**Local Advertising**"). Franchisee shall also spend at least twenty percent (20%) of the two percent (2%) Local Advertising requirement each calendar quarter. Within forty-five (45) days of the end of each year, Franchisee shall report to the Company, in the form approved by the Company, all advertising expenditures during the preceding calendar year. If the full amount of the required advertising expenditures have not been incurred for Local Advertising in any calendar quarter or in any calendar year as set forth above, Franchisee shall remit with the report the balance of the funds required to be expended. The Company shall expend on advertising in the Franchisee's market area the amount remitted, less any costs incurred by the Company in connection with such advertising. For the avoidance of any doubt, amounts paid to the Local Cooperative (as defined below) by Franchisee shall constitute Local Advertising

10.4 **Cooperative Advertising**. At such time as the Company deems appropriate in its sole discretion, the Franchisee shall participate in a local advertising cooperative (a "**Local Cooperative**") with other Sonny's Restaurant franchisees in the Designated Market Area ("**DMA**") in which the Franchisee's Restaurant is located. Unless the Company determines otherwise, the DMA for the Franchisee is the area determined by the then current Nielsen Television Research Coverage Study (or if not then available, any replacement or most comparable study) which sets forth the television market for the area in which the Restaurant is located. The Franchisee must contribute to the Local Cooperative two percent (2%) of the Franchisee's Gross Receipts (but any required contribution in excess of two percent (2%) must be approved by the Company). The Franchisee will be bound to the terms of the cooperative advertising agreement it enters into with the other Sonny's Restaurants franchisees in the Local Cooperative, provided, however, that if the franchisees in the DMA are unable to reach an agreement with regard to the terms of a cooperative advertising agreement, the Franchisee agrees to execute the Local

Cooperative advertising agreement attached hereto as Exhibit "D". All forms of Local Cooperative agreements that are different from Exhibit "D" must be approved by the Company in advance.

10.5 **Advertising Approval**. Prior to their use by the Franchisee, samples of all advertising and promotional materials not prepared or previously approved by the Company, in either case in the prior 12 months, shall be submitted to the Company for approval. The Franchisee agrees and acknowledges that advertising, marketing and promotional materials the Franchisee may include in reports of amounts expended on advertising and marketing by the Franchisee will be determined by the Company in its sole discretion.

10.6 **Maximum Required Annual Advertising Expenditures**. Notwithstanding anything to the contrary in this Agreement, the Franchisee's maximum required annual expenditure for System Brand Fund Contributions and Local Advertising (including Cooperative Advertising), is four percent (4%) of the Franchisee's annual Gross Receipts.

ARTICLE 11

MARKS; INTERNET PRESENCE; DATA SECURITY

11.1 **Ownership and Goodwill of Marks**. The Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the Franchisee's operation of the Restaurant and Catering Business pursuant to and in compliance with this Agreement and all System Standards the Company prescribes from time to time during its term. The Franchisee's unauthorized use of the Marks will be a breach of this Agreement and an infringement of the Company's rights in and to the Marks. The Franchisee acknowledges and agrees that its usage of the Marks and any goodwill established by this use will be exclusively for the Company's benefit and that this Agreement does not confer any goodwill or other interest in the Marks upon the Franchisee (other than the right to operate the Restaurant and Catering Business under this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols the Company may authorize the Franchisee to use from time to time.

11.2 **Limitations on the Franchisee's Use of the Marks**. The Franchisee agrees to use the Marks as the sole identification of the Restaurant and the Catering Business, except that it agrees to identify itself as the independent owner of the Restaurant in the manner the Company prescribes. The Franchisee may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos the Company has licensed to the Franchisee), or in any modified form, and the Franchisee may not use any Mark in selling any services or products not authorized by the Company or in any other manner the Company has not expressly authorized in writing. No Mark may be used in any advertising concerning the transfer, sale or other disposition of the Restaurant, Catering Business or any ownership interest in the Franchisee. The Franchisee agrees to display the Marks prominently in the manner the Company prescribes at the Restaurant, in operation of the Catering Business, and on forms, advertising and marketing material, supplies and other materials the Company designates. The Franchisee agrees to give the notices of trade and service mark

registrations the Company specifies and to obtain any fictitious or assumed name registrations required under applicable law.

11.3 **Notification of Infringements and Claims**. The Franchisee agrees to notify the Company immediately of any apparent infringement or challenge to the Franchisee's use of any Mark, or of any claim by any person of any rights in any Mark, and not to communicate with any person other than the Company and its attorneys, and the Franchisee's attorneys, in any infringement, challenge or claim. The Company has sole discretion to take the action it deems appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. The Franchisee agrees to sign any and all instruments and documents, render the assistance and do the acts and things that, in the opinion of the Company's attorneys, may be necessary or advisable to protect and maintain the Company's interests in any litigation or other proceeding or otherwise to protect and maintain its interests in the Marks.

11.4 **Discontinuance of Use of Marks**. If it becomes advisable at any time in the Company's sole discretion for it and/or the Franchisee to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, the Franchisee agrees to comply with the Company's directions within a reasonable time after receiving notice.

11.5 **Indemnification for Use of Marks**. The Company agrees to indemnify the Franchisee against and to reimburse the Franchisee for all damages for which the Franchisee is held liable in any trademark infringement proceeding arising out of the Franchisee's authorized use of any Mark under this Agreement and for all costs the Franchisee reasonably incurs in defending any such claim brought against it or any proceeding in which the Franchisee is named as a party, provided the Franchisee has timely notified the Company of the claim or proceeding and otherwise has complied with this Agreement. At the Company's option, it can defend and control the defense of any proceeding arising out of the Franchisee's use of any Mark under this Agreement.

11.6 **Internet Presence**. Unless approved by the Company, the Franchisee will not establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any digital or electronic medium or method of communication, including, without limitation, a website, email address, home page, HTML document, Internet site, online directory, online business profile, web page, review and opinion page or social media or social networking site, profile, avatar, account or hashtag relating to or making reference to the Company, the Sonny's System including the Restaurant, or any of the Marks (an "**Internet Presence**"). The Franchisee will not use all or part of any of the Marks, or any similar name, word, symbol or variant thereof, in a domain name, email address, account name, username, profile, hashtag, or URL, except as specifically approved by the Company. If the Franchisee has registered a domain name or registers a domain name in the future in violation of this Section, the Company, at its option, may require the Franchisee to cancel the registration of the domain name or transfer ownership of the domain name to the Company. The Franchisee will take all actions requested by the Company to effectuate such cancellation or transfer and will pay all costs associated therewith.

If the Company approves of any Internet Presence, the Franchisee will comply with all directives from the Company with respect to the Internet Presence, including those related to materials and content posted on the Internet Presence, links to and from the Internet Presence, the use of the Marks on the Internet Presence, and security for the Internet Presence. In addition, the Internet Presence will be operated and maintained by the Franchisee in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all System Standards. The Franchisee must also maintain the Internet Presence in compliance with: (i) all applicable laws, including those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements; and (ii) all applicable terms and conditions and policies of the provider of the Internet Presence. The Company may at any time, in its sole discretion, require the Franchisee to remove, delete or modify any Internet Presence, or any information, content or post thereon and the Franchisee hereby consents to the Company performing such act if the Franchisee fails to do so in the time required by the Company and the Franchisee shall cooperate with the Company in all such actions. The Company will retain sole ownership of any Internet Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of the Marks, or any word, phrase or symbol confusingly similar thereto or a variant thereof, as part of the domain name, user name, account name, account profile or page reference ("**Sonny's Internet Presence**").

11.7 **Data Security.**

(a) **Data Events.** If a data breach or other identity theft, misuse, unauthorized access, or improper handling of personal information occurs at or within Franchisee's business (each, a "**Data Event**"), in addition to any obligations Franchisee may have under applicable law, Franchisee shall notify Company as soon as possible and, in any event, no later than within twenty-four (24) hours of becoming aware of the Data Event. The Company may perform and/or control all aspects of the response to such event to the maximum extent permitted by law including, without limitation, the investigation, containment and resolution of the event and all communications with the Sonny's System, vendors and suppliers, customers, law enforcement agencies, federal and state regulatory authorities, and the general public; provided, however, the Company shall not incur any third party expenses on behalf of the Franchisee without the prior written consent of the Franchisee. If the Company elects to perform and/or control some or all aspects of the response to a Data Event Franchisee shall reasonably cooperate with all reasonable requests and inquiries and make all requested information, documents, systems, and personnel reasonably accessible and available to the Company. Notwithstanding the foregoing, the Company shall make commercially reasonable efforts to coordinate such response with Franchisee and its insurance carrier(s) and to reasonably cooperate with Franchisee's insurance carrier(s) regarding insurance coverage of such Data Event to the extent reasonably practicable under the circumstances.

(b) **Data Security and Privacy Standards**. Franchisee shall comply with the Company's requirements related to data security, the protection of personal information and customer data, and the processing, use and privacy of personal information and customer data. Franchisee shall at all times comply with: (a) the Payment Card Industry Data Security Standards, (b) the NACHA ACH Security Framework, (c) the rules and

regulations of any applicable payment processor or payment network, (d) applicable laws and regulations relating to data and/or personal information, privacy, data security and security breaches including, but not limited to, if applicable, the California Consumer Privacy Act, and (e) the Company's security policies as may be amended from time to time ((a) through (e) collectively, "**Data Rules**"). Franchisee shall reasonably cooperate with the Company in meeting the Company's compliance obligations under applicable Data Rules and will refrain from any action that may cause the Company to violate any applicable Data Rule. Franchisee shall notify the Company immediately if Franchisee discovers that it is not in compliance with the Data Rules. The Company may designate certain third-party consultant(s) to administer its data security program and evaluate compliance with the aforementioned standards. Franchisee must meet promptly the reasonable requirements of any such consultant(s) and maintain those certifications of compliance the Company deems appropriate in its reasonable discretion.

(c) **Limitations on Personal Data**. Franchisee agrees to limit the collection of personal information of customers or prospective customers ("**Personal Data**") to that which is reasonably necessary for the operation of its Restaurant in accordance with this Agreement, to provide all legally required notices to customers at the time of such collection of Personal Data, and to not retain, use, process or disclose Personal Data for any other purpose. Franchisee will not sell, rent or license Personal Data and may not disclose or authorize access to Personal Data to third parties (including, but not limited to, suppliers and service providers) without the Company's prior written approval.

ARTICLE 12

RESTRICTIVE COVENANTS

12.1 **Confidential Information**. The Company possesses and will continue to develop and acquire certain confidential information relating to the development and operation of Sonny's Restaurants (the "**Confidential Information**"), which includes, but is not limited to, recipes, formulae, cooking and food preparation methods, and techniques, formats, specifications, standards, sales and marketing methods, building and equipment specifications and knowledge with regard to marketing, suppliers and financial performance of other Sonny's Restaurants and the Company. Confidential Information will be disclosed to the Franchisee through the Confidential Manuals and other communications, whether written, oral or electronically transmitted, between the Company and/or its affiliates and the Franchisee. The Franchisee acknowledges and agrees that it will not acquire any interest in Confidential Information, other than the right to use the Confidential Information that is disclosed to the Franchisee in operating the Restaurant during the term of this Agreement. The Franchisee further acknowledges and agrees that the Confidential Information is proprietary to the Company and contains the Company's trade secrets and is disclosed to the Franchisee on the condition that the Franchisee agrees, and does hereby agree:

(a) that the Franchisee will not use the Confidential Information in any other business or capacity except for its Restaurant and Catering Business;

(b) that the Franchisee will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(c) that the Franchisee will not make unauthorized copies of any portion of the Confidential Information or sell, loan, transfer or distribute copies of the Confidential Information to any party, except where such disclosure to employees of the Restaurant is reasonably necessary in the normal course of operations of the Restaurant;

(d) that the Franchisee will adopt and implement all reasonable and necessary procedures (including any such procedures which the Company prescribes from time to time) to prevent unauthorized use or disclosure of the Confidential Information, including but not limited to requiring those Restaurant employees the Company deems necessary to sign a Confidentiality Agreement reasonably acceptable to the Company;

(e) that the Franchisee will immediately notify the Company if it becomes aware there has been any actual or potential unauthorized use or access concerning the Confidential Information or any violation of the confidentiality procedures established in this Subsection; and

(f) that the Franchisee and Operator (including any future or substitute Operators) will, concurrently with execution of the Agreement, and thereafter upon hire, execute non-compete and confidentiality agreements, in substantially the form attached to this Agreement as Exhibits "B" and "C".

12.2 **In-Term Covenant**. The Franchisee and its owners agree that, during the term of this Agreement, neither the Franchisee nor any of its owners will, without the prior written consent of the Company, which consent may be withheld by the Company in its absolute discretion, directly or indirectly for the benefit of the Franchisee or its owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any other interest, whether financial or otherwise, in any other business operating or granting franchises or licenses to operate any barbeque-type restaurant or barbeque-type food service business (a "**Competitive Business**"). For the foregoing purposes, the term "**barbeque-type restaurant or barbeque-type food service business**", not only means a restaurant or food service business which holds itself out as a facility or business that primarily sells barbeque food items, but also any other restaurant or food service business which derives more than twenty percent (20%) of its non-alcohol revenues from the sale of barbeque food items. Notwithstanding the foregoing, the Franchisee and its owners may be involved in another Sonny's Restaurant and/or Catering Business at another restaurant location through a separate franchise agreement with the Company. In addition, the Franchisee agrees that, during the term of this Agreement, the Franchisee and its owners will not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person, persons, partnership or corporation solicit the employment of any person who is at that time employed by the Company or the Company's affiliates. The foregoing sentence only precludes solicitation of any employee by the Franchisee. If said person on his/her own seeks employment with the Franchisee, the Franchisee may employ said person.

12.3 **Post-Term Covenant**. The Franchisee and its owners agree that, for a period of two (2) years after termination or expiration of this Agreement (regardless of the reason for termination or expiration), neither the Franchisee nor any Franchisee owner will, directly or indirectly for the benefit of the Franchisee and/or its owners, or through or on behalf of or in conjunction with any other person, partnership or corporation (a) engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any other interest, whether financial or otherwise, in a Competitive Business which is either located at, or does business within twenty-five (25) miles of, the Restaurant or any existing Sonny's Restaurant as of termination or expiration of this Agreement, or that is granting franchises or licenses for the operation of Competitive Businesses located, or to be located, within any of the foregoing areas; or (b) directly or indirectly seek to recruit, employ or hire any person who is employed by the Company or an affiliate of the Company.

ARTICLE 13

RECORDS, REPORTS AND FINANCIAL STATEMENTS

13.1 **Bookkeeping and Recordkeeping**. The Franchisee agrees to establish a bookkeeping and recordkeeping system conforming to any requirements the Company prescribes from time to time and relating, without limitation, to the use and retention of daily sales slips, purchase orders, purchase invoices, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals, general ledgers, chart of accounts and financial statements in connection with the Restaurant and Catering Business operations. The Franchisee will maintain the books and records for not less than three (3) years at the Restaurant location, unless the Franchisee has received the Company's written consent to maintain the books and records elsewhere. The books and records will be available to the Company and its auditors or agents for inspection at all reasonable times as provided in Section 14.1 below. In addition, the Franchisee agrees that the Company will have access to the Franchisee's Computer System and will have the right to retrieve all information relating to the Restaurant's financial performance and operations, and may poll the Franchisee's Computer System for information including, without limitation, daily sales data, daily transaction level data, sales per visit and products and combination of products sold, and inventory data, and may use all such information in connection with the operation of its business.

13.2 **Reports and Financial Statements**. The Franchisee agrees to submit to the Company in the manner and format that the Company prescribes from time to time:

(a) by the tenth day of each month, a statement of the Gross Receipts for the preceding month, certified by the Franchisee;

(b) within five (5) days after their filing, copies of all sales tax returns for the Restaurant and Catering Business (and the Franchisee agrees that the Company can periodically verify with the appropriate tax authorities the sales tax the Franchisee has paid);

(c) within five (5) days after filing, a copy of Franchisees' federal, state, and city, if any, income tax returns;

(d) within ninety (90) days of the end of each calendar year, a statement of Gross Receipts for the calendar year, certified by the Franchisee;

(e) within thirty (30) days after the end of each fiscal year, an annual profit and loss statement and a balance sheet for the Restaurant and Catering Business as of the end of that fiscal year; and

(f) such other information as the Company may reasonably require to determine the Franchisee's compliance with this Agreement and any other agreement entered into with the Company or to assist the Franchisee in the operation of the Restaurant or to otherwise evaluate the performance of the Restaurant. The Franchisee and its owners agree to verify and sign each report and financial statement in the manner the Company prescribes. The Company may disclose data derived from these reports.

ARTICLE 14

INSPECTIONS AND AUDITS

14.1 **The Company's Right to Inspect**. To determine whether the Franchisee is complying with this Agreement and the System Standards, the Company and its designated agents have the right at any time, including during the Franchisee's regular business hours, to:

(a) inspect the Restaurant and the Premises;

(b) observe, photograph and videotape the operations of the Restaurant and Catering Business for consecutive or intermittent periods as the Company deems necessary;

(c) remove samples of any food or drink product or supplies for testing analysis;

(d) interview personnel and customers of the Restaurant and Catering Business; and

(e) inspect and copy any books, records and documents as described in Section 13.1 above, including through access to the Franchisee's Computer System.

The Franchisee agrees to cooperate with the Company fully in these inspections, observations, photographing, videotaping, product removal and interviews. If the Company exercises any of these rights, the Company will use its best efforts not to interfere unreasonably with the Restaurant or Catering Business operations.

14.2 **The Company's Right to Audit**. The Company has the right at any time during the Franchisee's business hours to inspect and audit, or cause to be inspected or audited, the

Franchisee's and the Restaurant's business and Catering Business' bookkeeping and accounting records, sales and income tax records and returns and other records. The Franchisee agrees to cooperate fully with the Company's representative and independent accountants that conduct any inspection or audit. If any inspection or audit discloses an understatement of the Gross Receipts for any period or periods, the Franchisee must immediately pay on the amount of such understatement the Royalty Fee or System Brand Fund Contribution owing plus interest due. Further, if an inspection or audit discloses an understatement of five percent (5%) or more, or such audit or inspection is made necessary by the Franchisee's or its owner's failure to furnish (or to timely furnish) reports or other information required by this Agreement, the Franchisee will be obligated to reimburse the Company for the cost of the audit, including the charges of any independent certified public accountant used and the travel, room, board and compensation costs of the Company's employees and agents. The Franchisee will pay any deficiencies within five (5) days after receipt of the audit. The Company's audit rights as they relate to the Franchisee, shall also apply to the Franchisee's owners only from and after Franchisee's failure to cure a default hereunder.

ARTICLE 15

TRANSFER

15.1 **By the Company**. This Agreement is fully transferable by the Company and will inure to the benefit of any transferee or other legal successor to its interests herein; provided, however, the Company will only transfer this Agreement to a transferee that assumes all of the Company's obligations hereunder.

15.2 **By the Franchisee**. The Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to the Franchisee (or, if the Franchisee is a corporation, limited liability company or partnership, to the Franchisee's owners) and that the Company has granted the Franchise to the Franchisee in reliance upon the Company's perceptions of the Franchisee's (or its owners) individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest herein) nor any ownership or other interest in the Franchisee or the Restaurant may be transferred, including but not limited to a transfer to any entity, without the Company's prior written approval. The Franchisee must request the Company's approval of transfer by submitting a written request in the form the Company from time to time prescribes (the "**Request**"). Any transfer without this approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "**transfer**" includes the Franchisee's (or its owners) voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in:

(a) this Agreement;

(b) the Franchisee (including, without limitation, any ownership interest in the Franchisee or the Franchisee's owners if they are entities, or any right to receive all or a portion of the profits and/or losses or capital appreciation of the Franchisee); or

(c) the Restaurant or the Premises.

An assignment, sale, gift or other disposition includes the following events:

(i) transfer of ownership of capital stock or a partnership interest in the Franchisee or any entity that directly or indirectly owns the Franchisee;

(ii) merger or consolidation or issuance of additional securities or interests representing an ownership interest in the Franchisee or any entity that directly or indirectly owns the Franchisee;

(iii) any sale of an ownership interest in the Franchisee or any security convertible to an ownership interest in the Franchisee or any entity that directly or indirectly owns the Franchisee;

(iv) transfer of an interest in the Franchisee, this Agreement, the Restaurant or the Premises in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

(v) transfer of an interest in the Franchisee, this Agreement, the Restaurant or the Premises, in the event of the Franchisee's death or the death of one of the Franchisee's owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

(vi) pledge of this Agreement (to someone other than the Company) or of an ownership interest in the Franchisee as security, foreclosure upon the Restaurant or the Franchisee's transfer, surrender or loss of possession, control or management of the Restaurant.

15.3 **Conditions for Approval of Transfer**. If the Franchisee (and its owners) are in full compliance with this Agreement, then, subject to the other provisions of this Section, the Company will not unreasonably withhold its approval of a transfer that meets all the applicable requirements of this Subsection; provided that, if the transfer is of an ownership interest in Franchisee of twenty percent (20%) or less, or of twenty percent (20%) or less of the ownership interest of an entity that directly or indirectly owns Franchisee, then only subsections (d), (h) and (k) below will apply to such transfer. Unless specifically set forth below otherwise, all of the following conditions must be met before or concurrently with the effective date of the transfer:

(a) the transferee has sufficient business experience, aptitude and financial resources to operate the Restaurant and otherwise meets the Company's criteria with respect to credit history and background and other standards that the Company uses with respect to the grant of new franchises;

(b) the Franchisee has paid all Royalty Fees, System Brand Fund Contributions, amounts owed for purchases from the Company and all other amounts owed to the Company or to third-party creditors and has submitted all required reports and statements;

(c) the Restaurant meets all current standards and specifications of the Company, and the transferee agrees to remodel the Restaurant to meet the current System

Standards for Sonny's Restaurants within one (1) year following the transfer; provided that such remodel requirement cannot require the transferee to spend more than Fifty Thousand Dollars ($50,000) (as adjusted by the last paragraph of this Section): (i) if the Restaurant has been newly built in the ten (10) years preceding the date of the transfer; or (ii) if the Restaurant has been remodeled to meet System Standards in the ten (10) years preceding the date of the transfer at a cost of at least Three Hundred and Fifty Thousand Dollars ($350,000) (as adjusted by the last paragraph of this Section);

(d) the transferee and its owners and affiliates are not engaged in a Competitive Business;

(e) the transferee (or its managing owner) and its manager (if different from the Franchisee's Operator) and other individuals the Company may specify from time to time have completed the Company's standard training program and the transferee has paid all costs and expenses incurred by the Company if the training is at a location other than one selected by the Company, and the transferee must further pay its costs and expenses associated with the training in any event;

(f) the transferee and its owners have executed the Company's then-current form of franchise agreement and all ancillary documents thereto;

(g) at the time of the request for approval of the transfer, the Franchisee or the transferee pays the Company a transfer fee equal to the greater of (i) Seventeen Thousand Five Hundred Dollars ($17,500), or (ii) fifty percent (50%) of the Company's then current initial franchise fee; provided, however, if the transfer does not occur, the Company will refund such portion of the fee not needed to cover the expenses of the Company;

(h) the Franchisee (and the Franchisee's transferring owners) have executed a general release, in form and content satisfactory to the Company, of any and all claims against the Company and its shareholders, officers, directors, employees and agents;

(i) the Company has approved the material terms and conditions of the transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Restaurant;

(j) the Franchisee has transferred to the transferee any lease or sublease, as applicable, of the Premises, and the transferee has secured all other required consents to continue operation of the Restaurant; and

(k) transferee and transferee's owners have executed a confidentiality agreement in the form the Company prescribes and submits to the Company all other documents the Company may from time to time prescribe, including, but not limited to, terms of financing obtained or to be obtained for purchase of the Franchisee's business, License Application, and financial disclosure authorization.

At the Company's option, upon the receipt of any Request, the Company shall prepare an appropriate letter setting forth the terms of its consent, which letter may be executed by both the

Franchisee and the prospective purchaser and may require that a deposit be paid to the Company in connection with the Request.

The amounts set forth in Section 15.3(c), which shall only be applicable in connection with a transfer, shall be adjusted at the time of the transfer to take into account any change in the Consumer Price Index between March 2017 and the month immediately preceding the date of transfer. As used herein, the term "**Consumer Price Index**" shall mean the United States Department of Labor's Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers (CPI-U), U.S. City Average All Items (1982-84=100), or the successor to that index. For purpose of clarification, if the foregoing index is in effect as of the date of transfer, the adjusted amount would be determined by multiplying $50,000 and $350,000 by a fraction, the denominator of which is 243.801 (the amount of the Index as of March 2017), and the numerator of which would be the Consumer Price Index Figure reported for the month immediately preceding the date of transfer.

15.4 **Franchisee's Death or Disability**. Upon the Franchisee's death or disability or, if the Franchisee is a corporation, limited liability company or partnership, the death or disability of the owner or owners who have a controlling interest in the Franchisee, the Franchisee's or the owner's executor, administrator, conservator, guardian or other personal representative must transfer the Franchisee's interest in this Agreement or the owner's interest in the Franchisee to a third party. The disposition of this Agreement or the interest in the Franchisee (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed two hundred eighty (280) days from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in Section 15.3. A failure to transfer the Franchisee's interest in this Agreement or the ownership interest in the Franchisee within this period of time constitutes a breach of this Agreement. In this Agreement, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent the Franchisee, the Operator or an owner of a controlling interest in the Franchisee from managing and operating the Restaurant.

15.5 **Operation Upon Death or Disability**. If the Company in its sole judgment determines the Restaurant is not being managed properly any time after the Franchisee's death or disability or after the death or disability of the owner or owners of a controlling interest in the Franchisee, the Company has the right, but not the obligation, to assume the management of the Restaurant. All funds from the operation of the Restaurant during the period the Company has assumed its management will be kept in a separate account, and all expenses of the Restaurant, including compensation, other costs and travel and living expenses of the Company's manager, will be charged to this account. The Company also can charge a reasonable management fee (in addition to the Royalty Fees and System Brand Fund Contributions payable under this Agreement), not to exceed seven percent (7%) of the Restaurant's Gross Receipts, during the period the Company has assumed the Restaurant's management. This fee will be payable at the same time as the Royalty Fees and System Brand Fund Contribution. Operation of the Restaurant during any period will be on the Franchisee's behalf, provided the Company has a duty to utilize only the Company's reasonable efforts and will not be liable to the Franchisee or the Franchisee's owners for any debts, losses or obligations incurred by the Restaurant or to any of the Franchisee's

creditors for any supplies or services the Restaurant purchases during any period in which the Company has assumed its management.

15.6 **Effect of Consent to Transfer**. The Company's consent to a transfer of this Agreement and the Restaurant or any interest in the Franchisee does not constitute a representation as to the fairness of the terms of any contract between the Franchisee and the transferee, a guarantee of the prospects of success of the Restaurant or transferee or a waiver of any claims the Company may have against the Franchisee (or the Franchisee's owners) or of the Company's right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

15.7 **The Company's Right of First Refusal**. If the Franchisee (or any of the Franchisee's owners) at any time determines to sell, assign or transfer an interest in this Agreement and the Restaurant or a controlling ownership interest in the Franchisee, the Franchisee (or the Franchisee's owner) agrees to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and beneficially of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror and, in the case of a publicly held corporation or limited partnership, copies of the most current annual and quarterly reports and Form 10K) and immediately submit to the Company a true and complete copy of the offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price (including any lease terms if the offeror is proposed to be the lessee of the Premises). To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in the Franchisee or in any entity that directly or indirectly owns the Franchisee, or in this Agreement and the Restaurant (and the Premises) and may not include an offer to purchase any of the Franchisee's (or the Franchisee's owners') other property or rights. However, if the offeror proposes to buy any other property or rights from the Franchisee (or the Franchisee's owners) under a separate, contemporaneous offer, the separate, contemporaneous offer must be disclosed to the Company, and the price and terms of purchase offered to the Franchisee (or the Franchisee's owners) for the interest in the Franchisee or in this Agreement and the Restaurant must reflect the bona fide price offered and not reflect any value for any other property or rights.

The Company has the right, exercisable by written notice delivered to the Franchisee's or the Franchisee's selling owner(s) within thirty (30) days from the date of the delivery to the Company of both an exact copy of the offer and all other information the Company requests, to purchase the interest for the price and on the terms and conditions contained in the offer, provided that:

(a) the Company may substitute cash for any form of payment proposed in the offer;

(b) the Company's credit will be deemed equal to the credit of any proposed purchaser;

(c) the Company will have not less than sixty (60) days after giving notice of the Company's election to purchase to prepare for closing; and

(d) Company is entitled to receive, and the Franchisee and the Franchisee's owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

(i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;

(ii) liens and encumbrances relating to the stock or other forms of ownership interest and/or assets; and

(iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If the Company exercises its right of first refusal, the Franchisee and the Franchisee's selling owner(s) agree that, for a period of two (2) years commencing on the date of the closing, the Franchisee and its selling owner(s) will be bound by the non-competition covenant contained in Section 12.3 hereof.

If the Company does not exercise its right of first refusal set forth herein, the Franchisee or the Franchisee's owners may complete the sale to the purchaser on the exact terms of the offer, subject to the Company's approval of the transfer, as provided in Subsections 15.2 and 15.3 above, provided that, if the sale to the purchaser is not completed within sixty (60) days after delivery of the offer to the Company, or if there is a material change in the terms of the sale (which the Franchisee agrees promptly to communicate to the Company), the Company will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or notice to the Company of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at the Company's sole option.

This Section 15.7 does not apply to a transfer in which the transferee is a member of the Franchisee's immediate family, which means spouse, child, brother, sister or parent of the Franchisee or the Franchisee's owners; provided, however, all conditions to transfer set forth in Section 15.3 shall be satisfied, except that no transfer fee will be due.

ARTICLE 16

TERMINATION

16.1 **By the Company**. The Company will have the right to terminate this Agreement effective upon delivery of notice of termination to the Franchisee, if:

(a) the Franchisee fails to pay to the Company any amounts due, including but not limited to the Franchisee Fee, Royalty Fees or System Brand Fund Contributions as provided in this Agreement, if the Franchisee fails to correct such default within ten (10) days after written notice is delivered to the Franchisee;

(b) the Restaurant is found to violate any applicable health, safety and sanitation law or regulation and such non-compliance is not cured by the Franchisee within ten (10) days of the violation or such other cure period prescribed by any governmental agency, whichever period is shorter;

(c) the Franchisee abandons or fails to continuously and actively operate the Restaurant for three (3) or more consecutive days, or the Restaurant is closed for more than three (3) days in any twenty-one (21) day period, in either case unless the Company has in writing approved the purpose for which the Restaurant is in accordance with the terms hereof closed, or because of casualty or government order;

(d) the Franchisee or any of its owners is adjudged bankrupt, becomes insolvent, makes an assignment for the benefit of creditors, is unable to pay debts as they come due, or a petition under any bankruptcy law is filed against the Franchisee or any of its owners or a receiver or other custodian is appointed for a substantial part of the assets of the Restaurant;

(e) the Franchisee or any of its owners is convicted of or pleads guilty to a felony, or a crime that substantially impairs the goodwill associated with the Marks or the Franchisee or any of its owners engages in any conduct which, in the Company's judgment, adversely affects the reputation of the Restaurant or the goodwill associated with the Marks;

(f) the Franchisee or any of its owners assigns or attempts to assign its interest under this Agreement not in compliance with the provisions of Article 15 above;

(g) the Franchisee or any of its owners violates any of the restrictions respecting the in-term non-competition covenant contained in Section 12.2 above;

(h) the Franchisee during any twelve (12) month period issues checks to the Company for more than two (2) monthly periods that are returned due to insufficient funds or any other reason;

(i) the Franchisee intentionally under reports the Gross Receipts of the Restaurant for any period or periods;

(j) the Franchisee underpays System Brand Fund Contributions and/or Royalty Fees by five percent (5%) or more, more than once during any five (5) year period during the term of this Agreement;

(k) the Franchisee begins construction or renovation of the Restaurant prior to receiving the Company's approval as required in Section 5.1 above;

(l) the Franchisee or any of its owners fail on three (3) or more occasions during any twelve (12) month period to submit when due reports or other information, to pay when due amounts owed to the Company, or otherwise to comply with any provision of this Agreement or any System Standard so long as the Company notifies the Franchisee

of the failure; regardless of whether the Franchisee remedies the failure after the Company delivers notice to the Franchisee;

(m) the Franchisee fails to pay its debts as and when they become due, including but not limited to debts owing to suppliers, taxing authorities, lenders, lessors, and Local Cooperatives and the Franchisee fails to cure such default within ten (10) days after written notice is delivered to the Franchisee;

(n) the Franchisee fails to comply with the Company's requirements in connection with acquisition, timely construction and timely opening of the Restaurant as provided in this Agreement if the Franchisee fails to correct such default within thirty (30) days after written notice is delivered to the Franchisee;

(o) the Franchisee loses its license to serve alcoholic beverages that the Company may require to be served at the Restaurant and the Franchisee fails to correct such default within thirty (30) days after written notice is delivered to the Franchisee (and the laws where the Restaurant is located do not prohibit the serving of alcoholic beverages at the Restaurant);

(p) the Franchisee or any of its owners violate the Anti-Terrorism Laws or the Franchisee's assets are "**blocked**" under the Anti-Terrorism Laws; or

(q) the Franchisee fails to comply with any other term or condition of this Agreement or any System Standard or defaults under any other document ancillary to this Agreement or any agreement or document the Franchisee has executed with a third party and that relates to the operation of the Restaurant, and the Franchisee fails to correct such default within thirty (30) days after written notice is delivered to the Franchisee.

16.2 **By the Franchisee**. The Franchisee may terminate this Agreement effective ten (10) days after delivery to the Company of notice of termination, if the Franchisee is in compliance with this Agreement and the Company breaches this Agreement and fails to cure the breach within thirty (30) days after written notice of the breach is delivered to the Company.

ARTICLE 17

RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF AGREEMENT

17.1 **Franchisee Obligations.** Upon termination or expiration of this Agreement, solely at its cost, the Franchisee agrees to:

(a) immediately return to the Company the Confidential Manuals and all other Confidential Information and certify that no copies have been made, retained, distributed or released to unauthorized third parties and immediately terminate use of any information contained therein;

(b) unless otherwise directed by the Company, deliver and return all menus, signs and other items with any of the Marks, to the Company;

(c) immediately pay all Royalty Fees, System Brand Fund Contributions and other charges due and owing under this Agreement;

(d) immediately cease use of all Marks or imitation of Marks and cease identifying itself as a current or former Sonny's Restaurant or as being associated with the Sonny's System;

(e) immediately cancel all phone numbers and phone book listings;

(f) unless otherwise directed by the Company, immediately cancel all user accounts for, and remove content on, all Internet Presences;

(g) unless otherwise directed by the Company, at the Franchisee's expense, make such reasonable modifications to the exterior and interior decor of the Restaurant as the Company requires to eliminate its identification as a Sonny's Restaurant, including, but not limited to, removing signs and changing the color scheme from the Company's specifications;

(h) comply with the post-term covenant not to compete as described in Section 12.3 above.

Those other provisions of this Agreement intended to survive any termination or expiration including the confidentiality, the non-competition and indemnification provisions, shall survive and the Franchisee and its owners agree to comply with said provisions.

17.2 **Company Rights**. In addition to the rights and remedies hereunder, upon the termination or expiration of this Agreement, the Company shall have the right to cause any computer hardware or software containing Confidential Information, including any Company recipes, to be disabled.

ARTICLE 18

RIGHT OF FIRST REFUSAL TO PURCHASE RESTAURANT

18.1 **Right of First Refusal After Expiration or Termination**. If this Agreement expires or terminates for any reason, the Company shall have a right of first refusal for one (1) year from the date of expiration or termination to match any offer to purchase the Restaurant location (that is, the assets associated with the Restaurant) from the Franchisee. Upon the receipt of any written offer which the Franchisee proposes to accept, a complete copy of said offer will be given to the Company and the Company will have a period of thirty (30) days within which to match that offer. The provisions of Section 15.6 above will also apply to any transfers made under this Section.

ARTICLE 19

RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

19.1 **Independent Contractors**. The Franchisee and the Company understand and agree that this Agreement does not create a fiduciary relationship between the Franchisee and the Company, that the Franchisee and the Company are and will be independent contractors, and that nothing in this Agreement is intended to make either party a general or special agent, joint venturer, joint employer, partner of employee of the other for any purpose. The Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, employees, other Restaurant personnel and others as the owner of the Restaurant under a franchise the Company has granted and to place notices of independent ownership on the forms, business cards, stationery and advertising and other materials the Company requires from time to time.

19.2 **No Liability for Acts of Other Party**. The Franchisee agrees not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in the Company's liability for any of the Franchisee's indebtedness, obligations or other liabilities and that the Franchisee will not use the Marks in any way the Company has not expressly authorized. Neither the Company nor the Franchisee will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that the relationship between the parties is other than franchisor and franchise owner or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. The Company will not be obligated for any damages to any person or property directly or indirectly arising out of the Restaurant's operation of the business that the Franchisee conducts under this Agreement.

19.3 **Taxes**. In addition to any sales, use, excise, privilege or other transaction taxes that the Company is required or permitted by law to collect from the Franchisee for the sale, lease or other provision of goods or services under this Agreement, the Franchisee shall pay to the Company an amount equal to all federal, state, local or foreign (i) sales, use, excise, privilege, occupation or any other transactional taxes, or (ii) any other taxes or similar exactions no matter how designated (excluding only taxes imposed on the Company for the privilege of conducting business and calculated with respect to the Company's net income, capital, net worth, gross receipts, or some other basis or combination thereof, but not excluding any gross receipts taxes imposed on the Company for the Franchisee's payments intended to reimburse the Company for expenditures incurred for the benefit and on behalf of the Franchisee), that are imposed on the Company or required to be withheld by the Franchisee in connection with the receipt or accrual of Royalty Fees or any other amounts payable by the Franchisee to the Company under this Agreement or any related agreement. Any additional required payment pursuant to the preceding sentence shall be made in an amount necessary to provide the Company with after tax receipts (taking into account any additional payments required hereunder), equal to the same amounts the Company would have received under the provisions of this Agreement if such additional tax liability or withholding had not been imposed or required.

19.4 **Indemnification**.

(a) The Franchisee agrees to indemnify, defend and hold harmless the Company, its affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**") against and to reimburse any one or more of the Indemnified Parties for all claims, as described below, arising out of any act or omission of the Franchisee, or as a result of any activities occurring at, by or through the Restaurant including the Catering Business and any claims that arise from the Franchisee's employment practices, any and all taxes described in Subsection 19.3 above, and the Franchisee's breach of this Agreement. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including but not limited to reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. The Company and each of the other Indemnified Parties have the right to defend any claim against the Company and each Indemnified Party and to agree to settlements or take any of the remedial, corrective or other actions the Company and/or the other Indemnified Parties deem expedient. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

(b) Under no circumstances will the Company or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate the Company's, the other Indemnified Parties' or the Franchisee's losses and expenses, in order to maintain and recover fully a claim against the Franchisee. The Franchisee agrees that a failure to pursue this recovery or mitigate a loss will in no way reduce or alter the amounts the Company or another Indemnified Party may recover from the Franchisee.

ARTICLE 20

ENFORCEMENT

20.1 **Severability and Substitution of Valid Provisions**. Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which the Company is a party, that ruling will not impair the operation of, or have any other effect upon, the other portions of this Agreement that may remain otherwise intelligible, which will continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if the Franchisee is a party thereto, otherwise upon the Franchisee's receipt from the Company of a notice of non-enforcement.

If any covenant in this Agreement which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of

time, but would be enforceable by reducing any part or all thereof, the Franchisee and the Company agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of the covenant.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required under this Agreement for the termination of this Agreement or of the Company's refusal to enter into a renewal franchise agreement, or the taking of some other action not required under this Agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid or unenforceable, the prior notice and/or other action required by the law or rule will be substituted for the comparable provisions hereof, and the Company will have the right, in the Company's sole discretion, to modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable. The Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any System Standard, any portion or portions which a court or arbitrator may hold to be unenforceable in a final decision to which the Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order or arbitration award. These modifications to this Agreement will be effective only in that jurisdiction, unless the Company elects to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

20.2 **Waiver of Obligations**. The Company and the Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver the Company grants will be without prejudice to any other rights the Company may have, will be subject to the Company's continuing review and may be revoked, in the Company's sole discretion, at any time and for any reason, effective upon delivery to the Franchisee of ten (10) days prior written notice.

The Company and the Franchisee will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the Company's right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach thereof to be a default and to terminate this Agreement before the expiration of its term) by virtue of any custom or practice at variance with the terms of this Agreement; the Company's or the Franchisee's failure, refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with the Company's and the Franchisee's obligations under this Agreement, including, without limitation, any System Standard; the Company's waiver, forbearance, delay, failure or omission to exercise any right, power or option, whether of the same, similar or different nature, with other Sonny's Restaurants; the existence of other franchise agreements for Sonny's Restaurants which contain different provisions from those contained in this Agreement; or the Company's acceptance of any payments due from the Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to the Company will constitute a waiver, compromise, settlement or accord and satisfaction. The Company is authorized to remove or obliterate any legend or endorsement, which will have no effect.

Neither the Company nor the Franchisee will be liable for loss or damage or be deemed to be in breach of this Agreement if the Company's or the Franchisee's failure to perform the Company's or the Franchisee's obligations results from:

(a) transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or (the voluntary foregoing of the right to acquire) or the use of any of the foregoing in order to accommodate or comply with the orders, request, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;

(b) acts of God;

(c) fires, strikes, embargoes, war or riot; or

(d) any other similar event or cause.

Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalty Fees or System Brand Fund Contributions due under this Agreement.

20.3 **Costs and Attorneys' Fees**. If the Company incurs expenses due to the Franchisee's repeated failure to pay when due amounts owed to the Company, to submit when due any reports, information or supporting records or otherwise to comply with the health, safety or operational System Standards under this Agreement, the Franchisee agrees to reimburse the Company for any of the costs and expenses which the Company incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees. Otherwise, the prevailing party in any action between the parties shall be entitled to recover its reasonable attorneys' fees and costs from the other party.

20.4 **Franchisee May Not Withhold Payments Due to the Company**. The Franchisee agrees that it will not withhold payment of any amounts owed to the Company on the grounds of the Company's alleged non-performance of any of the Company's obligations under this Agreement. The Franchisee agrees that all claims will, if not otherwise resolved, be submitted to arbitration as provided in Section 20.7 below.

20.5 **Rights of Parties Are Cumulative**. The Company's and the Franchisee's rights under this Agreement are cumulative, and no exercise or enforcement by the Company or the Franchisee of any right or remedy under this Agreement will preclude the Company's or the Franchisee's exercise or enforcement of any other right or remedy under this Agreement which the Company or the Franchisee are, entitled by law, to enforce.

20.6 **Mediation**. Except with respect to matters for which a party believes it necessary to seek injunctive or equitable relief, the Franchisee and the Company shall be required to enter into mediation of all disputes involving this Agreement, or any other aspect of the relationship between them, for a minimum of four (4) hours, prior to the initiation of any action or proceeding against the other.

(a) Upon written notice by either party to the other of the initiating party's desire to mediate, the party receiving the notice shall select an independent entity that regularly provides mediation services to franchisors and franchisees to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not provide the name of such an organization within ten (10) business days from the date the notice of intention to mediate is received, then the other party may forego mediation of the issue(s) and commence legal action or, at its option, make the selection of the organization to provide mediation services. If one party selects an organization that is unwilling to serve as mediator or the mediator does not meet the requirements of this Section 20.6(a), then the other party may select the organization. Once the mediator agrees to accept appointment as mediator, the mediator shall be directed to schedule a mediation proceeding at a time mutually convenient to the Company and the Franchisee. The mediation shall be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If the parties cannot agree on a date for mediation, then the mediator shall select a date it believes is reasonable for the parties, given all of the alleged conflicts in dates. The mediator shall either be a retired judge, or a person who has had at least ten (10) years of experience as either franchisee or franchisor (or as an officer of such an entity), or in franchise law.

(b) The parties shall equally share the cost of the mediator. The mediator shall select the location for the mediation, giving due consideration to the location that will minimize the total expenses of the mediation.

(c) Except with respect to matters for which a party is permitted to seek injunctive or equitable relief, if either party initiates a legal action without complying with their obligation to mediate in accordance with this Section 20.6 (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 20.6), then upon petition of any party named as a defendant in such litigation, the arbitrator or court, as applicable, shall dismiss the action without prejudice, upon a finding that the party has failed to comply with its obligation to mediate and award attorneys' fees and costs to the party seeking dismissal in an amount equal to such party's attorneys' fees and costs incurred in seeking dismissal. If the arbitrator or court, as applicable, refuses for any reason to dismiss the action, but does find that the party failed to comply with an obligation to mediate, then regardless of the outcome of such action, or of any award given in such action, the party initiating the action shall be responsible for all attorneys' fees and costs incurred throughout the action by the other party as damages for failing to comply with the provisions of this Section 20.6.

20.7 **ARBITRATION**. **EXCEPT FOR A CLAIM BY A PARTY FOR INJUNCTION OR OTHER EQUITABLE RELIEF, ALL CONTROVERSIES, DISPUTES OR CLAIMS BETWEEN THE COMPANY (THE COMPANY'S SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES) AND THE FRANCHISEE (THE FRANCHISEE'S OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) ARISING OUT OF OR RELATED TO:**

(a) **THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN THE FRANCHISEE AND THE COMPANY OR ANY PROVISION OF ANY OF THESE AGREEMENTS;**

(b) **THE COMPANY'S RELATIONSHIP WITH THE FRANCHISEE;**

(c) **THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN THE FRANCHISEE AND THE COMPANY OR ANY PROVISION OF ANY OF THOSE AGREEMENTS; OR**

(d) **ANY SYSTEM STANDARD RELATING TO THE ESTABLISHMENT OR OPERATION OF THE RESTAURANT;**

WILL BE SUBMITTED FOR ARBITRATION, ON DEMAND OF EITHER PARTY, TO THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATION PROCEEDINGS WILL BE CONDUCTED IN THE CITY AND COUNTY WHERE THE COMPANY HAS ITS HEADQUARTERS (WHICH AS OF THE DATE HEREOF IS WINTER PARK, FLORIDA) AND, EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, WILL BE HEARD BY ONE ARBITRATOR IN ACCORDANCE WITH THE THEN CURRENT COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATOR SHALL HAVE NO AUTHORITY TO SELECT A HEARING LOCALE OTHER THAN AS DESCRIBED IN THE PREVIOUS SENTENCE. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ I ET SEQ.) AND NOT BY ANY STATE ARBITRATION LAW.

THE ARBITRATOR WILL HAVE THE RIGHT TO AWARD OR INCLUDE IN HIS AWARD ANY RELIEF HE DEEMS PROPER IN THE CIRCUMSTANCES, INCLUDING, WITHOUT LIMITATION, MONEY DAMAGES (WITH INTEREST ON UNPAID AMOUNTS FROM THE DATE DUE), SPECIFIC PERFORMANCE, INJUNCTIVE RELIEF AND ATTORNEYS' FEES AND COSTS, PROVIDED THAT THE ARBITRATOR WILL NOT HAVE THE RIGHT TO DECLARE ANY MARK GENERIC OR OTHERWISE INVALID OR TO AWARD EXEMPLARY OR PUNITIVE DAMAGES. THE AWARD AND DECISION OF THE ARBITRATOR WILL BE CONCLUSIVE AND BINDING UPON ALL PARTIES HERETO, AND JUDGMENT UPON THE AWARD MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION.

EXCEPT AS MODIFIED BY SECTION 20.12, THE COMPANY AND THE FRANCHISEE AGREE TO BE BOUND BY THE PROVISIONS OF ANY LIMITATION ON THE PERIOD OF TIME IN WHICH A CLAIM MAY BE BROUGHT UNDER APPLICABLE LAW OR THIS AGREEMENT, WHICHEVER EXPIRES EARLIER. THE COMPANY AND THE FRANCHISEE FURTHER AGREE THAT, IN CONNECTION WITH ANY ARBITRATION PROCEEDING, EACH MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE,) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY CLAIM

WHICH IS NOT SUBMITTED OR FILED AS DESCRIBED ABOVE WILL BE FOREVER BARRED.

THE COMPANY AND THE FRANCHISEE AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL AND NOT A CLASS-WIDE BASIS, AND THAT AN ARBITRATION PROCEEDING BETWEEN THE COMPANY (AND THE COMPANY'S SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES) AND THE FRANCHISEE (AND/OR THE FRANCHISEE'S OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN THE COMPANY AND ANY OTHER PERSON, CORPORATION OR PARTNERSHIP.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS PARAGRAPH, THE COMPANY AND THE FRANCHISEE EACH HAVE THE RIGHT IN A PROPER CASE TO SEEK TEMPORARY RESTRAINING AND TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION; PROVIDED, HOWEVER, THAT THE COMPANY AND THE FRANCHISEE MUST CONTEMPORANEOUSLY SUBMIT THE DISPUTE FOR ARBITRATION ON THE MERITS AS PROVIDED IN THIS SECTION.

THE PROVISIONS OF THIS SECTION ARE INTENDED TO BENEFIT AND BIND CERTAIN PARTY NON-SIGNATORIES AND WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING THEIR EXPIRATION OR TERMINATION OF THIS AGREEMENT.

20.8 **GOVERNING LAW**. **ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ I ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT AS REQUIRED HEREBY OR THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1050 ET SEQ.), AS AMENDED, THIS AGREEMENT, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN THE COMPANY AND THE FRANCHISEE, WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF FLORIDA, WITHOUT GIVING ANY EFFECT TO ANY CONFLICT OF LAW PRINCIPLES.**

20.9 **CONSENT TO JURISDICTION**. **SUBJECT TO SECTION 20.7 ABOVE AND THE PROVISIONS BELOW, THE FRANCHISEE AND THE FRANCHISEE'S OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN THE FRANCHISEE AND THE COMPANY WILL BE COMMENCED IN ANY STATE OR FEDERAL COURT OF GENERAL JURISDICTION IN THE CITY AND COUNTY WHERE THE COMPANY HAS ITS HEADQUARTERS (WHICH IS PRESENTLY IN ORANGE COUNTY, FLORIDA), AND THE FRANCHISEE (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF SUCH COURTS AND WAIVE ANY OBJECTION THE FRANCHISEE (AND EACH OWNER) MAY HAVE TO EITHER THE JURISDICTION OF OR VENUE IN SUCH COURTS. NOTWITHSTANDING THE FOREGOING, THE**

FRANCHISEE AND THE FRANCHISEE'S OWNERS AGREE THAT THE COMPANY MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS IN THE COURTS OF THE STATE OR STATES IN WHICH THE FRANCHISEE OR ANY FRANCHISEE OWNER IS DOMICILED OR THE RESTAURANT IS LOCATED.

20.10 **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. **THE COMPANY AND THE FRANCHISEE AND THE FRANCHISEE'S OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND ANY AFFILIATES, OWNERS, SHAREHOLDERS, EMPLOYEES OR AGENTS OF THE OTHER, AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN OR AMONG ANY OF THEM, EACH SHALL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

THE COMPANY AND THE FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE COMPANY OR THE FRANCHISEE OR ANY OF THEIR OWNERS, SHAREHOLDERS OR AFFILIATES.

20.11 **Binding Effect**. This Agreement is binding upon the Company and the Franchisee and each party's respective assigns and successors in interest and may not be modified except by a written agreement signed by the Franchisee and the Company; provided, however, subject to Section 20.15, the Company may unilaterally modify all or any of the Confidential Manuals.

20.12 **Limitations of Claims**. Except for claims arising from the Company's right to modify the Confidential Manuals and System Standards, the Franchisee's non-payment or underpayment of amounts the Franchisee owes the Company under this Agreement and the Franchisee's unauthorized use of any Marks or unauthorized use or disclosure of any Confidential Information, any and all claims arising out of or relating to this Agreement or the Company's relationship with the Franchisee will be barred unless within eighteen (18) months from the date such party has knowledge of, or is of the opinion that a claim exists against the other, such party notifies the other in writing of such claim.

20.13 **Construction**. The preambles and exhibits are a part of this Agreement which constitutes the Company's and the Franchisee's entire agreement, and there are no other oral or written understandings or agreements between the Company and the Franchisee relating to the subject matter of this Agreement, except that the Franchisee acknowledges that the Company has justifiably relied on the Franchisee's representations made before the execution of this Agreement as set forth in Section 1 above. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation made by Company in its Franchise Disclosure Document delivered to Franchisee or its representative at least fourteen (14) days prior to Franchisee executing this Agreement or making any payment to the Company. Nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. This Agreement along with each and every other franchise document shall be construed without giving any effect as to which party prepared or caused said document to be prepared.

Except where this Agreement expressly obligates the Company reasonably to approve or not unreasonably to withhold the Company's approval of any of the Franchisee's actions or requests, the Company has the absolute right to refuse any request the Franchisee makes or to withhold the Company's approval of any of the Franchisee's proposed, initiated or effected actions that require the Company's approval. Any approval by the Company will only be evidenced if contained in a writing signed by the Company.

The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of these sections or paragraphs.

The term "**affiliate**," as used herein with respect to the Franchisee or the Company, means any person or entity directly or indirectly owned or controlled by, under common control with or owning or controlling, the specified party. For purposes of this definition, "**control**" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the Franchisee hereunder, whether as partners or joint venturers, their obligations and liabilities to the Company will be joint and several. References to "**owner**" mean any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in the Franchisee (or a transferee of this Agreement and the Restaurant or an interest in the Franchisee), including, without limitation, any person who has a direct or indirect interest in the Franchisee (or a transferee), this Agreement, the Franchise or the Restaurant and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in the revenue, profits, rights or assets thereof. References to a "**controlling interest**" in the Franchisee mean the percent of the Franchisee's voting shares or other voting rights resulting from dividing one hundred percent (100%) of such ownership interests by the number of the Franchisee's owners immediately before or after the time the determination must be made. "**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative or other legal or functional entity.

The term "**Restaurant**" includes all of the assets of the Sonny's Restaurant the Franchisee operates under this Agreement, including its revenue and income and the lease.

With respect to any "**remodel**" or "**remodeling**" obligations set forth herein, the Company will establish reasonable written standards for such remodeling (after consultation with the Franchisee Advisory Council as provided in Section 20.15) based on Sonny's Restaurant brand image requirements that have been implemented for reasonably contemporaneous new construction and remodeled Sonny's Restaurants. Franchisee understands and acknowledges that any such remodeling may require major expenditures of time and money. The parties agree that remodeling will not be required more than once during the initial term or more than once during any renewal term of this Agreement. The parties further agree that equipment modification or new equipment acquisition requirements, will not be considered remodeling.

This Agreement may be executed in multiple copies, each of which will be deemed an original.

20.14 **Compliance with Anti-Terrorism Laws**. The Franchisee and its owners agree to comply with and/or assist the Company to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, the Franchisee and its owners certify, represent, and warrant that none of the Franchisee's and its owners' property or interests is subject to being "**blocked**" under any of the Anti-Terrorism Laws and that the Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws. **"Anti-Terrorism Laws"** means 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 any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war.

20.15 **Company's Judgment**. The Company has the right to operate, develop, and change the Sonny's System in any manner that is not specifically prohibited by this Agreement. Whenever the Company makes decisions or exercises rights, the Company may do so based on information readily available to the Company, the Company's judgment of what is in the best interests of the Company, franchisees generally, or the Sonny's System. The Company may make decisions or exercise its rights without regard to whether the Company could have made other reasonable or even arguably preferable alternative decisions or whether the Company's decision promotes the Company's financial or other individual interest. The Company agrees to consult with its Franchisee Advisory Council regarding any major change in the Sonny's System (including, without limitation, any remodeling standards as described in Section 20.13) that would require a material investment by franchisees, but the Company retains sole decision-making power with respect to any such change.

Because complete and detailed uniformity under many varying conditions might not be possible or practical, the Franchisee acknowledges that the Company specifically reserves the right and privilege, to vary System Standards for any franchisee based upon peculiarities, conditions or factors that the Company considers important to that franchisee's successful operation. The Franchisee has no right to require the Company to grant the Franchisee a similar variation or accommodation.

ARTICLE 21

NOTICES AND PAYMENTS

All notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Confidential Manuals will be deemed so delivered:

(a) at the time delivered by hand;

(b) at the time of transmission by telecopy, facsimile or other electronic system, including via email;

(c) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or

(d) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Any required payment or report which the Company does not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

[**Signatures Begin on Following Page**]

IN WITNESS WHEREOF, the parties hereto have executed, sealed, and delivered this Agreement on the day and year first above written.

SONNY'S FRANCHISE COMPANY

By:_____
James S. Yarmuth, President and
Chief Executive Officer

By:_____

JOINDER BY FRANCHISEE OWNERS

The undersigned, being the owners of the Franchisee, do hereby join in this Agreement for the following purposes:

1. To acknowledge and agree to the matters set forth in the foregoing Agreement, with the same force and effect as if the undersigned were each the Franchisee under this Agreement.

2. To absolutely and unconditionally guaranty the full and prompt payment and performance of all obligations of the Franchisee to the Company under this Agreement.

3. To confirm that the undersigned are all the owners of the Franchisee in the following percentage amounts:

Name of Owner	**Percent Ownership**
_____	_____%
_____	_____%

4. There will be no change in the Franchise owners or their respective ownership interest in the Franchise without the prior written approval of the Company.

This Joinder shall not give the undersigned any direct rights as the Franchisee or in the Agreement. Thus, the Company and the Franchisee may from time to time amend or modify the Agreement or any other franchise document, without the requirement of any joinder by the undersigned owners, each of which will be bound by any such amendment.

[**Signatures Begin on Following Page**]

Dated this ____ day of _____, 20____.

_____
(Signature of Franchise Owner)

_____
(Print Name of Franchise Owner)

_____
(Signature of Franchise Owner)

_____
(Print Name of Franchise Owner)

EXHIBIT "A"

DESCRIPTION OF PREMISES

I. **Search Area:** _____

II. **Street Address**: _____

II. **Name and Address of Landlord if Lease Arrangement Is Applicable**: _____

III. **Legal Description**: _____

IV. **Description of Protected Area**: _____

.

If there is no description above, the parties acknowledge there is no Protected Area.

EXHIBIT "B"

FORM OF NON-COMPETE AND CONFIDENTIALITY AGREEMENT
(Franchisee and Franchisee Owners)

This Document follows on the Next Page

EXHIBIT "C"

FORM OF NON-COMPETE AND CONFIDENTIALITY AGREEMENT
(Operator)

This Document follows on the Next Page

EXHIBIT "D"

FORM OF SONNY'S COOPERATIVE ADVERTISING AGREEMENT

This Document Follows on the Next Page

EXHIBIT "E"

OWNERS' GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

This Document follows on the Next Page

Exhibit D

FORM OF NON-COMPETE AND CONFIDENTIALITY AGREEMENT (FRANCHISEE and FRANCHISEE OWNERS)

This Document follows on the Next Page.

Restaurant No.: ____

Restaurant Location: _____
_____

NON-COMPETE AND CONFIDENTIALITY AGREEMENT
(Franchisee and Franchisee Owners)

Sonny's Franchise Company
359 Carolina Avenue
Suite A
Winter Park, Florida 32789

Re: Franchise Agreement (the "**Franchise Agreement**") dated _____, 20___, between Sonny's Franchise Company (the "**Company**") and _____ (the "**Franchisee**")

Reference is made to:

A. The Franchise Agreement described above; and

B. The right granted the Franchisee under the Franchise Agreement to operate a **SONNY'S REAL PIT BAR-B-Q RESTAURANT** (a "**Sonny's Restaurant**") at the location described above (the "**Restaurant**").

The Company has advised the Franchisee that it would not enter into the Franchise Agreement and grant the Franchisee a right to operate the Restaurant unless and until the Franchisee and each Franchisee Owner (as defined below) agrees (i) not to operate, be employed by or in any other way whatsoever be involved with a Competitive Business as set forth herein, and (ii) not to disclose Confidential Information regarding the Company as set forth herein. Accordingly, the Franchisee and the Franchisee Owners agree that, in consideration of the Company entering into the Franchise Agreement:

1. During the term of the Franchise Agreement, neither the Franchisee nor any Franchisee Owner shall, without the prior written consent of the Company, which consent the Company may withhold in its absolute discretion, directly or indirectly for the benefit of the Franchisee or the Franchisee Owners, or through or on behalf of or in conjunction with any other person, partnership, corporation, another legal entity, or otherwise, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any other interest, whether financial or otherwise, in any other business operating, or granting franchises or licenses to operate, any barbeque type restaurant or barbeque type food service business (a "**Competitive Business**") other than pursuant to a franchise agreement with the Company. For the foregoing purposes, the term "barbeque type restaurant or barbeque type food service business", not only means a restaurant or food service business which holds itself out as a facility that primarily sells barbeque food items, but also any

other restaurant or food service business which derives more than twenty percent (20%) of its non-alcohol revenues from the sale of barbeque food items.

2. For a period of two (2) years from and after expiration or termination of the Franchise Agreement for any reason whatsoever, neither the Franchisee nor any Franchisee Owner will, directly or indirectly for the benefit of the Franchisee or the Franchisee Owners, or through or on behalf of or in conjunction with any other person, partnership, corporation, another legal entity, or otherwise, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any other interest, whether financial or otherwise, in a Competitive Business which is either located or does business within twenty-five (25) miles of the Restaurant or any then existing Sonny's Restaurant except pursuant to a franchise agreement with the Company, or that is granting franchises or licenses for the operation of Competitive Businesses located, or to be located, within any of the foregoing areas.

3. During the term of the Franchise Agreement and for a period of two (2) years following its expiration or termination for any reason whatsoever, neither the Franchisee nor any Franchisee Owner shall for the benefit of the Franchisee or the Franchisee Owners, or through or on behalf of or in conjunction with any other person, partnership, corporation, another legal entity, or otherwise, directly or indirectly, solicit the employment of any person who is employed by the Company or any affiliates of the Company. This provision only precludes the solicitation of the employment of said person so as to leave said employment. If said person on his/her own seeks employment with the Franchisee, the Franchisee may employ said person.

4. Throughout the term of the Franchise Agreement and thereafter regardless of expiration or termination, neither the Franchisee nor any Franchisee Owner shall, directly or indirectly for the benefit of the Franchisee or the Franchisee Owners, or through or on behalf of or in conjunction with any other person, partnership, corporation, another legal entity, or otherwise, use, disclose, or distribute in any other way whatsoever any Confidential Information relating to the Company. As used herein, the term "**Confidential Information**" means all information of the Company relating to the development and operation of Sonny's Restaurants and includes, but is not limited to, recipes, formulae, cooking and food preparation methods, and techniques, formats, specifications, standards, sales and marketing methods, building and equipment specifications and knowledge with regard to marketing, suppliers and financial performance of other Sonny's Restaurants and the Company.

As used herein, the term "**Franchisee Owner**" means any party who has any ownership interest whatsoever, directly or indirectly, in the Franchisee.

The Franchisee and the Franchisee Owners acknowledge and agree that remedies at law may be inadequate to protect the Company against any actual or threatened breach of this Agreement by Franchisee or any of the Franchisee Owners and, without prejudice to any other

rights and remedies otherwise available to the Company, the Franchisee and the Franchisee Owners agree to the granting of specific performance and injunctive or other equitable relief in Company's favor without proof of actual damages and Franchisee and Franchisee Owners further agree to waive any requirement for the securing or posting of any bond in connection with any such remedy. Exclusive venue and jurisdiction for any action brought to construe or enforce the terms of this Agreement shall be in the state and federal courts in and for Orange County, Florida, or such other county where the Company may have its corporate headquarters at the time such action is brought; provided, however, a claim for injunctive relief may be brought in the county in which the other party has its principal office (which in the case of any action against a Franchisee Owner shall be the county in which the Franchisee Owner is domiciled or the county in which the Restaurant is located). In the event it shall be necessary for any party to this Agreement to bring suit to enforce any provision hereof or on account of any breach of this Agreement or of any warranty, covenant, condition, requirement or obligation contained herein, the prevailing party in any such litigation, including appeals, shall be entitled to recover from the other party, in addition to any relief granted as a result of such litigation, all costs and expenses of such litigation and a reasonable attorneys' fee as fixed by the Court.

This Agreement is separate and distinct from the Franchise Agreement and any other agreement whatsoever entered into between the Company and the Franchisee and any Franchisee Owner.

The Company is hereby entitled to rely upon this Agreement

[Signatures Begin on Following Page]

Dated this ___ day of _____, 20___.

_____

By:_____
Title:_____

ACCEPTANCE

The undersigned, Sonny's Franchise Company, does hereby acknowledge receipt of and does hereby accept the foregoing Agreement.

Dated this ___ day of _____, 20___.

SONNY'S FRANCHISE COMPANY

By:_____
James S. Yarmuth, President and
Chief Executive Officer

JOINDER BY FRANCHISEE OWNERS

The undersigned Franchise Owners, each being a stockholder, member or partner of the Franchisee, does hereby join in this Agreement for the purpose of agreeing to comply with the terms and conditions of this Agreement.

Dated this ___day of _____, 20___.

_____

_____

4857-4222-3198, v. 1

Exhibit E

FORM OF NON-COMPETE AND CONFIDENTIALITY AGREEMENT (OPERATOR)

This Document follows on the Next Page.

Restaurant No.: ___

Restaurant Location: _____
_____

NON-COMPETE AND CONFIDENTIALITY AGREEMENT
(Operator)

Sonny's Franchise Company
359 Carolina Avenue
Suite A
Winter Park, Florida 32789

Re: Franchise Agreement (the "**Franchise Agreement**") dated _____, ___ 20___ between Sonny's Franchise Company (the "**Company**") and _____ (the "**Franchisee**")

Reference is made to:

A. The Franchise Agreement described above; and

B. The right granted the Franchisee under the Franchise Agreement to operate a Sonny's Real Pit Bar-B-Q restaurant (the "**Sonny's Restaurant**") at the Restaurant Location described above.

The Company has advised the Franchisee that it would not approve the undersigned as an Operator in accordance with the terms of the Franchise Agreement unless and until the Operator (as defined in the Franchise Agreement) agreed (i) not to operate, be employed by or in any other way whatsoever be involved with a Competitive Business as set forth herein, and (ii) not to disclose certain Confidential Information regarding the Company as set forth herein. Accordingly, the undersigned, in consideration of the Company approving the undersigned as an Operator, does hereby state to and agree with the Company as follows:

1. During the term of the Franchise Agreement, the Operator shall not, directly or indirectly, through or on behalf of, or in conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any other interest, whether financial or otherwise, in any other business operating or granting franchises or licenses to operate any barbeque-type restaurant or barbeque-type food service business (the "**Competitive Business**") other than pursuant to a franchise agreement with the Company. For the foregoing purposes, the term "barbeque type restaurant or barbeque type food service business", not only means a restaurant or food service business which holds itself out as a facility that primarily sells barbeque food items, but also any other restaurant or food service business which derives more than twenty percent (20%) of its non-alcohol revenues from the sale of barbeque food items.

2. In the event (i) the Franchise Agreement expires or is terminated for any reason whatsoever, or (ii) the Operator ceases to be employed by the Franchisee for any

reason whatsoever, whether for cause or without cause, the Operator will not, directly or indirectly, for a period of two (2) years from the first of the foregoing to occur for the benefit of the Operator and/or its owners, or through or on behalf of or in conjunction with any other person, partnership, or corporation, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any other interest, whether financial or otherwise, in a Competitive Business that is either located or does business in the Franchisee's Designated Market Area ("**DMA**"), or within ten (10) miles of any then existing Sonny's Restaurant, except pursuant to a franchise agreement with the Company, or that is granting franchises or licenses for the operation of Competitive Businesses located, or to be located, within any of the foregoing areas. The Franchisee's DMA is the area determined by the then most current Nielsen Television Research Coverage Study (or, if not then available, any replacement or most comparable study) which sets forth the television market for the area in which the Franchisee's Sonny's Restaurant is located.

3. Throughout the term of his/her employment with the Franchisee and for a period of two (2) years following the termination of his/her employment by the Franchisee for any reason whatsoever, Operator shall not for the benefit of Operator and/or its owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, directly or indirectly, seek to recruit, employ or hire any person who is employed by the Company or an affiliate of the Company.

4. Throughout the term of his/her employment with the Franchisee and thereafter regardless of expiration or termination, the Operator shall not, directly or indirectly through or on behalf of or in conjunction with any other person, partnership or corporation, use, disclose, or distribute in any other way whatsoever any Confidential Information relating to the Company. As used herein, the term "Confidential Information" means all information of the Company relating to the development and operation of Sonny's Real Pit Bar-B-Q restaurants including, but not limited to, recipes, formulae, cooking and food preparation methods, and techniques, formats, specifications, standards, sales and marketing methods, building and equipment specifications and knowledge with regard to marketing, suppliers and financial performance of other Sonny's Real Pit Bar-B-Q restaurants and the Company.

5. The Operator acknowledges and agrees that remedies at law may be inadequate to protect the Company against any actual or threatened breach of this Agreement by the Operator and, without prejudice to any other rights and remedies otherwise available to the Company, the Operator agrees to the granting of specific performance and injunctive or other equitable relief in Company's favor without proof of actual damages and further agrees to waive any requirement for the securing or posting of any bond in connection with any such remedy. Exclusive venue and jurisdiction for any action brought to construe or enforce the terms of this Agreement shall be in the state and federal courts in and for Orange County, Florida, or such other county where the Company may have its corporate headquarters at the time such action is brought; provided, however, a claim for injunctive relief may be brought in the county in which the other party has its principal office (which in the case of any action against the Operator shall be the county in which the Operator is domiciled or the county in which the Sonny's Restaurant is located). In the event it shall be necessary for either party to

this Agreement to bring suit to enforce any provision hereof or on account of any breach of this Agreement or of any warranty, covenant, condition, requirement or obligation contained herein, the prevailing party in any such litigation, including appeals, shall be entitled to recover from the other party, in addition to any relief granted as a result of such litigation, all costs and expenses of such litigation and a reasonable attorneys' fee as fixed by the Court.

This Agreement is separate and distinct from the Franchise Agreement and any other agreement whatsoever entered into between the Company and the Franchisee.

The Company is hereby entitled to rely upon this Agreement.

Dated this ___ day of _____, 20___.

_____
(Signature of Operator)

_____
(Print Name of Operator)

_____
(Print Street Address of Operator)

_____
(Print City, State & Zip Code of Operator)

_____
(Print Area Code & Telephone Number of Operator)

ACCEPTANCE

The undersigned, Sonny's Franchise Company, does hereby acknowledge receipt of and accepts the foregoing Agreement.

Dated this ___ day of _____, 20___.

SONNY'S FRANCHISE COMPANY

By:_____
James S. Yarmuth, President and
Chief Executive Officer

4858-6149-8718, v. 1

Exhibit F

FORM OF SONNY'S COOPERATIVE ADVERTISING AGREEMENT

This Document follows on the Next Page.

SONNY'S COOPERATIVE ADVERTISING AGREEMENT

THIS SONNY'S COOPERATIVE ADVERTISING AGREEMENT (the "**Agreement**") is made as of the _____ day of _____, 20___ by all the persons listed in **Schedule A** attached hereto, all of said persons being the Franchisees engaged in the operation of Sonny's Real Pit Bar-B-Q restaurants (hereinafter referred to as "**Sonny's Restaurants**").

WITNESSETH:

WHEREAS, the undersigned are the Franchisees, each of whom owns and operates under a Franchise Agreement with **SONNY'S FRANCHISE COMPANY** (the "**Company**"), the Franchisor, one or more Sonny's Restaurants in the Designated Market Area (described below): _____

_____

_____ (hereinafter referred to as the "**DMA**"); and

WHEREAS, each of the undersigned Franchisees agree and acknowledge that it is in their mutual best interests to cooperate in advertising the Sonny's System and their Sonny's Restaurants throughout the DMA; and

WHEREAS, each of the undersigned Franchisees agree and acknowledge that by said cooperative efforts all of them will be able to afford greater and more effective exposure of their respective Sonny's Restaurant to the general public than otherwise might be possible; and

WHEREAS, each of the undersigned Franchisees acknowledges that through said cooperative advertising efforts they may be able to increase the sales and profitability of their respective Sonny's Restaurant.

NOW, THEREFORE, the undersigned Franchisees agree as follows:

1. FORMATION OF COOPERATIVE. The parties hereby agree to form an advertising cooperative (the "**Cooperative**") for the purpose of promoting the Sonny's Restaurants in the DMA throughout the DMA, and each of the undersigned hereby consents and agrees to membership, and joins as a member, in said Cooperative.

2. MEMBERSHIP/VOTING. The parties agree that each party to a Franchise Agreement for the ownership and operation of a Sonny's Restaurant in the DMA as well as all Restaurants owned by the Company or an affiliate located in the DMA, regardless of whether they are a party to a Franchise Agreement, shall be eligible for membership in the Cooperative. However, to be a member of the Cooperative a party must have at least one (1) Sonny's Restaurant open and operating in the DMA (a "**Member**"). Each Member shall for all matters requiring a vote of the membership be entitled to one (1) vote for each Sonny's Restaurant contributing 100% of the agreed-upon Cooperative contribution (less than a full vote may be exercised based on policies established by the Company) and open and operating pursuant to a

Franchise Agreement with the Company at the time notice of such vote is delivered to the Member. The Cooperative shall only take action on those matters approved by a majority of the votes cast by the Cooperative's membership voting in person, through electronic means (so long as appropriate safeguards regarding identification and verification have been instituted) or by proxy, except where provided otherwise by the By-Laws of the Cooperative or this Agreement. The officers of the Cooperative, their duties, tenure, election and renewal shall be governed by the By-Laws of the Cooperative.

3. TERM. The term of existence of the Cooperative shall be perpetual until terminated by a majority of the votes of the Cooperative's membership and with the express prior written approval of the Company. A Member shall commence contributions required hereunder by the first day of the month immediately following the month in which the Member has one or more Sonny's Restaurants open and operating in the DMA. When making such contributions, each member shall also submit Company Approved Sales information showing the calculations for such contribution.

4. PAYMENT TO THE COOPERATIVE. During the term of the existence of the Cooperative, each Member must contribute 2% of the Gross Receipts of each of the Member's Sonny's Restaurants open and operating within the DMA. Such contribution shall be made by the 10th day of each month based on the Gross Receipts of the Sonny's Restaurant during the immediately prior month or fraction thereof. Gross Receipts shall be as defined in the Franchise Agreement between the Company and the Member. The parties agree that this obligation shall also extend to Sonny's Restaurants opened in the DMA by each of them hereafter. Each of the undersigned hereby agrees to furnish to the Cooperative, at the time the Member's monthly payment is due hereunder, monthly summaries of the Gross Receipts (as reported monthly to the Company) of each Sonny's Restaurant in the DMA operated by it as a franchisee. If the undersigned fail to provide such information, each of the undersigned hereby also authorizes the Company to provide to the Cooperative this same information. A unanimous vote of the membership along with the written approval of the Company shall be required if the Cooperative wishes to modify the contribution percentage.

5. EXPENDITURE OF FUNDS. All funds contributed by Members to the Cooperative shall be expended solely to pay for advertising and marketing within the DMA, using such media as shall be agreed upon by a majority of the votes cast by the Cooperative's membership. As used herein, "**advertising**" and "**marketing**" shall mean:

(a) direct costs of: (1) preparing and producing video, audio, written or electronic marketing materials advertising the Sonny's restaurants in the DMA; and (2) developing, implementing and maintaining websites and social media programs advertising the Sonny's Restaurants in the DMA; and

(b) out-of-pocket expenses directly incurred and related to the cost of advertising and administration of the Cooperative, including, but not limited to, meeting room charges, photocopying, postage and shipping.

Should the Cooperative wish to modify the definition of "**advertising**" and "**marketing**" to include other forms of advertising, promotional items or other expenses of publicity, the Cooperative shall obtain the written approval of the Company prior to doing so.

6. MEETINGS. The Cooperative shall hold meetings on a regular basis (which in no event shall be less than twice per year) as deemed necessary to conduct Cooperative business. Notice of the time and place of each meeting shall be given to the Company at least ten (10) days prior to the meeting and the Company shall be entitled to have a representative participate or be present at each meeting.

7. CREDITS. Nothing in this Agreement shall be deemed to prohibit the Members of the Cooperative from allowing credit against the contributions required by this Agreement to Members who can demonstrate with proper marketing studies that they in fact are receiving materially less benefit from the coverage afforded by advertising placed through the Cooperative in the DMA.

If a Member seeking such credit cannot reach an agreement with the Cooperative on the amount of credit, then the dispute shall be forwarded for resolution to the Company, along with all data and marketing studies supporting both points-of-view, and the decision of the Company shall be final and binding upon the Cooperative and its Members.

8. RESOLUTION OF DISPUTES. If the Members of the Cooperative cannot resolve a dispute, the dispute shall be referred to the Company, whose decision shall be binding.

9. BUDGET. The Cooperative shall formulate an annual budget, such as may reasonably be based on sales projections, which budget shall be distributed to the Members and the Company within fifteen (15) days of the beginning of the year for which the budget was formulated.

10. FUNDING OF CONTRIBUTIONS. For the purposes of actual payment of bills for advertising and marketing expenses and costs incurred by the Cooperative, the contributions required by this Agreement will be paid into a common fund maintained by an outside accounting firm. Said accounting firm will be selected by the President of the Cooperative and be ratified by the Cooperative at the meeting following any such selection.

11. AUDIT RIGHTS. Each of the Members shall have a right, at its own expense and during normal business hours, to conduct an examination and audit of the books and records of the Cooperative and to verify directly with an appropriate advertising agency or supplier of media any item of advertising expense or cost. Any Member conducting such an examination shall promptly report the results in writing to each of the participants in the Cooperative.

12. FINANCIAL OBLIGATIONS. The Cooperative agrees to defend and indemnify its Officers and Directors against any claims made against the Cooperative as a result of non-payment of a vendor due to the Member non-payment.

IN WITNESS WHEREOF, the undersigned, each being a franchisee of the Company and a Member, intending to be legally bound hereby, have executed this Agreement on the day and year set forth by each of their respective names.

Executed on _____, 20_____.

_____
(Print Name of Franchisee)

By:_____
(Signature of Franchisee)

Executed on _____, 20_____.

_____
(Print Name of Franchisee)

By:_____
(Signature of Franchisee)

Executed on _____, 20_____.

_____
(Print Name of Franchisee)

By:_____
(Signature of Franchisee)

Executed on _____, 20_____.

_____
(Print Name of Franchisee)

By:_____
(Signature of Franchisee)

SCHEDULE A

Schedule of Franchisees/Members

Sonny's Restaurant No.	Address of Sonny's Restaurant	Name & Address of Franchisee/Member

4886-4756-5150, v. 1

Exhibit G

FORM OF LANDLORD'S AGREEMENT AND DECLARATION AND LENDER'S AGREEMENT REGARDING USE OF PREMISES AS A SONNY'S RESTAURANT

This Document follows on the Next Page.

Restaurant No.: _____

Restaurant Location: _____
_____

LANDLORD'S AGREEMENT
REGARDING USE OF
LEASED PREMISES AS A
SONNY'S REAL PIT BAR-B-Q RESTAURANT

THIS LANDLORD'S AGREEMENT REGARDING USE OF LEASED PREMISES AS A SONNY'S REAL PIT BAR-B-Q RESTAURANT (the "**Agreement**") made and entered into this ___ day of _____, 20___ by and between:

_____, (hereinafter referred to as the "**Landlord**"),

and

_____, (hereinafter referred to as the "**Tenant**" or "**Franchisee**").

and

SONNY'S FRANCHISE COMPANY, a Florida corporation, 359 Carolina Avenue, Suite A, Winter Park, Florida 32789 (hereinafter referred to as the "**Company**").

W I T N E S S E T H:

WHEREAS, on or about _____, 20___ the Landlord and the Tenant entered into a certain Lease Agreement (the "**Lease**") dated _____, 20___ pursuant to which the Tenant leased from the Landlord certain real property (the "**Premises**") located in _____ County, _____ the legal description of which is attached hereto as **Exhibit A**; and

WHEREAS, the Tenant proposes to enter into a Sonny's Franchise Agreement (the "**Franchise Agreement**") with the Company, pursuant to which the Tenant would be granted a single franchise to operate on the Premises a "**SONNY'S REAL PIT BAR-B-Q**" Restaurant (the "**Sonny's Restaurant**"); and

WHEREAS, the Company is unwilling to enter into the Franchise Agreement and award a Franchise to the Tenant to operate a Sonny's Restaurant on the Premises unless and until the Landlord agrees with the Company as to certain matters set forth herein.

NOW, THEREFORE, in consideration of mutual premises herein contained, the parties do hereby agree as follows:

1. **LEASE**. The Landlord states to the Company that (a) the Lease is in full force and effect, (b) there are no defaults under the Lease, and (c) there will be no amendment or modification to the Lease without the prior written approval of the Company which approval shall not be unreasonably withheld, **provided**, **however**, if the proposed amendment or modification does not adversely and materially affect the rights of the Tenant under the Lease, said amendment or modification may be entered into provided that notice of said proposed amendment or modification is first given to the Company and, after execution, there is furnished to the Company an executed copy of said amendment or modification. If the Company fails to respond within thirty (30) days after the proposed material and adverse amendment or modification has been submitted to the Company for its approval, said amendment or modification will be deemed to have been approved by the Company.

2. **CONSENT TO USE OF PREMISES FOR SONNY'S RESTAURANT**. The Landlord does hereby state to the Company that nothing contained in the Lease prohibits the use of the Premises for the Sonny's Restaurant, and the Landlord does hereby consent to the use by the Tenant of the Premises as a Sonny's Restaurant.

3. **DEFAULT UNDER LEASE**. In the event the Tenant should default under the Lease, the Landlord agrees with the Company that before the Landlord will take any action as a result of said default (such as, for example, electing to terminate the Lease) as follows:

(a) The Landlord shall notify the Company in writing of said default, and, in said notice, shall specify the condition of default and what action is necessary to cure said default. The Company shall have a period of thirty (30) days after the receipt of such notice within which to cure said default and in the event the Company does cure said default, the Landlord shall not terminate or cancel the Lease.

(b) In regard to any default occurring under the Lease, the Company shall not, however, be obligated to cure any default which has arisen or occurred more than ninety (90) days prior to the receipt of notice of default from the Landlord as set forth in subparagraph (a) above and to the extent the Company cures the default arising or occurring within said ninety (90) day period, the Company will be deemed to have cured all prior defaults arising or occurring ninety (90) or more days prior to the receipt of said notice from the Landlord.

(c) Notwithstanding any provisions of this Agreement or the fact that the Company may from time to time cure any default under the Lease, the Company shall have no liability or obligation whatsoever under the Lease and the Company shall not have any liability or obligation to cure or to continue to cure any default under the Lease.

(d) To the extent the Company should cure any default under the Lease, any monies advanced or paid by the Company to do so shall be immediately due and owing to the Company from the Franchisee under the Franchise Agreement with the same effect as Royalty Fees.

Notwithstanding the foregoing, if in the event of a default under the Lease the Company does not elect to cure said default, the Company may nevertheless notify the Landlord in writing that it wishes to take over the Premises and continue the use thereof as a Sonny's Restaurant after the Landlord has recovered possession of the Premises and, in such case, upon the Landlord recovering possession of the Premises, the Landlord and the Company will enter into a lease agreement for the Premises on the same business terms and format as is contained in the Lease itself, the only change being that the Company will be the Tenant and there will be no existing events of default thereunder. Within thirty (30) days after the Landlord has given to the Tenant formal notice of termination of the Lease as a result of said default, which notice will also be given to the Company, the Company shall notify the Landlord of the Company's intent whether or not to exercise its rights under this subparagraph; at such time as the Landlord has actually recovered possession of the Premises, the Landlord will so notify the Company and the Company will then have thirty (30) days within which to finally notify the Landlord whether the Company intends to enter into a lease as set forth in this subparagraph. The Landlord will keep the Company reasonably informed in regard to the status of the proceedings relating to the recovery of possession of the Premises by the Landlord. Said Lease will be entered into within thirty (30) days after the Landlord has notified the Company that it has recovered possession of the Premises and is prepared to deliver possession of the Premises to the Company.

(e) If the Company does not elect to enter into a new form of lease as set forth above, then, in that event, the Company shall have the right of first refusal to acquire the Premises if and only in the event the Landlord elects to either sell or lease the Premises to a third party to be used for a barbeque restaurant, facility or business. In such event, the Landlord shall furnish to the Company a copy of said purchase contract or proposed lease and the Company shall have a period of thirty (30) days within which to elect to acquire the Premises by purchase or lease on the same terms and conditions as are so offered to the Landlord. If the Company elects not to exercise its option or fails to so elect within said thirty (30) day period, then, in that event, the Landlord may sell and/or lease the Premises on the terms so offered within one hundred twenty (120) days thereafter, and the right of first refusal shall expire at the closing of the sale or lease. If the terms of said sale and/or lease are renegotiated or are changed from those so submitted to the Company and said new terms are materially more beneficial to the purchaser or tenant, then, in that event, the right of first refusal so granted to the Company hereunder shall be reinstated. This subparagraph (f) will not be applicable in the event the Premises are to be sold or leased to a third party which will use the Premises for a use other than a barbeque restaurant, facility or business.

4. **RIGHTS OF THE COMPANY UNDER FRANCHISE AGREEMENT REGARDING THE PREMISES**. Under the Franchise Agreement, the Company has the right under certain circumstances, to acquire or to cause a third party to acquire the interest of the Tenant under the Lease. In that regard, the parties do hereby agree as follows:

(a) Notwithstanding any provisions of the Lease, the Landlord does hereby agree that the Company or any designee (the "**Designee**") may succeed to and acquire the rights of the Tenant under the Lease if the Company is permitted

to do so under the Franchise Agreement. If the Company intends to have the interest of the Tenant acquired by any Designee, the approval of the Landlord as to said Designee shall be required, said approval not to be unreasonably withheld, conditioned or delayed. There shall be furnished to the Landlord such information regarding the Designee as the Landlord may reasonably request. The Company may succeed to the interest of the Tenant hereunder and then subsequently assign its rights to a Designee. In such event, the Company shall only be liable under the Lease during the period of time the Company was in effect the tenant thereunder and said liability shall no longer be effective from and after the date the Company has assigned its interest under the Lease to the Designee.

(b) The Company shall be under no duty or obligation whatsoever to acquire the interest of the Tenant, and the Company shall only be deemed to have exercised its rights hereunder in the event it gives express written notice to the Landlord that the Company intends to exercise its rights hereunder. If the Company indicates that it intends to exercise its rights under this paragraph, then, in that event, the Company shall be obligated under the Lease from the date the Company actually occupies and takes physical possession of the Premises. The Company under this paragraph shall not have any duty or obligations to the Landlord for matters arising prior to said date.

(c) Notwithstanding the provisions of this paragraph 4 and the acquisition of the Tenant's interest by the Company or any Designee, nothing contained herein or elsewhere in this Agreement shall release the Tenant from any liability whatsoever under the Lease to the Landlord.

5. **DEFAULT UNDER FRANCHISE AGREEMENT.** In the event the Tenant should default under the Franchise Agreement, the Company agrees with the Landlord as follows:

(a) If the Franchisee should default under the Franchise Agreement, then, prior to the Company terminating the Franchise Agreement, the Company shall furnish to the Landlord in writing a copy of said default notice, and, in said notice, shall specify the condition of default and what action is necessary to cure said default. The Landlord shall have a period of time within which to cure said default equal to the greater of (i) ten (10) days after the period of time Franchisee has to cure said default (whether under the Franchise Agreement or in the default notice so provided the Landlord by the Company), or (ii) thirty (30) days after the receipt of such notice by the Landlord. The Company shall only be obligated to furnish one such notice for the relevant default. As set forth in subparagraph (c) below, nothing contained herein shall obligate the Landlord to cure any such default.

(b) In regard to any default occurring under the Franchise Agreement, the Landlord shall not, however, be obligated to cure any default which has arisen or occurred more than sixty (60) days prior to the receipt of notice of default from

the Company as set forth in subparagraph 5(a) above and to the extent the Landlord cures the default arising or occurring within said sixty (60) day period, the Landlord will be deemed to have cured all prior defaults arising or occurring sixty (60) or more days prior to the receipt of said notice from the Company.

(c) Notwithstanding any provisions of this Agreement or the fact that the Landlord may from time to time cure any default under the Franchise Agreement, the Landlord shall have no personal liability or obligation whatsoever under the Franchise Agreement and the Landlord shall not have any personal liability or obligation to cure or to continue to cure any default under the Franchise Agreement.

6. **RIGHT OF THE COMPANY TO PURCHASE PREMISES**. As set forth in paragraph 4 above, the Company has the right under certain circumstances to acquire the assets of the Franchisee. In such case, the Company shall have not only the right to acquire the assets of the Franchise in accordance with the terms of the Franchise Agreement, but it shall also have the right to acquire from the Landlord the Premises. In such case, the following provisions shall apply:

(a) The closing on the purchase of the Premises shall occur simultaneous with the closing on the purchase of other Restaurant assets from the Franchisee under said Article 18.

(b) The closing on the purchase of the Premises shall be in accordance with the standard practices then used in the County where the Premises are located.

The provisions of this paragraph shall not apply if the Landlord and the Franchisee are not affiliated in any way whatsoever.

7. **RESTRICTION ON USE OF PREMISES**. In regard to the use of the Premises, the Landlord agrees that it shall not permit the Premises to be used as a barbecue restaurant, facility or business in any way whatsoever except as follows:

(a) The Premises may be used as a Sonny's Restaurant provided the owner of the Restaurant has a valid Franchise Agreement with the Company.

The provisions of this paragraph shall apply during the term of the Lease and shall continue for a period of two (2) years after the Lease has expired or been terminated.

8. **LIABILITIES OF LANDLORD**. In regard to the duties and obligations of the Landlord, the parties hereby agree as follows:

(a) The Landlord shall have no duties or obligations whatsoever under the Franchise Agreement, and nothing contained in this Agreement shall impose any duties or obligations whatsoever on the Landlord under the Franchise Agreement.

(b) In regard to the Premises, the only duties and obligations of the Landlord to the Company are the duties and obligations expressly set forth in this Agreement.

9. **SUBORDINATION OF LANDLORD'S LIEN**. In regard to any security interest the Company may have at any time in any personal property of the Franchisee, the Landlord does hereby agree that any Landlord's lien, encumbrance or other form of security interest the Landlord may have in any such personal property is and shall at all times remain junior and subordinate to any security interest the Company may have in any such property. If the Company should exercise any such right, the Company shall give notice to the Landlord and shall repair any damages to the building which may be caused by the Company exercising its right of removal.

10. **NOTICES**. Any notices permitted or required to be given under this Agreement shall be in writing, and shall deemed to be delivered (i) in the case of delivery, when addressed to the other party at the address set forth at the beginning of this Agreement and actually delivered to said address, (ii) in the case of mailing, five (5) days after said notice has been deposited by certified or registered mail in the United States mails, postage prepaid, and addressed to the other party as set forth at the beginning of this Agreement, and (iii) in all other cases, when actually received by the other party. Copies shall further be sent as follows:

In the case of notices to the Landlord:
_____
_____
_____
_____
Telephone: (____)_____
Telecopy: (____)_____

In the case of notices to the Franchisee:
_____
_____
_____
_____
Telephone: (____)_____
Telecopy: (____) _____

In the case of notices to the Company:
James S. Yarmuth
Sonny's Franchise Company
359 Carolina Avenue
Suite A
Winter Park, Florida 32789
Telephone: (407) 660-8888
Telecopy: (407) 660-1285

Any party may change the address or the attention to whom any such notices may be given, by giving written notice of such changes to the other parties hereunder in the form and by the method set forth herein.

11. **SUCCESSORS AND ASSIGNS**. This Agreement shall be binding upon and inure to the benefit of the undersigned, their legal representatives, successors and assigns. Nothing contained herein shall, however, authorize or entitle the Franchisee to assign any of its rights or privileges under the Franchise Agreement, which rights of the Franchisee are only as are set forth in the Franchise Agreement.

12. **COMPLETE AGREEMENT**. Insofar as the matters relating to the Landlord and the Premises are concerned, this Agreement sets forth the complete agreement with the Landlord and the Company. This Agreement may be amended or modified only in a writing signed by the party to be charged by said amendment or modification.

[Signatures Begin on Following Page]

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

Signed, sealed and delivered
in the presence of:

_____
(Print Name of Landlord)

_____
(Signature of Witness)

By:_____
(Signature of Landlord/Officer)

_____
(Print Name of Witness)

_____
(Print Name & Title of Person Signing)

_____
(Signature of Witness)

_____
(Print Name of Witness)

As to the "Landlord"

_____
(Print Name of Tenant)

_____
(Signature of Witness)

By:_____
(Signature of Tenant/Officer)

_____
(Print Name of Witness)

_____
(Print Name & Title of Officer Signing)

_____
(Signature of Witness)

_____
(Print Name of Witness)

As to the "Tenant"

SONNY'S FRANCHISE COMPANY

_____
(Signature of Witness)

By:_____
James S. Yarmuth,
President and Chief Executive Officer

_____
(Print Name of Witness)

_____
(Signature of Witness)

_____
(Print Name of Witness)

As to the "Company"

STATE OF _____

COUNTY OF _____

This instrument was acknowledged before me this _____ day of _____, 20___ by _____ as _____ of _____, a _____ corporation, on behalf of the corporation.

_____
Signature of Notary Public - State of _____

_____
Print, type or stamp commissioned name of Notary
Personally known _____ **OR** Produced Identification _____
Type of Identification Produced:_____

STATE OF _____

COUNTY OF _____

This instrument was acknowledged before me this _____ day of _____, 20___ by _____, as _____ of _____, a _____ corporation, on behalf of the corporation.

_____
Signature of Notary Public - State of _____

_____
Print, type or stamp commissioned name of Notary
Personally known _____ **OR** Produced Identification _____
Type of Identification Produced:_____

STATE OF FLORIDA

COUNTY OF ORANGE

This instrument was acknowledged before me this _____ day of _____, 20___ by James S. Yarmuth, as President and Chief Executive Officer of **SONNY'S FRANCHISE COMPANY**, a Florida corporation, on behalf of the corporation.

_____
Signature of Notary Public - State of Florida

_____
Print, type or stamp commissioned name of Notary
Personally known _____ **OR** Produced Identification _____
Type of Identification Produced:_____

Exhibit "A"

LEGAL DESCRIPTION OF PREMISES

When recorded, return to:
Sonny's Franchise Company
359 Carolina Avenue
Suite A
Winter Park, Florida 32789

Tax Parcel #: **Cross-reference to:**

Restaurant No.:

Restaurant Location:

DECLARATION OF RESTRICTIONS,
NOTICE OF OPTION AND NOTICE OF LIEN

THIS DECLARATION OF RESTRICTIONS, NOTICE OF OPTION AND NOTICE OF LIEN (the "**Declaration**") is made and entered into this _____ day of _____, ____ by:

_____, a _____, whose mailing address is _____ (hereinafter referred to as the "**Franchisee**" or the **"Declarant"**).

WITNESSETH:

WHEREAS, the Declarant is the fee simple owner of the property located at _____ and more particularly described on Exhibit "A" hereto (the **"Property"** or the **"Restaurant Location"**); and

WHEREAS, the Declarant has entered into a certain franchise agreement (the "**Franchise Agreement**") dated the date hereof with **SONNY'S FRANCHISE COMPANY**, a Florida corporation, whose mailing address is 359 Carolina Avenue, Suite A, Winter Park, Florida 32789 (hereinafter referred to as the "**Company**") pursuant to which the Company has granted a license to the Declarant to operate a Sonny's restaurant at the Restaurant Location (the "**Sonny's Restaurant**"); and

WHEREAS, the Franchise Agreement requires, among other matters, that (i) in the event of any expiration or termination of the Franchise Agreement, the Property may not thereafter be used for a period of two (2) years as a barbecue-type restaurant, facility or business, (ii) under certain circumstances, the Company has the right to purchase from the Declarant the Sonny's Restaurant and other related assets, and (iii) the Company has a lien on the Sonny's Restaurant to secure amounts due or to become due the Company from the Declarant; and

WHEREAS, the Declarant, for the purpose of inducing the Company to enter into the Franchise Agreement, makes this Declaration as such obligations relate to the Property.

NOW, THEREFORE, the Declarant does hereby declare and impose upon the Property the following:

1. **RECITALS**. The foregoing recitals are true and correct and incorporated herein by this reference.

2. **NOTICE OF FRANCHISE AGREEMENT**. Notice is hereby given of the execution of the Franchise Agreement and of all the terms and conditions therein which affect the Property. Copies of the Franchise Agreement may be obtained from either the Declarant, at the address set forth herein, or from the Company at the following address:

359 Carolina Avenue, Suite A
Winter Park, Florida 32789

3. **RESTRICTIONS ON USE OF RESTAURANT LOCATION**. The Property is hereby subjected to all restrictions contained in the Franchise Agreement, including without limitation the following:

(a) During the term of the Franchise Agreement, the Property may only be used for the operation of the Sonny's Restaurant.

(b) From and after the expiration or termination of the Franchise Agreement for any reason whatsoever, the Property may not be used for the operation of any barbecue-type restaurant, facility or business, as such term is defined in the Franchise Agreement, for a period of two (2) years thereafter.

4. **NOTICE OF OPTION TO PURCHASE**. Under the Franchise Agreement, the Company has the right, under certain circumstances, to purchase the Sonny's Restaurant including the Property. Notice is hereby given of said right.

5. **NOTICE OF LIEN**. Under the Franchise Agreement, the Declarant is obligated from time to time to pay to the Company certain amounts such as, but not limited to, Franchise Fees, Royalty Fees, System Brand Fund Contributions. If the Declarant fails to pay the Company any amounts due under the Franchise Agreement or other Franchise Document, the Company shall have a lien on the Sonny's Restaurant and the Property to secure the payment of said amounts. The Company may give notice of such lien by filing a

Notice of Lien in the Public Records of the County where the Property is situated, which Notice of Lien shall relate back to, and take priority from, the date this Declaration is recorded.

6. **AMENDMENT**. This Declaration may not be amended or modified in any way whatsoever without the written joinder thereto of the Company.

IN WITNESS WHEREOF, the Franchisee has executed this Declaration as of the date and year first above written.

Signed, sealed and delivered
in the presence of:

_____

_____
(Signature of Witness)

_____
Name:
Its:

_____
(Print Name of Witness)

_____
(Signature of Witness)

_____
(Print Name of Witness

As to the "Declarant"

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this ___ day of _____, 202_ by_____, as _____ of _____, a _____, on behalf of the _____.

_____
Signature of Notary Public

_____
Print, type or stamp commissioned name of
Notary personally known ____ OR
Produced Identification ____
Type of Identification Produced: _____

Exhibit "A"

LEGAL DESCRIPTION OF RESTAURANT LOCATION

No.:

Restaurant Location:

LENDER'S AGREEMENT REGARDING
SONNY'S REAL PIT BAR-B-Q RESTAURANT

THIS LENDER'S AGREEMENT REGARDING SONNY'S REAL PIT BAR-B-Q RESTAURANT (the "**Agreement"**) was made and entered into this ____ day of _____, _____ by and between:

_____, a _____, located at _____ (hereinafter referred to as the "**Lender**"),

and

_____, a _____, with its principal business office at _____ (hereinafter referred to as the "**Franchisee**"),

and

SONNY'S FRANCHISE COMPANY, a Florida corporation, with its principal business office at 359 Carolina Avenue, Suite A, Winter Park, Florida 32789 (hereinafter referred to as the "**Company**").

W I T N E S S E T H :

WHEREAS, the Company, as the Franchisor of Sonny's Real Pit Bar-B-Q restaurants has granted to the Franchisee a franchise to own and operate a Sonny's Real Pit Bar-B-Q restaurant (the "**Sonny's Restaurant**") on certain real property (the **Premises**") as described and set forth in **Exhibit "A"** attached hereto. Said franchise was granted pursuant to that certain Franchise Agreement (the "**Franchise Agreement**") dated _____; and

WHEREAS, the Franchisee has applied to the Lender for a loan (the "Loan") in the amount of _____ to enable the Franchisee to refinance the Premises and other commercial purposes of Franchisee, and the making of the Loan is contingent upon, among other matters, (i) Franchisee granting to the Lender as collateral or security for the Loan an mortgage and/or security agreement (the "Mortgage Documents") in the Sonny's Restaurant including, but not limited to, equipment used therein; and (ii) obtaining certain consents from the Company; and

WHEREAS, the parties wish to set forth in this Agreement their agreement regarding the Loan which the Lender proposed to make to the Franchisee and certain rights of the Company in connection with the Loan.

NOW, THEREFORE, in consideration of mutual premises herein contained, the parties do hereby agree as follows:

1. **CONSENT TO LOAN.** Pursuant to the terms and conditions of this Agreement, the Company does hereby consent to the collateral assignment of the Franchisee to the Lender of the Franchisee's rights under the Franchise Agreement.

Under no circumstances shall the Company have any liability of any nature whatsoever for the Loan. Further, the foregoing consents are made on the premises that the Loan proceeds shall be used solely for the refinance of the Premises (including any equipment to be used in the Sonny's Restaurant) and/or the construction of the Sonny's Restaurant. The collateral assignment and other collateral securing the Loan may not secure, either directly or indirectly, any other obligations of the Franchisee to the Lender.

2. **DEFAULT UNDER FRANCHISE AGREEMENT**. In the event Franchisee should default under the Franchise Agreement, the following provisions shall apply:

    a) If the Franchisee defaults under the Franchise Agreement, prior to exercising any right to terminate the Franchise Agreement, the Company shall provide written notice to the Lender of said default and the intention by the Company to terminate the Franchise Agreement.

    b) The Lender shall have the same right as the Franchisee does under the Franchise Agreement to cure said default. The Lender shall not, however, be obligated to cure any such default.

The Company will only be obligated to provide one such notice to the Lender which may be given by the Company at any time after the occurrence of said default.

3. **DEFAULT UNDER LOAN**. In the event the Franchise should default under the Loan, the following provisions shall apply:

    a) If the Franchisee defaults under the Loan, prior to exercising any rights to foreclose on the Premises, the Lender shall provide written notice to the Company of said default and intention by the Lender to declare the Loan in default and foreclose on the Premises.

    b) The Company shall have the same right as the Franchisee under the Loan Documents to cure said default, but in no event less than thirty (30) days

following receipt by Company of notice of said default. The Company shall not, however, be obligated to cure said default.

4. **DECLARATION OF RESTRICTION AND OPTION TO PURCHASE**. The Franchisee, as the Declarant, has executed a certain Declaration of Restrictions, Notice of Option and Notice of Lien (the "**Declaration**"), which Declaration has been recorded on _____ in the Office of the Clerk of _____in Deed Book _____, Page _____affecting that certain property located at _____. The Declaration, among other matters, gives notice of the right of the Company under the Franchise Agreement to purchase the Premises and also imposes certain restrictions on the Premises. In that regard:

   a) The Declaration, including any right of the Company to purchase the Premises, is subordinate to the rights of the Lender under its Loan Documents; with the same effect as if the Declaration was recorded after the recording of the Loan Documents.

   b) The Lender does hereby consent to the restrictions imposed on the Premises by the Declaration; but this subparagraph shall not alter the subordination provided by subparagraph (a) above.

5. **RIGHT OF LENDER/ASSIGNEE TO OPERATE A SONNY'S RESTAURANT**. In the event the Lender should obtain possession of the Premises through a default on the Loan Documents (whether by foreclosure, deed in lieu of foreclosure, or otherwise), the following provisions shall apply in regard to the Sonny's Restaurant:

   a) The Lender shall have the right, but not the obligation, to either itself become or to assign to a third party to become the successor to the rights of the Franchisee under the Franchise Agreement. Any such proposed transaction will be deemed to be a "**Transfer**" as defined in the Franchise Agreement.

   b) Upon request by the Lender for a Transfer, the Company will consider said request in the same manner and on the same basis as any other proposed transfer in accordance with the terms of the Franchise Agreement.

   c) The rights afforded the Lender under this Paragraph shall exist for a period of six (6) months after the Lender has acquired possession of the Sonny's Restaurant, or such longer period of time as may be agreed upon between the Company and the Lender.

   d) In the event the Lender intends to sell the Premises, the Lender agrees to exercise its best efforts to discuss with the Company the sale of the Premises

and to afford to the Company an opportunity to purchase the Premises.

6. **NOTICES**. Any notices permitted or required to be given under this Agreement shall be in writing, and shall deemed to be delivered (i) in the case of delivery, when addressed to the other party at the address set forth at the beginning of this Agreement and actually delivered to said address, (ii) in the case of mailing, five (5) days after said notice has been deposited by certified or registered mail in the United States mail, postage prepaid, and addressed to the other party as set forth at the beginning of this Agreement, and (iii) in all other cases, when actually received by the other party. Copies shall further be sent as follows:

In the case of notices to the Lender:	_____ XXXX ABC ROAD FL Attention: Telephone: Telecopy:
In the case of notices to the Franchisee:	_____ Post Office Box 2495 Ocala, Florida 34478 Telephone:
In the case of notices to the Company:	James S. Yarmuth **SONNY'S FRANCHISE COMPANY** 359 Carolina Avenue Suite A Winter Park, Florida 32789 Telephone: (407) 660-8888 Telecopy: (407) 660-1285
With a copy to:	Joseph J. Fittante, Jr., Esquire **Larkin Hoffman Daly & Lindgren, LTD.** 8300 Norman Center Drive Suite 1000 Minneapolis, Minnesota 55437 Telephone: (952) 896-3256 Telecopy: (952) 896-3333

Any party may change the address or the attention to whom any such notices may be given, by giving written notice of such changes to the other parties hereunder in the form and by the method set forth herein.

7. **SUCCESSORS AND ASSIGNS**. This Agreement shall be binding upon and inure to the benefit of the undersigned, their legal representatives, successors and assigns. Nothing

contained herein shall, however, authorize or entitle the Franchisee to assign any of its rights or privileges under the Franchise Agreement, which rights of the Franchisee are only as are set forth in the Franchise Agreement.

8. **CONSENT BY FRANCHISEE**. The Franchisee does hereby join in this Agreement to consent to the foregoing matters and authorize the giving of the notices set forth herein.

9. **TERM OF AGREEMENT**. Upon payment-in-full of the Loan, this Agreement shall terminate and the Lender will have no further rights or privileges hereunder.

10. **COMPLETE AGREEMENT**. Insofar as the matters relating to the Lender and the Premises are concerned, this Agreement sets forth the complete agreement between the Lender, the Franchisee and the Company. This Agreement may be amended or modified only in a writing signed by all of the parties to be charged by said amendment or modification.

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

Signed, sealed and delivered
in the presence of:

LENDER

_____
(Signature of Witness)

By:_____
Name, Title

_____
(Print Name of Witness)

_____
(Signature of Witness)

_____
(Print Name of Witness)

As to the "Lender"

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me this ____ day of _____, _____, by _____, as _____ of **_____,** a _____.

_____
Signature of Notary Public - State of _____

_____
Print, type or stamp commissioned name of Notary
Personally known _____ **OR** Produced Identification ____
Type of Identification Produced:_____

FRANCHISEE

_____ By:_____
(Signature of Witness) Name, Title

_____
(Print Name of Witness)

As to the "Franchisee"

STATE OF _____

COUNTY OF _____

This instrument was acknowledged before me this ____ day of _____, _____, by _____, as_____, of _____a _____, on behalf of said _____.

_____
Signature of Notary Public - State of _____

_____
Print, type or stamp commissioned name of Notary
Personally known _____ **OR** Produced Identification ____
Type of Identification Produced:_____

SONNY'S FRANCHISE COMPANY

_____ By:_____
(Signature of Witness) James S. Yarmuth
President & CEO

_____
(Print Name of Witness)

_____
(Signature of Witness)

_____
(Print Name of Witness)

As to the "Company"

STATE OF FLORIDA

COUNTY OF _____

This instrument was acknowledged before me this ____ day of _____, 20___, by James S. Yarmuth, as President and CEO of **SONNY'S FRANCHISE COMPANY**, a Florida corporation, on behalf of the corporation.

_____
Signature of Notary Public - State of Florida

_____
Print, type or stamp commissioned name of Notary
Personally known _____ **OR** Produced Identification ____
Type of Identification Produced:_____

Exhibit "A"

LEGAL DESCRIPTION OF PREMISES

4855-2837-9230, v. 1

Exhibit H

FORM OF ESTOPPEL CERTIFICATE
RELATING TO SONNY'S FRANCHISE AGREEMENT

This Document follows on the Next Page.

Restaurant No.: _____

Restaurant Location: _____
_____

ESTOPPEL CERTIFICATE RELATING TO
FRANCHISE AGREEMENT

Sonny's Franchise Company
359 Carolina Avenue
Suite A
Winter Park, Florida 32789

Re: Franchise Agreement (the "**Franchise Agreement**") dated _____, 20___ between Sonny's Franchise Company (the "**Company**") and _____ (the "_____") relating to that certain Sonny's Real Pit Bar-B-Q restaurant located at _____ (the "**Restaurant Location**")

Gentlemen:

THIS ESTOPPEL CERTIFICATE RELATING TO FRANCHISE AGREEMENT (the "**Estoppel Certificate**") is being executed and delivered by the undersigned in connection with your agreement to grant to _____ a new Franchise Agreement as set forth above for a new Sonny's Real Pit Bar-B-Q restaurant (the "**Sonny's Restaurant**") located at the Restaurant Location. We understand and are aware that the Company would not have granted that new franchise without the undersigned executing and delivering to you this Estoppel Certificate.

In that regard, the undersigned owns or operates one or more Sonny's Restaurants under various franchise documents (the "**Franchise Documents**"). In regard to those Franchise Documents and those Sonny's Restaurants, the undersigned do hereby each and all state and certify to you as follows:

1. **AMOUNTS DUE**. That the Company is entitled to be paid Royalty Fees, System Brand Fund Contributions and other amounts as set forth in the applicable Franchise Documents. All of said amounts are absolutely and unconditionally due and owing to the Company in accordance with the terms of the Franchise Documents, and are not subject to any claims, counterclaims, defenses, or rights of off-set whatsoever. In addition, each Franchise Document is in full force and effect, and none of the undersigned has any claims, counterclaims, defenses or rights of off-set whatsoever in connection with any Franchise Document.

2. **FRANCHISE DISCLOSURE DOCUMENT**. In connection with the undersigned becoming a franchisee and prior to _____ executing the Franchise Agreement for the Sonny's Restaurant, the undersigned received from the Company a Franchise Disclosure Document (the "**Franchise Disclosure Document**"), for which the undersigned executed an appropriate receipt. In connection with the Franchise Disclosure Document and all disclosures made to the undersigned, the undersigned has no claims, counterclaims, defenses or rights of off-set whatsoever.

3. **NO CLAIMS, ETC**. Except as expressly set forth in this paragraph 3 (if any), none of the undersigned has any claims, counterclaims, defenses or rights of off-set whatsoever against the Company or any of its stockholders, directors, officers, employees or agents. (**NOTE**: State below if there are any such claims; if the following space is left blank, there will be no such claims.):

None

4. **TERRITORY**. The undersigned only has a right to operate one or more certain Sonny's Restaurants (as described below), and does not have any other rights to operate any other Sonny's Restaurants and does not have any exclusive territory, protected area or other similar rights of any nature whatsoever except as expressly set forth below (**NOTE**: If the following is left blank, the Franchisee shall not be deemed to have any such rights.):

Sonny's Restaurant No. _____	In this regard, the Franchisee has a certain Protected Area as set forth in the Franchise Agreement.

In addition, unless expressly set forth herein, the undersigned has no development rights to develop any additional Sonny's Restaurants.

5. **DEVELOPMENT AGREEMENT**. _____ (the "**Franchisee**") and the Company have also entered into a certain Sonny's Area Development Agreement (the "**Development Agreement**") dated _____ pursuant to which the Franchisee has the right to develop more than one Sonny's Restaurants in what is referred to as the Territory. The Franchisee has such rights in the Territory pursuant to the Development Agreement.

The Company is entitled to rely upon this Estoppel Certificate in connection with granting a new Franchise for the Sonny's Restaurant as set forth above.

Dated this ___ day of _____, 20___.

_____

By:_____

_____

JOINDER BY FRANCHISEE OWNERS

The undersigned, being all of the direct and indirect owners of the Franchisee ("Franchisee Owners"), do hereby join in this Estoppel Certificate to agree and confirm to the matters set forth above, with the same effect as if the undersigned had individually executed the Estoppel Certificate as the Franchisee. By way of illustration and not limitation, each of the undersigned hereby confirms the matters set forth in paragraph three above.

Dated this ___ day of _____, 20___.

_____

_____

_____

4882-8174-3198, v. 1

Exhibit I

FORM OF OWNER'S GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

This Document follows on the Next Page.

OWNERS' GUARANTY AND
ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

This Guaranty is made by the undersigned, all of the owners ("**Guarantor(s)**") of _____ (the "**Franchisee**") in favor of **SONNY'S FRANCHISE COMPANY** (the "**Company**") in consideration of the Company's granting to the Franchisee a franchise to operate a Sonny's Real Pit Bar-B-Q Restaurant pursuant to that certain **SONNY'S FRANCHISE COMPANY FRANCHISE AGREEMENT** (the "**Agreement**") dated _____, 20___ between the Company and the Franchisee.

In consideration of and as an inducement to the execution of the Agreement by the Company, each Guarantor signing this Guaranty hereby personally and unconditionally: (a) guarantees to the Company and the Company's successors and assigns that the Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement or any other agreement between Franchisee and the Company; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement or any other agreement between Franchisee and the Company including, without limitation, covenants not to compete, confidentiality and dispute resolution provisions.

Each Guarantor waives: (a) acceptance and notice of acceptance by the Company of the Guarantor's obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or non-performance of any obligation guaranteed by the Guarantor; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations guaranteed by the Guarantor; (d) any right the Guarantor may have to require that an action be brought against the Franchisee or any other person as a condition of the Guarantor's liability; (e) all rights to payment and claims for reimbursement or subrogation which the undersigned Guarantor may have against the Franchisee arising as a result of the execution of and performance under this Guaranty by the Guarantor; and (f) all other notices and legal or equitable defenses to which the Guarantor may be entitled in the Guarantor's capacity as guarantor(s).

Each Guarantor consents and agrees that: (a) the Guarantor's direct and immediate liability under this Guaranty will be joint and several; (b) the Guarantor will make any payment or render any performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; (c) the Guarantor's liability will not be contingent or conditioned upon the Company's pursuit of any remedies against the Franchisee or any other person; (d) the Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Company may from time to time grant to the Franchisee or to any other person, including, for example, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and be irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

Each Guarantor now executes and delivers this Guaranty as of the date of execution of the Agreement.

Each Guarantor specifically agrees to be individually bound by all covenants, obligations and commitments of Franchisee contained in the Agreement to the same extent as if each Guarantor had individually been named as Franchisee in the Franchise Agreement and had individually executed the Franchise Agreement as Franchisee. By way of illustration and not limitation, each Guarantor specifically agrees that the exclusive venue for any action which may be brought in regard to this Guaranty or any other matter between the Company and any Guarantor shall be as set forth in the Agreement. Further, each Guarantor specifically agrees to the arbitration provisions set forth in the Agreement and to the extent any action may be brought in a court of law, specifically waives any right to a jury trial. Each Guarantor further agrees to promptly reimburse the Company for any costs and expenses, including attorneys' fees, incurred by the Company in enforcing any of its rights under the Agreement or this Guaranty.

Name of Guarantor	**Address of Guarantor**
_____	_____
_____	_____
_____	_____

Dated this ____ day of _____, 20__.

_____
(Signature of Guarantor)

_____
(Print Name of Guarantor)

_____
(Social Security Number)

_____
(Signature of Guarantor)

_____
(Print Name of Guarantor)

_____
(Social Security Number)

_____
(Signature of Guarantor)

_____
(Print Name of Guarantor)

_____
(Social Security Number)

4876-9545-8142, v. 1

Exhibit J

FORM OF AREA DEVELOPMENT AGREEMENT

This Document follows on the Next Page.

SONNY'S AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT (the "**Agreement**") dated _____, 20___ by and between **SONNY'S FRANCHISE COMPANY**, a Florida corporation, whose mailing address is 359 Carolina Avenue, Suite A, Winter Park, Florida 32789 (the "**Company**") and **_____,** a _____ corporation, whose mailing address is _____ _____ (the "**Developer**").

WHEREAS, the Company owns, operates and licenses others to operate distinctive high quality Sonny's Real Pit Bar-B-Q Restaurants ("**Sonny's Restaurants**") serving the public under the name Sonny's® (the "**System**"); and

WHEREAS, the Company desires to achieve market penetration in various areas of the United States in order to more effectively expand, advertise and market the System; and

WHEREAS, the Company has concluded that to further its goals, it desires to grant to experienced and financially qualified persons or organizations the opportunity for exclusive development of Sonny's Restaurants using the System within limited territories for specified periods of time; and

WHEREAS, Developer desires to obtain the right to acquire sites within a specific territory during a specified period of time on which to construct Sonny's Restaurants using the System, to submit to Sonny's applications for franchise agreements to operate Sonny's Restaurants on such sites, and upon the approval of each such application, to enter into a franchise agreement with the Company to operate a Sonny's Restaurant using the System upon such sites; and

WHEREAS, Developer represents that it has the organizational, operational and financial strength, experience and resources necessary to carry out the multiple development of Sonny's Restaurants within the Territory and in the specified time (all as set forth below).

NOW, **THEREFORE**, in consideration of the mutual covenants contained herein and pursuant to the terms and conditions of this Agreement, the parties hereby agree as follows:

1. **SCHEDULE AND EXCLUSIVITY.**

(a) Developer agrees to construct, equip, open and maintain the continuous operation of _____(___) Sonny's Restaurants using the System within the time schedule and territory (the "**Territory**") set forth on **Exhibit "A"** attached hereto and made a part hereof (the "**Development Schedule**"), set forth on **Exhibit "B"** attached hereto.

(b) Time is of the essence under this Agreement, and Developer will comply strictly with each and every element of the Development Schedule.

(c) Provided Developer strictly complies with the Development Schedule the Company shall not, during the term of this Agreement, operate or license others to operate Sonny's Restaurants using the System which are physically located within the Territory. Notwithstanding the foregoing, the Company and its affiliates retain the rights set forth below:

(i) to establish Sonny's Restaurants and grant to other persons the right to establish Sonny's Restaurants at any location outside of the Territory (including at the boundary of the Territory) and on any terms and conditions as the Company deems appropriate;

(ii) to sell and deliver, and allow others to sell and deliver, products and services identified by the Marks through catering businesses or other operations located physically outside the Territory, even if said sales and services are to customers in the Territory;

(iii) to sell products identified by the Sonny's® mark and such other trademarks, service marks and commercial symbols the Company may license from time to time (collectively, the "**Marks**"), or other trademarks or service marks, within or outside the Territory, through distribution channels other than Sonny's Restaurants or catering businesses (including, but not limited to, retail stores, grocery stores, mail order and e-commerce channels);

(iv) to operate, or allow others to operate, similar or identical businesses within the Territory if such businesses do not operate under the Marks;

(v) to operate, or allow others to operate, businesses inside the Territory under the Marks that are not competitive with a Sonny's Restaurant or a catering business selling products traditionally sold by a Sonny's Restaurant;

(vi) acquiring businesses that are similar to a Sonny's Restaurant or a catering business;

(vii) to operate, or allow others to operate, businesses inside the Territory under the Marks, at captive sites including at or within hotels, department stores, airports, military bases, supermarkets, government facilities, schools, corporate cafeterias, amusement parks, universities, hospitals and sporting arenas or stadiums; and

(viii) to sell the Company or substantially all of its assets, to any third party regardless whether such third party operates, or franchises the operation of, businesses similar to a Sonny's Restaurant or a catering business.

(d) Developer's breach of the Development Schedule, provides the Company with the rights to operate or license others to operate Sonny's Restaurants using the System in the Territory. The failure to open the required number of Sonny's Restaurants

in accordance with the Development Schedule shall be a default under this Agreement and this Agreement shall automatically terminate without further notice.

(e) This Agreement does not grant Developer the right to use the System at any location, nor does it grant Developer any rights with respect to the System or to use any of the trademarks or trade secrets of the Company, such rights being exclusively governed by a franchise agreement (a "**Franchise Agreement**") for each Sonny's Restaurant opened hereunder.

(f) Each Sonny's Restaurant as and when constructed, equipped and opened, and the relationship of Developer and the Company with respect to each such restaurant, shall be governed by the terms of an individual Franchise Agreement or the form of such agreement then in use by the Company at the time such Agreement is executed and delivered and which will be granted to Developer by the Company in the good faith exercise of its sole discretion.

(g) All Sonny's Restaurants set forth on the Development Schedule must be open and operating at all times (except casualty or condemnation) on and after their scheduled opening date and in the event any such restaurant(s) is not at all times open and operating, it will constitute a default hereunder.

(h) Upon expiration or termination of this Agreement for any reason, Developer's territorial rights and rights to construct, equip, open and operate Sonny's Restaurants shall automatically terminate and expire and Developer's rights to use the System shall be limited to those Sonny's Restaurants operating pursuant to effective Franchise Agreements which the Company and Developer may have entered into prior to the expiration or termination of this Agreement.

(i) Notwithstanding Developer's rights under Section 9 (c); the Company or its affiliates pursuant to Section 9 (c) (vii) have the right to develop Sonny's Restaurants at captive sites inside the Territory including hotels, department stores, airports, military bases, supermarkets, government facilities, schools, corporate cafeterias, amusement parks, universities, hospitals, and sporting arenas or stadiums and other similar venues (each referred to herein as an "**Excluded Account**"). During the term of this Agreement, if an Excluded Account expresses a desire to host a Sonny's Restaurant on its premises, Developer shall have the right to open and operate such Sonny's Restaurant as long as it exercises such right by written notice to the Company within thirty (30) days after the date of delivery by the Company to Developer of the terms and conditions of the proposal for such Sonny's Restaurant. If Developer does not exercise this right of first refusal or if the Excluded Account or an affiliate of the Excluded Account decides to operate the Sonny's Restaurant, the Company can elect to negotiate with the Excluded Account or any third to open and operate a Sonny's Restaurant on the premises of such Excluded Account.

2. **TERM.**

This Agreement shall commence upon the date first written above and shall automatically expire and terminate upon the earlier of (i) _____, ____, or (ii) the date of the Company's execution of a Franchise Agreement for the last Sonny's Restaurant required to be constructed, equipped, opened and operating pursuant to this Agreement, unless terminated earlier as provided for herein. Provided Developer is not in default of this Agreement on the latter of (i) _____ or (ii) the date of the Company's execution of a Franchise Agreement for the last Sonny's Restaurant required to be constructed, equipped, opened and operating pursuant to this Agreement, Developer may, for a period of thirty (30) days thereafter, notify the Company of its desire to extend this Agreement for an additional period to develop a certain number of additional Sonny's Restaurants within the Territory pursuant to a development schedule determined by the Company in its sole discretion. Upon receipt of such notice, the Company shall evaluate Developer and the development opportunities within the Territory and determine, in its sole discretion, whether the Company will extend the term of this Agreement. The Company shall notify Developer of its decision within sixty (60) days of receipt of the notice from Developer described above. If the Company elects to extend the term of this Agreement, the Company will provide Developer with the terms under which the Company would so extend this Agreement including, but not limited to, a schedule for the number of Sonny's Restaurants to be developed within a specified time schedule and any additional fees to be paid. If Developer accepts such terms, the revised development schedule shall be automatically added to **Exhibit "A"** of this Agreement. If an agreement for a development schedule is not reached within thirty (30) days of first presentation to Developer by the Company, then the option to extend this Agreement shall lapse. An agreement to continue the development of additional Sonny's Restaurants hereunder and the payment of the then applicable development fees shall operate to extend the term of this Agreement for one such additional term but no additional terms thereafter. The Company will be under no obligation to permit the development of additional Sonny's Restaurants hereunder unless and until an agreement extending this Agreement is signed by both parties.

3. **FEES.**

In consideration of the rights granted Developer, Developer shall pay to the Company the sum of _____ Dollars ($_____) (the "**Development Fee**") all of which is non-refundable except as provided under Paragraph 8(h) and all or part of which has either heretofore been paid or is tendered herewith.

4. **APPLICATION OF DEVELOPMENT FEE.**

(a) The Company is not obligated in any event, including the termination or expiration of this Agreement, to return to Developer all or any part of the Development Fee, except as provided in Paragraph 8(h) of this Agreement.

(b) Developer has no rights in the Development Fee except as are specifically set out in this Agreement.

(c) In the event the Development Fee has been applied such that there are no monies to credit against any such franchisee fee(s) which may become due, Developer shall pay any balance of such initial franchisee fee due to the Company with Developer's execution of a Franchise Agreement.

5. APPLICATION PROCEDURES.

(a) Developer acknowledges and agrees that Franchise Agreements are granted by the Company only after submission and approval of a formal application on the Company's then-current application form supplying all information requested thereon and paying all required fees. Developer further understands that a Commitment Agreement is first executed and delivered following approval of such application and that, if the terms and conditions of the Commitment Agreement are complied with, a Franchise Agreement granting a license to operate a Sonny's Restaurant is executed and delivered. Developer acknowledges and agrees that the Commitment Agreement and the Franchise Agreement will be the forms of such agreements then in use by the Company as such agreements are executed and delivered.

(b) Developer shall comply in all respects with the Company's franchise application policies and procedures in force at such time as Developer may apply for a Franchise Agreement in order to fulfill its obligations under this Agreement. Developer understands that it should obtain a Commitment Agreement before making any unconditional binding commitments to third parties, and understands and agrees that any activities undertaken in reliance on this Agreement prior to such time are at Developer's own risk and expense.

(c) The Company may, in its sole discretion, choose to grant or deny applications for franchise agreements; however, the Company will exercise good faith in exercising its discretion.

(d) Developer shall be solely responsible for locating appropriate sites for the construction of Sonny's Restaurants as contemplated hereunder and taking all other actions necessary to finance, build and construct such restaurants. Developer understands and agrees that all proposed sites are subject to the Company's prior approval in its sole discretion.

6. ASSIGNMENT.

(a) The Company may assign all or any part of its rights or obligations hereunder to any person or entity, provided, however, that such person or entity has the right and authority, at the time of such assignment, to license others to operate Sonny's Restaurants within the Territory.

(b) The rights and obligations of Developer hereunder are not assignable without the prior written consent of the Company which may be withheld in the

Company's sole discretion. For the purposes of this clause, an assignment includes an assignment, sale or other transfer, directly or indirectly, of any interest in Developer.

(c) Any purported assignment contrary to the foregoing provisions shall be void and of no force and effect and shall constitute a default hereunder.

7. CONFIDENTIAL INFORMATION/NON-COMPETITION.

(a) **Confidential Information**. The Company possesses and will continue to develop and acquire certain confidential information relating to the development and operation of Sonny's Restaurants (the **"Confidential Information"**), which includes, but is not limited to, recipes, formulae, cooking and food preparation methods, and techniques, formats, specifications, standards, sales and marketing methods, building and equipment specifications and knowledge with regard to marketing, suppliers and financial performance of other Sonny's Restaurants and the Company. Confidential Information will be disclosed to the Developer through the Operations Manual and other communications, whether written, oral or electronically transmitted, between the Company and/or its affiliates and the Developer. The Developer acknowledges and agrees that it will not acquire any interest in Confidential Information, other than the right to use the Confidential Information that is disclosed to the Developer in operating the Restaurant during the term of this Agreement. The Developer further acknowledges and agrees that the Confidential Information is proprietary to the Company and contains the Company's trade secrets and is disclosed to the Developer on the condition that the Developer agrees, and does hereby agree:

(i) that the Developer will not use the Confidential Information in any other business or capacity except for its Sonny's Restaurant(s) and related catering business;

(ii) that the Developer will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(iii) that the Developer will not make unauthorized copies of any portion of the Confidential Information or sell, loan, transfer or distribute copies of the Confidential Information to any party, except where such disclosure to employees of the Restaurant is reasonably necessary in the normal course of operations of the Restaurant;

(iv) that the Developer will adopt and implement all reasonable and necessary procedures (including any such procedures which the Company prescribes from time to time) to prevent unauthorized use or disclosure of the Confidential Information; and

(v) that the Developer will immediately notify the Company if it becomes aware there has been any actual or potential unauthorized use or access

concerning the Confidential Information or any violation of the confidentiality procedures established in this Subparagraph.

(b) **In-Term Covenant.** The Developer and its owners agree that, during the term of this Agreement and any Franchise Agreement, neither the Developer nor any of its owners will, without the prior written consent of the Company, which consent may be withheld by the Company in its absolute discretion, directly or indirectly for the benefit of the Developer or its owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any other interest, whether financial or otherwise, in any other business operating or granting franchises or licenses to operate any barbeque-type restaurant or any barbeque-type food service business (a **"Competitive Business"**). For the foregoing purposes, the term "**barbeque-type restaurant or barbeque-type food service business**", not only means a restaurant or food service business which holds itself out as a facility that primarily sells barbeque food items, but also any other restaurant or food service business which derives more than twenty percent (20%) of its non-alcohol revenues from the sale of barbeque food items. Notwithstanding the foregoing, (i) the Developer and its owners may be involved in another Sonny's Restaurant and/or catering business at another Sonny's Restaurant location through a separate franchise agreement with the Company. In addition, the Developer agrees that, during the term of this Agreement, the Developer and its owners will not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person, persons, partnership or corporation, solicit the employment of any person who is at that time employed by the Company or the Company's affiliates. The foregoing sentence only precludes the solicitation by the employment of said person so as to leave said employment. If said person on his/her own seeks employment with the Developer, the Developer may employ said person.

(c) **Post-Term Covenant.** The Developer and its owners agree that, for a period of two years after termination or expiration of this Agreement and any Franchise Agreement, whichever last occurs, (regardless of the reason for termination or expiration), neither the Developer nor any Developer owner will, directly or indirectly for the benefit of the Developer and/or its owners, or through or on behalf of or in conjunction with any other person, partnership or corporation (i) engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any other interest, whether financial or otherwise, in a Competitive Business which is either located or does business in the Developer's DMA or within twenty-five (25) miles of any then existing Sonny's Restaurant, or that is granting franchises or licenses for the operation of Competitive Business located, or to be located, within any of the foregoing areas; or (ii) directly or indirectly seek to recruit, employ or hire any person who is employed by the Company or an affiliate of the Company. The DMA is the area determined by the then most current Nielsen Television Research Coverage Study (of if not then available, any replacement or most comparable study) which sets forth the television market for the area in which the Sonny's Restaurant is located.

8. **DEFAULT AND TERMINATION.**

(a) This Agreement shall terminate without notice at the time and date set forth in Paragraph 2 hereof, unless earlier terminated as set forth herein below or as specified elsewhere in this Agreement.

(b) This Agreement shall automatically terminate without notice in the event Developer becomes insolvent or is unable to pay its debts as they may mature, or makes an assignment for the benefit of creditors or an admission of inability to pay obligations as they become due, or files a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or admits or fails to contest the material allegations of any such pleading filed against Developer, or is adjudicated bankrupt or insolvent, or a receiver or other custodian is appointed for a substantial part of Developer's assets or the assets of any Sonny's Restaurant owned by Developer, or a final judgment remains unsatisfied or of record for ninety (90) days or longer (unless supersedeas bond is filed), or if execution is levied against any substantial part of Developers assets or a tax levy is made, or suit to foreclose any lien or mortgage against Developer or any Sonny's Restaurant owned by Developer is instituted and is not dismissed within ninety (90) days, or if a substantial part of Developer's real or personal property is sold after levy of judgment thereupon by any sheriff, marshal or constable, or the claims of Developer's creditors are abated or subject to a moratorium under any law.

(c) The failure to open the required number of Sonny's Restaurants in accordance with the Development Schedule shall be a default under this Agreement and this Agreement shall automatically terminate without any further written notice or right to cure.

(d) Except for subparagraph 8(b) or (c), any other failure by Developer to comply with any of the terms and conditions of this Agreement (except only by reason of force majeure, such as, but not limited to: civil strife or commotion, labor strike, lockout or Acts of God) or the terms and conditions of any Commitment Agreement, Franchise Agreement or other agreement between the Company or any of its affiliates and Developer, shall constitute a default of this Agreement, and if Developer fails to cure such default(s) within the earlier of thirty (30) days of the Company's giving written notice of said default(s) to Developer or the cure period provided in such other agreement, the Company, in its sole and absolute discretion, and in addition to any other rights and remedies it may have at law or in equity, may terminate this Agreement and any Commitment Agreements in force at the time of the default without further notice.

(e) In the event of termination of this Agreement, the Company shall retain all of the Development Fee, except as provided for in subparagraph (h) herein, and any unaccrued portion of the Development Fee shall be retained by the Company without the necessity of notice thereof.

(f) A default under this Agreement shall not constitute a default under any Franchise Agreement between the Company and the Developer.

(g) Upon expiration or termination of this Agreement for any reason, Developer's territorial rights and rights to construct, equip, open and operate Sonny's Restaurants using the System shall automatically terminate and expire and Developer's rights to use the System shall be limited to those Sonny's Restaurants pursuant to effective Franchise Agreements which the Company and Developer may have executed and delivered prior to such expiration or termination.

(h) The Company's failure to comply with the terms and conditions of this Agreement shall constitute a default hereunder. If the Company fails to cure such default(s) within thirty (30) days of its receipt of written notice thereof, this Agreement shall terminate and any portion of the Development Fee not applied pursuant to Paragraph 4 hereunder shall be refunded to Developer, and such refund shall constitute Developer's sole and exclusive compensation and remedy for such default and termination.

(i) Developer, Developer Owners or any of the employees of the Developer violate the Anti-Terrorism Laws or the Developer's assets are "blocked" under the Anti-Terrorism Laws shall constitute grounds for immediate termination of this Agreement and any other agreement the Developer, Developer Owners or any of the employees or affiliates have entered with the Company or one of the Company's affiliates.

9. THE COMPANY'S RIGHTS TO PURCHASE SONNY'S RESTAURANTS.

In granting the Developer the rights to develop the Territory, the Company has done so in express reliance that the Developer will within the Development Schedule construct, open and operate the required number of Sonny's Restaurants as set forth herein. If the Developer fails to do so, then the Company may desire to provide for the continuing development of the Territory either by itself or through a third party and, in that regard, it may be necessary for the Company to purchase from the Developer all the Sonny's Restaurants developed pursuant to this Agreement in order to continue the development of the Company, all in the Company's discretion. Accordingly:

(a) **Purchase Rights**. In addition to its other rights hereunder, the Company's right set forth above will be exercisable upon notice to the Developer within the thirty (30) day period after the Company has given actual notice of default to the Developer, to purchase all the Sonny's Restaurants.

(b) **Assets To Be Purchased, Purchase Price**. For purposes of this paragraph, the term "**Sonny's Restaurants**" means the land, building, equipment, inventory, leasehold interests and improvements and favorable rights and covenants of each Sonny's Restaurant (including the fee simple interest of any real property to the extent owned by the Developer or any affiliate of the Developer) owned by Developer or

an affiliate. The purchase price to be paid for the Sonny's Restaurants will be first negotiated between the Company and the Developer. If the Company and the Developer are unable to negotiate a purchase price for the Sonny's Restaurants within thirty (30) days from the notice of the Company's exercise of its option to purchase, the purchase price for the Sonny's Restaurants will be determined based upon appraised values determined by three MAI appraisers (who are located in the Territory), with the Company choosing one appraiser, the Developer choosing another appraiser, and the two appraisers selecting the third appraiser. The average of all three appraisals shall be the purchase price determined hereunder. In valuing the Sonny's Restaurant(s) to be purchased, provided the Developer has not defaulted under the Franchise Agreement for a Sonny's Restaurant, each Sonny's Restaurant will be valued based on full ongoing value as a Sonny's Restaurant without restrictions. However, if the Developer has defaulted under the Franchise Agreement for a Sonny's Restaurant, then, in that event, the purchase price to be paid for that Sonny's Restaurant shall be determined under the Franchise Agreement. Any fees of the appraiser shall be paid equally by the Company and the Developer.

Once the value has been determined by the appraisers hereunder, the Company shall then have a right to decide whether or not it wants to exercise its rights hereunder and, if it does, it shall have a period of thirty (30) days within which to so notify the Developer. The Company shall have the express right to terminate its decision to purchase the Sonny's Restaurant(s) hereunder after the value has been determined, and shall be deemed to have done so unless the Company within thirty (30) days after the determination of said value has again notified the Developer of its intent to purchase the Sonny's Restaurant(s) hereunder.

(c) **Closing**. The closing will occur within sixty (60) days after the Company notified the Developer of its intent to purchase the Sonny's Restaurant(s) hereunder, or at such later date as may be necessary to comply with applicable bulk sales or similar laws. The closing will be at a location that the Company selects, and the Company will pay the purchase price in cash or other readily available funds. At the closing, both parties agree to execute and deliver all documents necessary to vest title in the Sonny's Restaurants free and clear of all liens and encumbrances, except those assumed by the Company and/or to effectuate the lease of the premises on which the Sonny's Restaurants may be situated. The Developer agrees to provide the Company with all information necessary to close the transaction. In the event the Developer's assets are encumbered, the Company may assume the amount outstanding and credit that amount against the purchase price and to the extent the Company receives financing, the closing will be modified to coincide with any closing under such financing. In addition, the Company reserves the right to credit amounts due and owing it from the Developer or its affiliate to the purchase price at the date of purchase of the assets. The Company reserves the right to assign its option to purchase the Sonny's Restaurants or designate a substitute purchaser for the Sonny's Restaurants.

10. **AGENCY AND INDEMNITY.**

(a) Developer and the Company agree that this Agreement does not create any fiduciary relationship between them and nothing in this Agreement is intended to make either party an agent, legal representative, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor and shall hold itself out to the public as an independent contractor.

(b) Developer shall not make any contract, agreement, warranty or representation in the name of the Company and the Company assumes no liability for, nor shall it be deemed liable by reason of, any action or omission of Developer and its conduct of business pursuant to this Agreement or any claim or action arising therefrom.

(c) Developer shall indemnify and hold the Company (and its stockholders, directors, officers, employees and agents) (the "**Company Parties**") harmless from and promptly reimburse it for any and all claims, liabilities, demands, taxes or penalties, actions and payment of money (including, but not limited to, fines, damages, legal fees and expenses) arising directly or indirectly from, as a result of, or in connection with Developer's actions or omissions hereunder or those of its agents or employees, including those of its contractors and subcontractors. At the election of the Company, Developer will also defend the Company Parties against same at Developer's expense. In any event, and regardless of Developer's payment of legal fees, the Company will have the right, through counsel of its choice, to control any claim, demand, action or matter to the extent it could directly or indirectly affect the Company financially, and all such expenses shall be subject to indemnity hereunder. Developer's obligations under this paragraph shall survive the termination or expiration of this Agreement.

11. **NOTICES.**

All notices required under this Agreement shall be in writing and shall be personally delivered, sent by facsimile or overnight courier or mailed by United States Mail, Return Receipt Requested, to the respective parties at the following addresses and until a different address has been designated by written notice to the other party:

The Company:
Sonny's Franchise Company
359 Carolina Avenue
Suite A
Winter Park, Florida 32789
Attention: James S. Yarmuth
President and Chief Executive Officer
Telephone: (407) 660-8888
Facsimile: (407) 660-1285

Developer: _____

_____

_____

Telephone: _____

Facsimile: _____

Notices sent (i) by personal delivery or facsimile shall be effective when received; (ii) by mail on the third business day after mailing; and (iii) by overnight courier on the second business day after delivery to the courier.

12. **RESOLUTION OF DISPUTES.**

This Agreement and any rights or liabilities arising from or in connection with this Agreement shall be governed by the laws of the State of Florida. The parties do hereby agree that all actions arising under this Agreement, other than an action for injunctive relief, shall be submitted to mediation and then binding arbitration, each as described in the most recent Franchise Agreement executed by the Company and the Developer or an affiliate of the Developer, and in the event of an action for injunctive relief, such action shall be brought and maintained in the courts as set forth in such Franchise Agreement.

13. **NO UNIFORM TREATMENT OF FRANCHISEES.**

This Agreement is solely between the Company and the Developer for the development of Sonny's Restaurants. The Developer is aware and fully understands that the Company may grant franchise and development agreements to other third parties on terms which may differ from the terms set forth in any franchise or development agreement between the Company and the Developer or an affiliate and, as such, nothing contained herein or elsewhere grants to the Developer or is any assurance to the Developer that the terms and conditions contained in any such franchise or development agreement shall be the same or as beneficial as in any other franchise or development agreement granted by the Company.

14. **COMPLIANCE WITH FRANCHISE AGREEMENT.**

In connection with the execution of this Agreement, Developer shall sign the initial Franchise Agreement for the initial Restaurant to be developed pursuant to this Agreement. All provisions of the Franchise Agreement which are general in nature, such as those set forth in Article 20, shall apply to this Agreement.

15. **ACKNOWLEDGMENT OF RISK.**

(a) Developer acknowledges the business venture contemplated by this Agreement involves substantial business risk and is dependent upon the Developer's ability. The Company expressly disclaims the making of, and Developer acknowledges that it has not received and is not relying upon, any warranty or guarantee, express or

implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

(b) Developer represents that it has independently investigated the risks of the business venture contemplated by this Agreement and has read the Franchise Disclosure Document (the "**FDD**") prepared and delivered by the Company in accordance with state and federal laws and agrees that the Company has made no representation that is not fully set forth therein or herein.

(c) Developer acknowledges that it has not and agrees that it will not rely upon any representations not contained herein or in the FDD prepared by the Company.

(d) The Developer has received and reviewed the FDD furnished by the Company in connection with granting franchises to operate a Sonny's Restaurant, as well as the Exhibits contained therein. The Developer has specifically reviewed the form of the Franchise Agreement as currently used by the Company and said form is acceptable to the Developer as the now current form of Franchise Agreement. As set forth above, the actual form of Franchise Agreement to be signed by the Developer will be the then current form used by the Company at the time a Franchise Agreement is to be entered into. The Developer is further aware of various fees charged by the Company for each Sonny's Restaurant, including the franchise fee, advertising fees and royalty fees, that said fees are subject to change from time to time, and that the Fees to be charged to the Developer for a Sonny's Restaurant are the fees then charged by the Company at the time the Franchise Agreement is executed.

(e) Any information furnished to the Company by the Developer in order to induce the Company to enter into this Agreement is true, correct and complete. There is nothing relating to the Developer which would prohibit the Developer from owning and operating Sonny's Restaurants in accordance with the terms and conditions required under a Franchise Agreement.

16. **MISCELLANEOUS.**

(a) No failure or delay of the Company or Developer to exercise any rights reserved to it in this Agreement or to insist upon compliance by the other of 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 either party's right to demand strict compliance with the terms of this Agreement. Waiver by either party of any particular default will not affect or impair the rights of the Company or Developer with respect to any subsequent default of the same or a different nature.

(b) This Agreement is solely for the benefit of the parties hereto and their permitted assignees and is not intended to and shall not be construed to benefit any other person, firm or entity.

(c) The title headings of the respective paragraphs of this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement in any way.

(d) This is the entire agreement between the parties concerning the development of Sonny's Restaurants within the Territory and any modifications must be in writing and signed by both parties, or said modifications will be void and of no force and effect.

(e) If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons whose circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

(f) Developer is aware and understands that the Company has certain trademarks which it uses, and licenses others to use, in connection with the ownership and operation of Sonny's Restaurants. Any rights for the Developer to use any such trademarks are granted only under the Franchise Agreement and not under this Agreement. The Company may enforce its rights hereunder by injunctive proceedings.

(g) The Company from time to time shall have the right to request that the Developer furnish an estoppel certificate. The Developer shall within fifteen (15) days from the receipt of said request complete and execute said estoppel certificate and return it to the Company. If the Developer should fail to do so, the Developer shall not only be in default under this Agreement but the Developer shall be bound by any prior Estoppel Certificate completed and sent to the Developer by the Company.

(h) If the Developer is other than one or more individuals, then, in that event, the person or persons who have any ownership interest whatsoever in the Developer (and who are defined from time to time as the "**Developer Owner(s)**") will join in this Agreement for the purpose of confirming the matters set forth herein and agreeing to be bound by the matters set forth in this Agreement.

(i) Pursuant to this Agreement, the Developer is obligated to develop and operate a required number of Sonny's Restaurants. With this background, the Developer (provided it has obtained the requisite consent of the Company as otherwise set forth in this Agreement and in each Franchise Agreement) may sell the Sonny's Restaurants and its rights under this Agreement only in a single transaction to the same purchaser. Thus, the Developer may not "split up" the Territory or sell the Sonny's Restaurant so developed hereunder to more than one purchaser. This provision does not amend or modify the required consents to any such transfer but simply provides that the rights under this Agreement and the Sonny's Restaurants, must all be sold together, if at all.

(j) The Developer may develop individual Sonny's Restaurants pursuant to this Agreement not in its own name as the Developer but, rather, through an entity which

is wholly owned by the Developer Owner(s). In such case, the Developer, the Developer Owner(s) and said entity will execute an appropriate agreement with the Company confirming that said Sonny's Restaurant is being developed under this Agreement with the same effect as if the franchisee was the Developer for said Sonny's Restaurant.

(k) The Developer and the Developer Owners, if any, agree to comply with and/or assist the Company to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, the Developer and the Developer Owners certify, represent, and warrant that neither the Developer nor any of the Developer Owners' property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that the Developer and the Developer Owners are not otherwise in violation of any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" means 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, ordinance, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war.

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

[**Signatures on the Following Page**.]

SONNY'S FRANCHISE COMPANY

By: _____
James S. Yarmuth, President and
Chief Executive Officer

(Name of Developer)

By:_____
(Signature of Authorized Person)

_____
(Print Name and Title of Person Signing)

JOINDER BY DEVELOPER OWNERS

The undersigned, being the owners of Developer, do hereby join in this Agreement for the following purposes:

1. To acknowledge and agree to the matters set forth in the foregoing Agreement, with the same force and effect as if the undersigned were each the Developer under this Agreement.

2. To absolutely and unconditionally guaranty the full and prompt payment and performance of all obligations of the Developer to the Company under this Agreement.

3. To confirm that the undersigned are all the owners of Developer in the following percentage amounts:

Name of Developer/Owner	**Percentage of Ownership**
_____	_____%
_____	_____%
_____	_____%
_____	_____%

Dated this ____ day of _____, 20__.

_____

_____

_____

EXHIBIT "A"

to

DEVELOPMENT AGREEMENT

Dated _____, ____

between

SONNY'S FRANCHISE COMPANY

and

_____

TERRITORY:

The boundaries of the Territory defined above shall, throughout the term of this Development Agreement, be those boundaries as they exist as of the date hereof.

EXHIBIT "B"

DEVELOPMENT SCHEDULE

Sonny's Restaurant Number	**Area in which said Sonny's Restaurant is to be Located**	**Deadline Date by which said Sonny's Restaurant must be Constructed, Opened and Operating[1]**
1.		By no later than _____, 20___.
2.		Within _____ (__) months after Sonny's Restaurant No. 1 is opened for business, but in no event later than _____ (__) months.
3.		Within _____ (__) months after Sonny's Restaurant No. 2 is opened for business, but in no event later than _____ (__) months.
4.		Within _____ (__) months after Sonny's Restaurant No. 3 is opened for business, but in no event later than _____ (__) months.
5.		Within _____ (__) months after Sonny's Restaurant No. 4 is opened for business, but in no event later than _____ (__) months.

[1] The failure by the Developer to construct and open said Sonny's Restaurant by the date indicated shall constitute a default under this Agreement.

ADDENDUM TO
SONNY'S AREA DEVELOPMENT AGREEMENT

THIS ADDENDUM TO SONNY'S AREA DEVELOPMENT AGREEMENT (the "**Addendum**") constitutes an addendum to and a part of that certain Sonny's Area Development Agreement (the "**Agreement**") dated the ____ day of _____, 20____ by and between **SONNY'S FRANCHISE COMPANY** (the "**Company**") and _____ _____ (the "**Developer**").

Notwithstanding the terms of the main body of the Agreement, the Company and the Developer agree to modify the Agreement as follows and, to the extent there is any conflict between the terms of the Agreement and the provisions of this Addendum, the provisions of this Addendum will govern:

Paragraph Reference to Agreement	**Amendment or Modification**
3 - Fees (Development Fees)	Although the Development Fee is non-refundable, $20,000.00 of the Development Fee actually paid shall be credited against the Franchise Fee for each Sonny's Restaurant developed under this Agreement.

_____
(Initials by the Company)

_____
(Initials by the Developer)

(NOTE: If this Addendum is left blank, then there will be no amendments or modifications to the Agreement.)

4884-8477-3726, v. 1

Exhibit K

FORM OF ADDENDUM TO SONNY'S FRANCHISE AGREEMENT REGARDING RENEWALS

This Document follows on the Next Page.

Exhibit " K "

ADDENDUM TO SONNY'S FRANCHISE AGREEMENT (RENEWAL)

This document constitutes an addendum to and a part of that certain **SONNY'S FRANCHISE AGREEMENT** (the "**Agreement**") dated this _____ day of _____, 20___ by and between **SONNY'S FRANCHISE COMPANY** (the "**Company**") and _____ (the "**Franchisee**").

Notwithstanding the terms of the main body of the Agreement, the Company and the Franchisee agree to modify the Agreement as follows and, to the extent there is any conflict between the terms of the Agreement, and the provisions of this Addendum, the provisions of this Addendum will govern:

Section Reference to Agreement	Amendment or Modification
1.3 Grant and Term of Franchise	The term of this Agreement is ten (10) years.
2 - Option to Renew	Article 2 of the Agreement is hereby deleted in its entirety. There will be no further option to renew.
4.1 – Site Approval	The site has already been approved by the Company.
4.2 – Lease of Premises	The lease has already been approved by the Company.
5.1 – Development and Construction	The Restaurant has already been developed and built.
5.2 – Opening of Restaurant	Because the Restaurant is open and operating, Section 5.2 is deleted in its entirety.
Article 6 – Initial Franchise Fee	Article 6 of the Agreement is hereby deleted in its entirety.
8.1(b) – Compliance with System Standards	The Franchisee agrees to periodic remodeling of the Restaurant, **provided, however**, that the Franchisee will not be required to remodel the Restaurant during the last two (2) years of this Agreement.

9.1 – Initial Training	Article 9.1 of the Agreement is hereby deleted in its entirety.
16.1(k) - By the Company	Construction was previously approved so this subsection 16.1(k) is deleted in its entirety.

SONNY'S FRANCHISE COMPANY **[Franchisee]**

By:_____
[name], [title]

By:_____
[name], [title]

(**NOTE**: If this Addendum is left blank, then there will be no amendments or modifications to the Agreement.)

Exhibit L

FORM OF ADDENDUM TO SONNY'S FRANCHISE AGREEMENT REGARDING TRANSFERS

This Document follows on the Next Page.

Exhibit " L "

ADDENDUM TO SONNY'S FRANCHISE AGREEMENT (TRANSFER)

This document constitutes an addendum to and a part of that certain **SONNY'S FRANCHISE AGREEMENT** (the "**Agreement**") dated this _____ day of _____, 20___ by and between **SONNY'S FRANCHISE COMPANY** (the "**Company**") and _____ (the "**Franchisee**").

Notwithstanding the terms of the main body of the Agreement, the Company and the Franchisee agree to modify the Agreement as follows and, to the extent there is any conflict between the terms of the Agreement, and the provisions of this Addendum, the provisions of this Addendum will govern:

Section Reference to Agreement	Amendment or Modification
1.3 Grant and Term of Franchise	The term will be the remaining term of the seller's Franchise Agreement, the original term for which shall not have exceeded twenty (20) years.
4.1 – Site Approval	The site has already been approved by the Company.
4.2 – Lease of Premises	The lease has already been approved by the Company.
5.1 – Development and Construction	The Restaurant has already been developed and built.
5.2 – Opening of Restaurant	Because the Restaurant is open and operating, Section 5.2 is deleted in its entirety.
Article 6 – Initial Franchise Fee	Article 6 of the Agreement is hereby deleted in its entirety.
8.1(b) – Compliance with System Standards	The Franchisee agrees to periodic remodeling of the Restaurant, **provided, however**, that the Franchisee will not be required to remodel the Restaurant during the last two (2) years of this Agreement.

Section Reference to Agreement	**Amendment or Modification**
16.1(k) - By the Company	Construction was previously approved so this subsection 16.1(k) is deleted in its entirety.

SONNY'S FRANCHISE COMPANY **[Franchisee]**

By:_____
[name], [title]

By:_____
[name], [title]

(**NOTE**: If this Addendum is left blank, then there will be no amendments or modifications to the Agreement.)

Exhibit M

BRAND STANDARDS MANUAL
TABLE OF CONTENTS

This Document follows on the Next Page.

Exhibit M
Brand Standards Manual
Table of Contents

Introduction – 2 pages

Accounting – 110 pages
- **Financial Statements, Sales, Advertising Expenses, Payments, Credit Cards, Gift Card Program** – 5 pages
- **Accounting Supplemental Documents**
  - **First Data Payments Acceptance Guide -** 45 pages
  - **First Data Support Team -** 1 page
  - **Gift Card Artwork –** 2 pages
  - **Merchant Site Payments User Guide** – 19 pages
  - **P L Format** – 1 excel page
  - **Sales Document** – 1 page
  - **Sonny's First Data Pre-Application –** 1 excel page
  - **US Merchant Site Disputes User Guide and Addendum** – 35 pages

Communication – 1 page

Construction/Real Estate – 164 pages
- **Overview** – 3 pages
- **Design Guide** – 161 pages

Grand Openings – 10 pages
- **Grand Openings Remodel Guide** – 10 pages

Marketing & PR – 20 pages
- **General System Standards** – 1 page
- **Advertising Expenditures** – 3 pages
- **In- Restaurant Merchandising** – 1 page
- **Creative Approval Process** – 1 page
- **Discounts/Coupon Standards** – 1 page
- **Website Changes** – 1 page
- **Politics and Religion** – 1 page
- **Approved Menus** – 3 pages
- **Logo Specifications and Taglines/Registered Phrases** – 3 pages
- **Gift Card Reimbursement** – 1 page
- **Facebook and Social Standards** – 2 pages
- **Sonny's Music Program** – 1 page
- **Uniform Program Overview** – 2 pages
- **Giving Philosophy** – 2 pages
- **Public Relations** – 1 page
- **The Team** – 1 page

Operations Brand Standards – 270 pages

- **Approved Menu Items** – 5 pages
- **Restaurant Operation Manual** – 265 pages
  - Sonny's Glossary of Terms – 2 pages
  - Guest Experience – 2 pages
  - Service Standards – 2 pages
  - Curbside – 4 pages
  - Drive Thru – 4 pages
  - Exterior Curb Appeal – 3 pages
  - Recipes – 164 pages
  - Food Safety and FDA Guidelines – 24 pages
  - Restaurant Maintenance and Equipment – 32 pages
  - Kitchen Procedures – 22 pages
  - Catering – 5 pages
  - Hours of Operations and Revenue Centers – 1 page

People Operations – 1 page

- **Overview** – 1 page

Purchasing – 126 pages

- **Purchasing Brand Standards – Item Specifications, Vendors, Non-Approved Catering Items, Distributor Returns & Credits, Out-of-Spec Items –** 5 pages
- **Sonny's Item Specifications** – 120 pages
- **Preferred Vendors** – 1 excel page

Technology – 3 pages

Training and Culture – 1 page

Exhibit N

State Addendum to
Franchise Disclosure Document

This Document follows on the Next Page

STATE SPECIFIC ADDENDUM TO THE
SONNY'S BBQ
FRANCHISE DISCLOSURE DOCUMENT
AS REQUIRED BY THE VIRGINIA RETAIL FRANCHISING ACT

Notwithstanding anything to the contrary set forth in the SONNY'S BBQ Franchise Disclosure Document, the following provisions shall supersede and apply to all SONNY'S BBQ franchises offered and sold in the commonwealth of Virginia:

1. Item 17 in the Franchise Disclosure Document is hereby amended by the addition of the following disclosure:

> "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable."

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

Exhibit O

Sonny's Franchise Application

This Document follows on the Next Page

Sonny's Franchise Company
359 Carolina Ave.
Suite A
Winter Park, FL 32789

Phone: (407) 660-8888
Email: Franchise@sonnysbbq.com

FRANCHISE APPLICATION

Before filling out the following application, please be sure you meet the following criteria. Only applicants that can meet the minimum requirements advance to the next phase in the franchise process. Minimum Liquid Capital $500,000.00.

SECTION 1 - Individual Information (please type or print)

Name: _____ _____ _____
Last First Middle

Address: _____ _____ _____ _____
Street City State Zip

Date of Birth_____ Marital Status_____ Spouse's Name_____
Email _____Mobile Phone _____
Employer_____ Type of Business_____
Business Address_____ Business Phone _____
Position_____ Salary_____ Other Income_____
Spouse's Occupation_____ No. of Dependents_____
Home: Rent ☐ Own ☐ How Long?_____
Last Former Residence_____
Are you a citizen of the USA? Yes ☐ No ☐ If no, what country?_____
Languages Spoken Fluently_____
Military Service_____ From_____ To_____
Branch of Service_____ Rate or Rank_____
Type of Discharge or Current Status_____
Have you ever been convicted of a felony or misdemeanor (other than a minor traffic violation)? Yes ☐ No ☐
If yes, please state details_____

EDUCATION	Name & Address	Year Graduated	Major or Degree
High School			
College			
Graduate School			

Special Awards or Honors_____

FORMER EMPLOYERS Please list below last four (4) employers, starting with last one first.

Employer Name & Address	Dates Employed	Salary	Position	Reason for Leaving

SECTION 2 – Financial Information

Please provide details on the following Asset Verification Schedules (schedule numbers in parentheses)

ASSETS SOLELY OWNED
Please list only those assets not jointly owned.

ALL LIABILITIES AND NET WORTH
Please list all liabilities, joint or otherwise.

Cash (See Sched. 1)	$	Notes Payable to Banks, Unsecured (Sched.1)	$
U.S. Government Securities		Notes Payable to Banks, Secured (Sched. 1)	
List Stocks & Bonds		Notes Payable to Others, Unsecured	
Unlisted Stocks & Bonds (Sched. 4)		Notes Payable to Others, Secured	
Accounts & Loans Receivable (Sched. 3)		Notes Receivable, Discounted	
Life Insurance – Cash Value (Sched. 5)		Loans Against Life Insurance (Sched. 3)	
Real Estate (Sched. 5)		Mortgages Payable on Real Estate (Sched. 5)	
Automobiles		Accounts Payable	
Other Assets (Itemize)		Interest Payable	
		Taxes & Assessments Payable	
		Other Liabilities	
		Total Liabilities	
		Net Worth	
TOTAL ASSETS SOLELY OWNED	$	**TOTAL OF ALL LIABILITIES & NET WORTH**	$

JOINTLY OWNED ASSETS
Please summarize here; itemize in Sched. 6.

SOURCE OF INCOME
You need not disclose income from alimony, child support, or maintenance payments, unless you wish it to be considered as income.

Cash	$	Salary	$
Accounts, Mortgages, and Loans Receivable		Bonus & Commissions	
Stocks & Bonds		Dividends	
Real Estate		Real Estate Income	
Other Assets (Itemize)		Other Income (Itemize)	
TOTAL JOINTLY OWNED ASSETS	$		
TOTAL OF ALL ASSETS	$	**TOTAL INCOME**	$

PERSONAL INFORMATION

Business or Occupation_____Age_____
Partner or Officer in any other venture?_____
Dependents_____

Have you ever filed or had filed against you a bankruptcy proceeding, made a composition settlement for the benefit of creditors, or are you a defendant in any legal action or are you or have you been an officer or executive of a company in any of the foregoing situations?

Yes ☐ No ☐

If yes, please state details_____
_____

Do you have any contingent liabilities as co-maker, on leases or contracts, or Federal Income Tax Liability?

Yes ☐ No ☐

If yes, please state details_____
_____

Do you have a will? Yes ☐ No ☐ If yes, who is named as your executor?_____

Asset Verification Schedules

Schedule 1 Banking Relations

Please list all bank accounts including savings, not jointly owned, and all loans, joint or otherwise.

Name & Address of Bank	Cash Balance	Amount of Loan	Maturity of Loan	How Endorsed, Guaranteed, or Secured

Schedule 2 Accounts, Loans, and Notes Receivable

A list of the largest amounts owing to me.

Name & Address of Debtor	Amount Owing	Age of Debt	Description of Nature of Debt	Description of Security Held	Date Payment Expected

Schedule 3 Life Insurance

Attach schedule if necessary.

Owner of Policy	Name of Beneficiary	Name of Insurance Company	Face of Policy	Total Cash Surrender Value	Total Loans on Policy	Policy Assigned

Schedule 4 Stocks and Bonds

Attach schedule if necessary.

Face Value or Number of Shares	Description of Security	Registered in Name of	Present Market Value	To Whom Pledged

Schedule 5 Real Estate

Attach schedule if necessary.

Description or Street Number	Title in Name of	Improvements Consist of	Mortgages or Liens	Amount of Payments	Assessed Value	Present Market Value	Are Taxes Current?

Schedule 6 Jointly Owned Property

Attach schedule if necessary.

Assets	Value	Name of Joint Tenant

SECTION 3 – Restaurant Operator's Information

If this franchise will be held in the name of a corporation, please provide the following information:

	Name	Address
Corporate Name		
President		
Vice President		
Treasurer		
Secretary		
Directors		

Please attach corporate financial statement.

PERSONAL REFERENCES

Name two persons who have known you for at least two years. Please do not list former employees or relatives.

Name & Address	Position	Phone	Years Known

FOOD SERVICE EXPERIENCE/ASSOCIATION

Are you related to any officer, director, employee or franchisee of Sonny's? If yes, please state name, relationship, and position held: _____ Yes ☐ No ☐

Are you or your employer providing products, goods or services to Sonny's? If yes, please state details: _____ Yes ☐ No ☐

Do you now or have you ever owned or had an interest in a food service operation or another franchise system? If yes, please state details: Yes ☐ No ☐

LOCATION PREFERENCES

1._____ 2._____ 3._____

When will you be available to open a Sonny's Franchise?_____

Number of restaurants you intend to own? 1 – 3 ☐ 4 or more ☐

BUSINESS PLAN

I intend to develop Sonny's as a:

- ☐ Free standing unit land and building
- ☐ Remodel of existing operation
- ☐ Strip center
- ☐ Leased operation
- ☐ Other_____

I plan to operate the business as a :

- ☐ Owner/Operator
- ☐ Investor absentee owner
  Who will be responsible for the day-to-day operations? _____
- ☐ Investor active owner
  List hours per week_____
  Who will be responsible for the day-to-day operations? _____
- ☐ Other_____

What percent of the business will you own? _____ %
Will you have business partners or additional investors? Yes ☐ No ☐
If yes, please provide name of each partner and ownership_____

I certify that the information in this application is true and complete as of the _____ of _____, _____.
day month year

Signature_____ Date_____

DISCLOSURE REGARDING BACKGROUND INVESTIGATION, INVESTIGATIVE REPORTS, AND CONSUMER REPORTS

PLEASE READ AND SIGN BELOW

I understand that by providing the information contained herein, no continuing obligation is placed on me or Sonny's Franchise Company, who will rely on this information to determine my qualifications to enter into a Franchise Agreement and I certify that this is a complete and accurate representation of my personal and financial condition as of the date shown below and I agree to update any information if it materially changes between the time I provide it and the time Sonny's Franchise Company decides whether to grant me a Sonny's BBQ franchise. I understand that whether I am granted the opportunity to become a Sonny's Franchisee may in part or whole be determined on the information obtained on me.

For the purposes of evaluating whether to grant me a franchise, Sonny's Franchise Company may obtain information about me from a third party consumer reporting agency. I authorize Sonny's Franchise Company or an authorized agent to conduct any reasonable investigation necessary to verify any information regarding my assets, liabilities, financial position, credit history and character. I further authorize Sonny's Franchise Company or an authorized agent to conduct any necessary credit and background checks, and to contact anyone, whether or not listed herein, including credit reporting agencies, and my present and past employers, law enforcement agencies and financial institutions, in order to obtain information about me. I authorize the release of such information to Sonny's Franchise Company or an authorized agent, and I release all such persons from any liability or damages that may be incurred as a result of said inquiry or the furnishing of such information. In addition, upon request, I will provide true copies of my personal/business (and, if applicable, my spouse's) federal and state income tax returns as filed for the last three years. I understand that you may rely on that information in making your decisions. I authorize you to release to my prospective financing sources any information you mav have on me in your files.

I authorize Sonny's Franchise Company to obtain an investigative background check in accordance with anti-terrorism laws such as the Patriot Act. I also certify that neither I nor my funding sources is or has ever been a terrorist or suspected terrorist, or a person or entity described in the above described law. I also agree that a copy of this form is valid like the signed original. I understand that I have the right upon written request made within a reasonable time, to request whether a consumer report has been ordered, disclosure of the nature and scope of any investigative consumer report, and to request a copy of my report. If ordered, these searches will be conducted by Asurint, P.O. Box 14730, Cleveland, OH 44114, 800-916-1674, www.asurint.com.

I understand that Sonny's Franchise Company or its authorized agent may, at its discretion, re-verify or update this information from time to time. I also understand that any material change in the information or any misrepresentation, or my failure to promptly notify Sonny's Franchise Company of any material change in this information, will be adequate grounds for Sonny's Franchise Company to not grant me a Sonny's BBQ franchise or if one has been granted, to terminate any agreement(s) we may enter into. I consent to Sonny's Franchise Company collecting, using, disclosing and retaining the information it collects about me and conducting further investigations as it sees fit.

I understand that this application does not constitute an approval for a Franchise Agreement by Sonny's Franchise Company. I am advised that until such time as I receive a Franchise Agreement executed by a duly authorized officer of Sonny's Franchise Company, I should not make any plans for job severance or relocation.

_____ _____

Signature (Applicant) Date

_____ _____

Signature (Spouse) Date

NOTE: No qualification profile will be processed without the required signature(s).

ACKNOWLEDGMENT AND AUTHORIZATION

I acknowledge receipt of the DISCLOSURE REGARDING BACKGROUND INVESTIGATION, INVESTIGATIVE REPORTS, AND CONSUMER REPORTS and certify that I have read and understand this document. I hereby authorize the obtaining of "consumer reports" and/or "investigative consumer reports" by Sonny's Franchise Company, at any time after receipt of this authorization and, if I am granted the franchise, throughout the life of the franchise. To this end, I hereby authorize, without reservation, any law enforcement agency, administrator, state or federal agency, institution, school or university (public or private), information service bureau, employer, or insurance company to furnish any and all background information requested by Sonny's Franchise Company, or another outside organization acting on behalf of Sonny's Franchise Company. I agree that a facsimile ("fax"), electronic or photographic copy of this Authorization shall be as valid as the original.

_____ Date_____

Signature (Applicant)

_____ Date_____

Signature (Spouse)

Date_____

Gentlemen/Ladies:

You are hereby authorized and directed to furnish any and all financial information, including bank account information to:

SONNY'S FRANCHISE COMPANY
Attention: Franchise Development
359 Carolina Ave.
Suite A
Winter Park, FL 32789

Also, please list the amount of any indebtedness to you.

Financial Institution_____

Address _____

Account Number_____ Type of Account _____

Balance_____ Indebtedness_____

I do hereby give my permission for you to disclose to Sonny's Franchise Company all information regarding me including all information concerning my bank accounts, loans, and all other financial transactions with your financial institution.

Sincerely,

_____
Signature

_____
(Print Name)

_____
Signature

_____
(Print Name)

State Effective Dates

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

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

State	**Effective Date**
Virginia	[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.

ITEM 23

RECEIPT

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

If Sonny's Franchise Company 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 **(or sooner if required by applicable state law)**.

If Sonny's Franchise Company does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580.

We authorize the respective state agents identified on Exhibit A to receive service of process for us in the particular states.

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows:

_____

_____.

Issuance Date: May 31, 2023

I received a disclosure document with an issuance date of May 31, 2023, that included the following Exhibits:

A	List of State Agencies
A-1	Schedule of Restaurants
A-2	Schedule of Franchisees who have Left the System
B	Financial Statements
C	Form of Sonny's Franchise Agreement
D	Form of Non-Compete and Confidentiality Agreement (Franchisee) (for use by Franchisee and its Owners)
E	Form of Non-Compete and Confidentiality Agreement (Operator) (for use by operator of a Restaurant of Franchisee)
F	Form of Cooperative Advertising Agreement (for use by more than one Franchisee in cooperative advertising program)
G	Form of Landlord's Agreement and Declaration and Lender's Agreement (for use where the Restaurant Location is leased by Franchisee)
H	Form of Estoppel Certificate (required of Franchisee from time to time)
I	Form of Owner's Guaranty and Assumption of Franchisee's Obligations (to be signed by each individual owner in the Franchisee)

J Form of Area Development Agreement
K Form of Addendum to Sonny's Franchise Agreement Regarding Renewal Agreements
L Form of Addendum to Sonny's Franchise Agreement Regarding Transfers
M Brand Standards Manual Table of Contents
N State Addendum to Franchise Disclosure Document
O Sonny's Franchise Application

Please return one signed copy of this Receipt to the attention of Tara Holmes at Sonny's BBQ, 359 Carolina Avenue, Suite A, Winter Park, FL 32789 (407) 660-8888.

Date Disclosure Document Received: _____
Date Receipt Signed: _____

By:_____

_____
Print Name:

_____
Prospective Franchise Owner [Signature]

ITEM 23

RECEIPT

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If Sonny's Franchise Company 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 **(or sooner if required by applicable state law)**.

If Sonny's Franchise Company does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580.

We authorize the respective state agents identified on Exhibit A to receive service of process for us in the particular states.

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows:

_____

_____.

Issuance Date: May 31, 2023.

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F	Form of Cooperative Advertising Agreement (for use by more than one Franchisee in cooperative advertising program)
G	Form of Landlord's Agreement and Declaration and Lender's Agreement (for use where the Restaurant Location is leased by Franchisee)
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Date Disclosure Document Received: _____
Date Receipt Signed: _____

By:_____

_____
Print Name:

_____
Prospective Franchise Owner [Signature]

4859-4020-0010, v. 8