



## FRANCHISE DISCLOSURE DOCUMENT

**Flying Biscuit Franchising, Inc.**  
**a Georgia Corporation**  
**6090 Roswell Road**  
**Atlanta, Georgia 30328**  
**Telephone: (833) 322-2330**  
**Facsimile: (815) 377-3683**  
**ddollinger@biggamebrands.com**  
**www.flyingbiscuit.com**

As a franchisee you will operate a casual, full-service restaurant under the trademark "THE FLYING BISCUIT" featuring breakfast, brunch, and lunch foods, and other food products and beverages authorized by us.

The total investment necessary to begin operation of a Flying Biscuit restaurant is \$467,900 to \$1,170,000. This includes \$50,000 that must be paid to the franchisor or its affiliate. You must sign a market development agreement and you must pay a market development fee equal to \$50,000 for each restaurant that you agree to develop under the market development agreement. The total investment necessary to begin operation of a Flying Biscuit franchised business is \$467,900 to \$1,170,000. This includes \$50,000 that must be paid to the franchisor or its affiliate. The market development fee you pay will be credited against the initial franchise fee for that restaurant, as long as you develop and open the restaurant according to your development schedule. The minimum required to be opened under a market development agreement is one although you and we may agree to a higher number.

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 Daryl Dollinger at 6090 Roswell Road, Atlanta, Georgia 30328 and (833) 322-2330.

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](http://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.

The date of issuance of this Franchise Disclosure Document is May 7, 2026.

## 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                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>How much can I earn?</b>                                                              | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F. |
| <b>How much will I need to invest?</b>                                                   | 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.                                                                  |
| <b>Does the franchisor have the financial ability to provide support to my business?</b> | Item 21 or Exhibit H includes financial statements. Review these statements carefully.                                                                                                                                                                    |
| <b>Is the franchise system stable, growing, or shrinking?</b>                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.                                                                                                                                                              |
| <b>Will my business be the only Flying Biscuit business in my area?</b>                  | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.                                                                                                             |
| <b>Does the franchisor have a troubled legal history?</b>                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.                                                                                                                      |
| <b>What's it like to be Flying Biscuit franchisee?</b>                                   | Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.                                                                                                                                           |
| <b>What else should I know?</b>                                                          | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.                                                   |

## **What You Need To Know About Franchising *Generally***

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

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

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

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

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

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

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

## **Some States Require Registration**

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and the development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Georgia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Georgia than in your own state.
2. **Financial Condition.** The franchisor's condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

## TABLE OF CONTENTS

| <u>Item</u>                                                                                     | <u>Page</u> |
|-------------------------------------------------------------------------------------------------|-------------|
| ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....                        | 1           |
| ITEM 2 BUSINESS EXPERIENCE.....                                                                 | 3           |
| ITEM 3 LITIGATION .....                                                                         | 4           |
| ITEM 4 BANKRUPTCY .....                                                                         | 5           |
| ITEM 5 INITIAL FEES .....                                                                       | 6           |
| ITEM 6 OTHER FEES .....                                                                         | 7           |
| ITEM 7 ESTIMATED INITIAL INVESTMENT .....                                                       | 12          |
| ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....                                    | 15          |
| ITEM 9 FRANCHISEE'S OBLIGATIONS.....                                                            | 20          |
| ITEM 10 FINANCING.....                                                                          | 22          |
| ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING .....              | 22          |
| ITEM 12 TERRITORY .....                                                                         | 33          |
| ITEM 13 TRADEMARKS .....                                                                        | 35          |
| ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION .....                                  | 36          |
| ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....       | 38          |
| ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....                                       | 38          |
| ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP ..... | 39          |
| ITEM 18 PUBLIC FIGURES .....                                                                    | 47          |
| ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....                                              | 48          |
| ITEM 20 OUTLETS AND FRANCHISEE INFORMATION .....                                                | 50          |
| ITEM 21 FINANCIAL STATEMENTS .....                                                              | 54          |
| ITEM 22 CONTRACTS .....                                                                         | 54          |
| ITEM 23 RECEIPT.....                                                                            | 55          |

## EXHIBITS

- A. STATE AGENCIES AND ADMINISTRATORS AND FRANCHISOR'S AGENTS FOR SERVICE OF PROCESS
- B. MARKET DEVELOPMENT AGREEMENT
- C. FRANCHISE AGREEMENT
- D. OPERATIONS MANUAL TABLE OF CONTENTS
- E. STATE SPECIFIC ADDENDA
- F. LIST OF CURRENT FRANCHISEES
- G. LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
- H. FINANCIAL STATEMENTS
- I. INTENTIONALLY DELETED
- J. COCA-COLA PARTICIPATION AGREEMENT
- K. GENERAL RELEASE
- L. STATE EFFECTIVE DATES
- M. RECEIPTS OF DISCLOSURE DOCUMENT

**APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT E.**

## ITEM 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

**Franchisor.** The franchisor is Flying Biscuit Franchising, Inc., a Georgia corporation. To simplify the language in this Disclosure Document, we will refer to Flying Biscuit Franchising, Inc. as “we”, “us”, “our” or “Flying Biscuit.” This Disclosure Document will refer to the person or entity that buys the franchise from us as “you” or “your”, and the term includes your partners if you are a partnership, your members if you are a limited liability company, or your shareholders if you are a corporation. If you are a corporation, partnership, or limited liability company, your owners will have to guarantee your obligations and be obligated to comply with the terms of the franchise agreement and ancillary documents described in this Disclosure Document.

We are a Georgia corporation organized on July 11, 2006. Our corporate address is 6090 Roswell Road, Atlanta, Georgia 30328 and our telephone number is (833) 322-2330. We do business under “The Flying Biscuit.” Our agents for service of process are disclosed on Exhibit A to this Disclosure Document.

We began offering franchises for the Flying Biscuit restaurant (or “Restaurant”) in October 2006. We have not operated any other type of business (franchise or otherwise). We have not conducted a business of the type offered to our franchisees. There are currently operating eight restaurants that we consider to be “company stores”.

#### **Parents and Affiliates.**

Our affiliates through common ownership that offer franchises include the following:

**Monkey Joe’s Franchising, LLC:** Monkey Joe’s Franchising, LLC (formerly known as Crazy Squared, LLC) is a Georgia limited liability company with its principal place of business at 6090 Roswell Road, Atlanta, Georgia 30328 (“Monkey Joe’s”). Monkey Joe’s offers franchises to operate a family entertainment and party facility that provides an environment featuring games, inflatable and play equipment, food and beverages, and related products and services. Monkey Joe’s began offering these franchises in April 2006. As of December 28, 2025, there were 0 Monkey Joe’s facilities owned and operated by an affiliate of Monkey Joe’s and 7 franchisee-owned Monkey Joe’s facilities open and operating. Additionally, as of December 28, 2025, there were approximately 3 Monkey Joe’s franchises committed to be established and opened in the future under market development agreements between Monkey Joe’s and its franchisees. Monkey Joe’s has not operated this or any other type of business (franchise or otherwise).

**Big Game Brands, LLC:** Big Game Brands, LLC (“BGB”) is an affiliate of ours. BGB is a Georgia limited liability company with its principal place of business at 6090 Roswell Road, Atlanta, Georgia 30328. We have an agreement with BGB that provides BGB will provide employees and services (“Support Services”) to assist us in managing and operating the Flying Biscuit franchise system. BGB provides Support Services to our affiliates listed above for their franchise systems. BGB has not offered franchises in this or any other line of business.

Except as described above, we have no parents, predecessors, or affiliates required to be included in this Item.

**The Franchise.** We offer franchises for the operation of a casual, full-service restaurant which offers breakfast, brunch, and lunch foods and other food products and beverages we authorize, under the form of Franchise Agreement attached to this Disclosure Document as Exhibit C (the “Franchise Agreement”). Under the Franchise Agreement, you will operate your Restaurant at a designated location.

Additionally, your Restaurant will be permitted to offer catering services to homes and businesses located within a 5 mile radius of your Restaurant. In connection with our Flying Biscuit concept, we have developed various specialty food products which we may sell under the brand and also under other brands we may create and develop in the future.

A typical Flying Biscuit Restaurant occupies approximately 3,500 to 4,000 square feet of space that may be either owned by you or leased from a third party. All Restaurants are constructed to our specifications as to format, size, layout, décor, and the like. A Flying Biscuit Restaurant may be located in either in a freestanding building, an in-line retail plaza space or an end-cap space, but, in any event, ample parking, good visibility, and availability of prominent signage are a necessity. A Flying Biscuit Restaurant typically employs approximately 14 to 19 full-time equivalent employees, generally equating to 20 to 30 persons in steady-state operation, and approximately 30 to 40 persons during a new restaurant's opening period to account for elevated volume, training, and typical new-restaurant turnover.

You will operate a Flying Biscuit Restaurant, at your expense, as an independent business utilizing our business format, procedures, designs, trade dress, standards, specifications, and methods of operation. You must use the Flying Biscuit franchise system at your Restaurant, which includes, without limitation, the common use and promotion of the name "THE FLYING BISCUIT" and other service marks, trademarks, trade names, logos, emblems, signs, slogans, insignia and other commercial symbols we may designate periodically (collectively, the "Marks"); distinctive food products, recipes and quality standards; procedures for inventory and management control; training; advertising and promotional programs; and ongoing assistance. We may periodically add or delete products and/or services and change specifications, standards, procedures, and methods of operation, and you will be expected to follow suit. You will offer and provide products and services to the general public, at all times complying with the Franchise Agreement and our confidential operations manual (the "Operations Manual") that will be loaned to you at the time of training. You may only offer services and products that we have previously approved.

**Competition.** Flying Biscuit Restaurants compete primarily with casual restaurants, including fast casual, quick service, take-out, delivery and fast food restaurants that offer similar menus, including regional and national chains and franchise systems. The casual restaurant business is very competitive which is often driven by fierce price competition, however, we believe that we have created a niche market with Flying Biscuit restaurants by creating a specialty restaurant with a unique trade dress and appearance which is easily distinguishable from other casual restaurants. Previous business management experience is vital for new franchisees, and previous restaurant management experience is highly desirable. Previous business ownership experience also is highly desirable.

**The Agreements.** You must enter into a Market Development Agreement, the current form of which is attached to this Disclosure Document as Exhibit B (the "Development Agreement"). Under the Development Agreement, you must develop, open and operate an agreed upon number of Restaurants located in an area of responsibility (the "Area of Responsibility") in accordance with an agreed upon development schedule (the "Development Schedule"). You must enter into a Development Agreement even if you will establish only one Restaurant. There is no preset minimum or maximum number of Restaurants that you may agree to establish in connection with a Development Agreement. The number of Restaurants to be developed is negotiated between you and us on a case-by-case basis. The Development Agreement will expire on the day after operations of the final Restaurant to be established under the Development Agreement are required to begin as provided on the Development Schedule. The Development Agreement will not grant any protected territory, exclusivity or other rights in which to establish your Restaurants in the Area of Responsibility. You may establish your Restaurants at any location within the Area of Responsibility provided we consent to the location, which may be withheld or granted in our sole discretion, the location is in a state where we are permitted to sell Flying Biscuit franchises, and the Restaurant is not located in the franchise territory granted to another Flying Biscuit

franchisee. Within our sole discretion, we may consider a location proposed by you outside your Area of Responsibility.

You will operate each Restaurant to be developed under the Development Agreement under a separate Franchise Agreement. Upon establishing each additional outlet under the Development Agreement, a developer may be required to sign a then-current franchise agreement, which may differ from the current Franchise Agreement included within this FDD. The Franchise Agreement will grant you a protected territory (the “Franchise Territory”), the size and scope of which will be determined on a case-by-case basis by considering the population, traffic flow, presence of businesses, location of competitors (including other Flying Biscuit franchisees), demographics and other market conditions surrounding the location of the Restaurant. The Franchise Territory may not be unilaterally altered, and the continuation of the Franchise Territory during the term of the Franchise Agreement does not depend on a certain sales or revenue volume or market penetration. We may not operate, or permit any other person to operate, a Flying Biscuit Restaurant in the Franchise Territory during the term of the Franchise Agreement; although, we may distribute products, or permit others to distribute products, which are the same or similar to those offered by Flying Biscuit Restaurants, whether under the Marks or under other trademarks, trade names, services marks, logos or other commercial symbols and through any channel of distribution or method other than a Flying Biscuit Restaurant within the Franchise Territory, including sales through catalogs, e-commerce, mail order, kiosks, mass merchandise, grocery stores, supermarkets, mom & pops, gourmet shops, warehouse clubs, and convenience and other stores, even if you sell these products at your Restaurant.

**Regulatory Matters.** In addition to laws and regulations that apply to businesses generally like workers’ compensation, corporate, tax, you will be subject to various federal, state, and local government regulations including those relating to construction, site location, and the preparation and sale of food and liquor that apply to restaurant operations, as well as public health, sanitation and safety codes and ordinances. If you sell liquor, beer, or wine at your Restaurant, you must obtain a liquor license under state and local law. You may also have liability under Dram Shop laws for injuries relating to the sale and consumption of these substances. You must acknowledge in the Franchise Agreement that you are responsible for keeping apprised of, and complying with, all applicable laws, including the Americans with Disabilities Act, as amended. Before you buy a franchise, you are encouraged to investigate these regulations and other laws that may be applicable to your business. You should consider their impact on your business and any increased cost of doing business.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **President – Daryl Dollinger**

Mr. Dollinger has served as President for us since June 2008. Since March 2018, Mr. Dollinger has served as CEO for Cinnaholic Franchising, LLC. Mr. Dollinger has served as President for Big Game Brands, LLC since April 2010. Since April 2010, Mr. Dollinger has served as President, Director of Operations, Brand Leader, and Secretary of Monkey Joe’s Franchising LLC. Mr. Dollinger serves in his present capacities in Atlanta, Georgia, and all the entities referenced above that Mr. Dollinger has held positions which are based in Atlanta, Georgia.

#### **Director of Operations – Sohail Khizer**

Mr. Khizer has served as our Director of Operations since January 2025 in Atlanta, Georgia. From November 2020 to November 2024, he served as Operating Partner for Panera Bread in Central, California. All positions held in Central, California and Atlanta, Georgia.



#### Director of Franchise Development – Andrew Scherzer

Mr. Scherzer has served as our Director of Franchise Development since July 2023. From September 2020 to July 2023, he served as Business Development Liaison for KEC Design. All positions held in Atlanta Georgia.

#### Director of Franchisee Training and Operations – Chris McIntyre

Mr. McIntyre has served as our Director of Franchisee Training and Operations since March 2025 in Atlanta, Georgia. Prior to this, from 2007 to 2025, he served as Franchise Business Coach for Mellow Mushroom in Atlanta, GA.

### **ITEM 3**

#### **LITIGATION**

In Re: The S&Q Shack, LLC, Debtor through Paul H. Anderson, Jr., as Chapter 7 Trustee vs. H. Martin Sprock, III, Daryl Dollinger, MIBI Investment, LLC, Robert Brand, J. Rutherford Seydel, II, J. Randall Hollingsworth, Davis, Pickren, Seydel & Sneed f/k/a Davis, Pickren & Seydel, LLP, SP Investments, LLC, MSWG, LLC f/k/a Moe's Southwest Grill, LLC, P.J.'s Coffee & Tea, Inc., Planet Smoothie Franchises, LLC, Raving Brands Holdings, Inc. d/b/a Raving Brands Holdings, LLC, Raving Brands International, LLC, RB Investments, LLC, and Shane's 41, LLC, United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division, Adversary Proceeding No. 12-05429. Filed August 24, 2012.

In 2012, the United States Bankruptcy Trustee sued certain of our affiliates, officers, and directors as well as other defendants. The lawsuit claimed there were fraudulent transfers, constructively fraudulent transfers, and wrongful distributions made in connection with the sale of one of our affiliates, The S&Q Shack, LLC ("S&Q"), to Edmonds Capital Fund I, LLC. The lawsuit further alleged that S&Q forgave the debts some of our "affiliates" may have owed S&Q. Specifically, the Complaint alleged our affiliates, officers, directors, and the other defendants caused or benefitted from the distribution of the entire proceeds from the sale of the S&Q assets, thereby leaving no assets available to pay S&Q's creditors nor receivables that could be collected to pay S&Q's creditors. The lawsuit further claimed Martin Sprock authorized Daryl Dollinger to make wrongful distributions of the proceeds from the S&Q sale to RBI, Mr. Sprock, and other defendants. The lawsuit sought to recover the transfers made to ten defendants, including certain of our affiliates, on the grounds that the defendants did not take such amounts for value or in good faith. The lawsuit also sought to make Mr. Sprock personally liable for the amount of any "excess" in the distribution made to him. The Complaint further demanded that property be turned over to the bankruptcy estate by our affiliates and the other defendants.

We and the other defendants investigated the allegations, and believed there were material inaccuracies in the Complaint and that substantial defenses existed. This adversary proceeding was stayed pending completion of litigation in the underlying bankruptcy cases of RBI and S&Q over the allowed amount of the claim of BV Retail, the sole remaining creditor in those cases. After the amount of the claim was adjudicated by the bankruptcy court, the Bankrupt Estate, the trustee, BV Retail and all of the defendants (except for Brand and Hollingsworth) successfully mediated the claims to a global resolution in November 2016. The parties subsequently executed a settlement agreement and an order approving settlement and dismissing this proceeding followed in 2017.

In Re: Raving Brands, Inc., Debtor through Paul H. Anderson, Jr., as Chapter 7 Trustee vs. H. Martin Sprock, III, Daryl Dollinger, Stephen LaMastra, Flying Biscuits Franchising, Inc., Monkey Joe's

Franchising, LLC, Raving Brands Holdings, Inc., MH Group Holdings, LLC, Doc Green's Gourmet Salads, Inc., Doc Green's on Ponce, LLC, MSWG, LLC, Moe's SW Grill LLC, Mama Fu's Noodle House, Inc., Mama Fu's Peachtree, LLC, P.J.'s Coffee & Tea, Inc., and Bonehead's Peachtree, LLC, United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division, Adversary Proceeding No. 12-05417. Filed August 16, 2012.

In 2012 the United States Bankruptcy Trustee sued the Company, certain of our affiliates, officers, and directors, namely Martin Sprock, Daryl Dollinger, and Stephen LaMastra, as well as other defendants, namely FLYING BISCUIT FRANCHISING, INC., MONKEY JOE'S FRANCHISING, LLC, RAVING BRANDS HOLDINGS, INC., MH GROUP HOLDINGS, LLC, DOC GREEN'S GOURMET SALADS, INC., DOC GREEN'S ON PONCE, LLC, MSWG, LLC, MOE'S SW GRILL, LLC, MAMA FU'S NOODLE HOUSE, INC., MAMA FU'S PEACHTREE, LLC, P.J.'S COFFEE & TEA, INC., and BONEHEAD'S PEACHTREE, LLC (the "RBI Affiliates"). Count I was titled "Corporate Waste" and sought relief from Sprock, Dollinger and LaMastra for their alleged failure to charge RBI Affiliates for using the Raving Brands website. Count II was titled "Unjust Enrichment" and sought relief from the RBI Affiliates for the value they obtained from use of the Raving Brands website. Count III was titled "Quantum Meruit" and sought relief from the RBI Affiliates for the value the debtor provided to them by their use of the Raving Brands website. Count IV was titled "Piercing the Corporate Veil" and sought to make Sprock personally liable as alleged 100% shareholder of debtor RBI for all debts of RBI under an abuse of entity and unity of interest theory. Count V was titled "Alter Ego" and sought to make all defendants personally liable for all debts of RBI under an abuse of entity and unity of interest theory. Count VI was titled "Breach of Fiduciary Duty" and alleged that defendants Sprock, Dollinger and LaMastra, as Directors of debtor RBI, violated their duties of care and loyalty by failing or refusing to allow RBI to charge for or profit from the Raving Brands Website, allegedly its only asset; allowing RBI to incur debts that it could not pay; and allowing the Raving Brands Affiliates to profit at the expense of RBI. Count VII was titled "Violation of the Automatic Stay" and sought from the Raving Brands Affiliates damages caused by their post-petition use and modification of the Raving Brands website.

We and the other defendants investigated the allegations, and believed there were material inaccuracies in the Complaint and that substantial defenses existed. This adversary proceeding was stayed pending completion of litigation in the underlying bankruptcy cases of RBI and S&Q over the allowed amount of the claim of BV Retail, the sole remaining creditor in those bankruptcy cases. After the amount of the claim was adjudicated by the bankruptcy court, the Bankrupt Estate, the trustee, BV Retail and all of the defendants except for LaMastra successfully mediated the claims to a global resolution in November 2016. The parties subsequently executed a settlement agreement and an order approving settlement and dismissing this proceeding followed in 2017.

Other than these actions, no litigation is required to be disclosed in this Item.

#### **ITEM 4**

#### **BANKRUPTCY**

On March 19, 2009, a creditor, BV Retail, LLC ("BVR"), filed an involuntary petition against S&Q Shack for liquidation under Chapter 7 of the U.S. Bankruptcy Code. In re The S&Q Shack, LLC, No. 09-67151 (N.D. Georgia Atlanta Division 2009). S&Q Shack was an affiliate of ours with the same business address as ours. Additionally, Daryl Dollinger, an officer of ours, was an officer of S&Q Shack. BVR claimed that S&Q Shack owed BVR certain money in connection with a lease between S&Q Shack and BVR (the "Lease"). On April 13, 2009, S&Q Shack answered the petition and denied BVR allegations that (i) BVR is eligible to file the involuntary petition and (ii) S&Q Shack is not paying debts to BVR that are not subject to a bona fide dispute as to liability or amount. S&Q Shack also asserted in the answer that

BVR lacked standing to file the involuntary petition because there are more than 12 creditors with claims that are not contingent or subject to bona fide dispute. By order dated August 27, 2010, S&Q Shack was placed into involuntary bankruptcy. S&Q Shack has cooperated with the U.S. Bankruptcy Trustee in the production of financial and other requested information.

On April 1, 2009, a creditor, BVR, also filed an involuntary petition against RBI for liquidation under Chapter 7 of the U.S. Bankruptcy Code. In re Raving Brands, Inc., No. 09-68410 (N.D. Georgia Atlanta Division 2009). RBI is an affiliate of ours with the same business address as ours. Additionally, Daryl Dollinger, an officer of ours, and an officer of RBI was named as a defendant. BVR claimed that RBI owed BVR certain money in connection with the Lease and a Consent Judgment that BVR obtained against RBI. The Consent Judgment entered against RBI related to S&Q Shack's obligations under the Lease which RBI guaranteed and signed a promissory note related to certain amounts due under the Lease. On April 27, 2009, RBI answered the petition and denied BVR allegations that RBI was not paying debts to BVR that are not subject to a bona fide dispute as to liability or amount. RBI also asserted in the answer that the petition should be dismissed because the petition seeks to invoke involuntary bankruptcy against a putative debtor that lacks any assets which could be liquidated in a Chapter 7 case. By order dated August 20, 2010, RBI was placed into involuntary bankruptcy.

After the amount of the claim was adjudicated by the bankruptcy court, the Bankrupt Estate, the trustee, BV Retail and all of the defendants successfully mediated the claims to a global resolution in November 2016. The parties subsequently executed a settlement agreement and an order approving settlement and dismissing this proceeding followed in 2017. This led to the termination of the bankruptcies in question.

Other than these bankruptcies, no bankruptcy information is required to be disclosed in this Item.

## ITEM 5

### INITIAL FEES

**Franchise Fee and Market Development Fee.** You must pay us an initial franchise fee equal to \$50,000 for each Restaurant franchised by you. The initial franchise fee is uniform for all franchisees purchasing a franchise through this Disclosure Document. We have no intention, now or in the future, of reducing the initial franchise fee for any prospective franchisee, although we reserve the right to do so in our sole discretion on a case-by-case basis. Our initial franchise fee during our 2025 fiscal year was \$45,000. In 2025, we offered limited price reductions to the initial franchise fee in two specific circumstances. A franchisee opening a second location received a reduction of \$10,000, and a franchisee who executed agreements for three locations received a reduction of \$15,000 for his third location. These reductions were granted to support multi-unit development. We reserve the right to waive or reduce the initial franchise fee for our affiliates, employees, existing franchises or if we run a franchise marketing promotion. Initial franchise fees are not refundable under any circumstances.

As discussed in Item 1 of this Disclosure Document, you must enter into a Development Agreement where you will commit to develop an agreed number of Flying Biscuit Restaurants consistent with the Development Schedule. When you sign the Development Agreement, you must pay us an upfront initial franchise fee of \$50,000 for each Restaurant that you agree to develop under the Development Agreement (the "Development Fee"). The Development Fee is payable in one lump sum when you sign the Development Agreement. If a Restaurant is developed in accordance with the Development Schedule, the Development Fee attributable to that Restaurant will be credited towards the payment of the initial franchise fee due under the Franchise Agreement. If a Restaurant is not established in accordance with the Development Schedule, the Development Fee that would have otherwise been credited towards payment

of the initial franchise fee for that Restaurant will be forfeited and retained by us. If you and we are unable to agree upon a site for a Restaurant and, as a result, you fail to meet your Development Schedule, we may terminate your Development Agreement. If, for any reason, the Development Agreement terminates before all or a portion of the Development Fee has been applied to the initial franchise fees, we will retain the unapplied portion of the Development Fee to compensate us for our time, effort and lost opportunities. The Development Fee is uniform for all franchisees purchasing through this Disclosure Document. We have no intention, now or in the future, of reducing the Development Fee for any prospective Franchisee, although we reserve the right to do so in our sole discretion on a case-by-case basis. The Development Fee is not refundable under any circumstance.

**Other Initial Fees.** Under the Franchise Agreement, we will provide you with assistance in opening the Restaurant and training your employees. Currently, you do not have to purchase any opening inventory from us or our affiliates.

## ITEM 6

### OTHER FEES

| Type of Fee                                       | Amount                                                                                               | Due Date                                                 | Remarks                                                                                                                           |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Royalty Fee                                       | 5% of Gross Sales unless you are in default for failure to maintain standards                        | Every Tuesday for the preceding week's Gross Sales       | We will debit your bank account for the Royalty Fee due. See Notes 2 and 8.                                                       |
| Advertising Fund Fee                              | 2% of Gross Sales                                                                                    | Same as Royalty Fee                                      | See Note 8.                                                                                                                       |
| Advertising Cooperatives                          | May not exceed 2% of Gross Sales. See Note 3.                                                        | Same as Royalty Fee or as designated by your cooperative | See Notes 3 and 8.                                                                                                                |
| Advertising Deficiency                            | Amount of Local Advertising Deficiency                                                               | Immediately upon demand                                  | If you fail to make local advertising expenditures, we may do so on your behalf and you will reimburse us for those expenditures. |
| Transfer/Assignment Fee under Franchise Agreement | One half the then-current initial franchise fee at the time of the Transfer/Assignment plus expenses | Before the consummation of the transfer or sale          | Payable when, and if, you transfer or sell your franchise. There are other conditions to transfer.                                |
| Renewal Fee                                       | The amount of the then-current initial franchise fee                                                 | Before renewal                                           | Payable when, and if, you renew your Franchise                                                                                    |

| Type of Fee                                                      | Amount                                                                                           | Due Date                                        | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                  |                                                                                                  |                                                 | Agreement. There are other conditions to renew.                                                                                                                                                                                                                                                                                                                                                                                     |
| Transfer/Assignment Fee under Development Agreement              | \$5,000 plus expenses                                                                            | Before the consummation of the transfer or sale | Payable when, and if, you transfer or sell the Development Agreement. There are other conditions to this transfer.                                                                                                                                                                                                                                                                                                                  |
| Technology Fee                                                   | Currently, \$0.00. Once implemented, \$49 to \$199 per month                                     | Same as Royalty Fee                             | Paid to us for ongoing subscription, maintenance and support of various technology systems, platforms, resources, and management portals. We may periodically modify the amount of the Technology Fee. We may require you to enter into written agreements with us or our affiliates to receive such services, with terms and conditions we approve. Some technology services may also be offered separately for an additional fee. |
| Interest and Late Payment Fees                                   | Up to the highest rate permitted by law but no more than 18% per annum plus \$100 per occurrence | Immediately on demand                           | Payable on all overdue amounts. Interest begins from the date of non-payment or underpayment.                                                                                                                                                                                                                                                                                                                                       |
| Insufficient Funds Service Fee                                   | \$100 per occurrence                                                                             | Immediately on demand                           | Payable if any of your payments to us are not honored by your financial institution.                                                                                                                                                                                                                                                                                                                                                |
| Late Report Fee                                                  | \$100 per occurrence                                                                             | Immediately on demand                           | We may require you to pay us \$100 each time you fail to submit to us any required reports or information.                                                                                                                                                                                                                                                                                                                          |
| Audit Expenses                                                   | Will vary under the circumstances                                                                | Immediately on demand                           | See Note 4.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Additional On-Site Training due to Failure to Maintain Standards | Will vary under the circumstances                                                                | As incurred                                     | See Note 5.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Counseling and Advisory Services                                 | Will vary under the circumstances                                                                | As incurred                                     | See Note 6.                                                                                                                                                                                                                                                                                                                                                                                                                         |

| <b>Type of Fee</b>                         | <b>Amount</b>                                   | <b>Due Date</b>                                           | <b>Remarks</b>                                                                                                                                                                                                               |
|--------------------------------------------|-------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Additional On-Site Training and Assistance | Will vary under the circumstances               | As incurred                                               | You will pay a reasonable fee (e.g. \$300 per day) for additional training you request plus the reimbursement of our trainers' travel and living expenses and other related expenses.                                        |
| Indemnification                            | Will vary under the circumstances               | As incurred                                               | You must reimburse us if we are held liable for damages or other relief related to the operation of your franchise.                                                                                                          |
| Insurance Premiums                         | Will vary under the circumstances               | Immediately on demand                                     | You must reimburse us if we purchase insurance for you because you failed to do so.                                                                                                                                          |
| Conferences                                | Reasonable fee under the circumstances, if any  | Upon demand                                               | If we require you to attend a conference or other meeting, you may have to pay a reasonable fee, which we expect will not be more than \$500 per person. As of the date of this Disclosure Document, we do not charge a fee. |
| Costs and Attorneys' Fees                  | Will vary under the circumstances               | As incurred                                               | Payable only if you do not comply with the Franchise Agreement.                                                                                                                                                              |
| Product Purchases                          | Will vary under the circumstances               | As incurred                                               | You must buy products that (i) meet our standards and specifications and, (ii) are purchased from suppliers designated or approved by us.                                                                                    |
| Fines for non-compliance                   | Between \$100 and \$1,000 per violation per day | Within ten days of our notifying you of fines' imposition | We may levy fines as specified in the Operations Manual for your failure to comply with the Operations Manual after written notice has been given to you and you still have failed to comply.                                |
| Product/Supplier Approval Costs            | Cost of Testing not to exceed \$500             | As incurred                                               | This covers the cost of testing new products or inspecting                                                                                                                                                                   |

| Type of Fee                                                                       | Amount                                                   | Due Date                | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                   |                                                          |                         | new suppliers you recommend.                                                                                                                                                                                                                                                                                                                                                                                                           |
| Management Fee                                                                    | 10% of Gross Sales and our reasonable costs and expenses | Upon demand             | Payable only if you are in default of the Franchise Agreement or you fail to maintain your Restaurant in accordance with our standards. We may send in our personnel to operate the Restaurant until the default is cured or you are able to meet our standards. During our operation of your Restaurant, you must pay us 10% of the Restaurant's Gross Sales plus all costs and expenses incurred by us in providing this assistance. |
| Reimbursement of Costs and Expenses regarding Modification of Franchise Agreement | Costs and attorneys' fees                                | Upon demand             |                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Liquidated Damages                                                                | Will vary under the circumstances                        | Immediately upon demand | See Note 7                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Maintenance, Service, and Support Contract Fees                                   | To be determined                                         | As incurred             | If you must maintain these contracts and if you must participate in any of our contracts for these services, you may have to pay us directly for the vendors' services. As of the date of this Disclosure Document, these fees are not being charged.                                                                                                                                                                                  |

Note 1: Unless this Disclosure Document specifically provides otherwise, all fees are imposed by and payable to us or our affiliates, are uniformly imposed and we (or our affiliates) do not refund them.

Note 2: "Gross Sales" means the amount of sales of all products and services sold in, on, about or from the Restaurant, together with any other revenues derived from the operation of the Restaurant, whether by you or by any other person, whether or not in accordance with the terms of the Franchise Agreement, and whether for cash or on a charge, credit, barter or time basis, including, but not limited to, all sales and services (i) where orders originate and/or are accepted by you in the Restaurant but delivery or performance of the order is made from or at any place other than the Restaurant or (ii) per telephone or other similar orders received or filled at or in the Restaurant. For purposes of determining the Royalty Fee and Advertising Fee, there shall be deducted from Gross Sales: (a) the amount of refunds, allowances or

discounts to customers (including coupon sales) up to 10% of the Gross Sales, provided the related sales have previously been included in Gross Sales; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority. If you are in default of the franchise agreement for failure to meet minimum operational standards, we can increase the royalty to 10% of Gross Sales and charge an additional \$250 each week until you rectify the deficiencies.

Note 3: Amounts paid to an advertising cooperative will be credited against your required expenditures for local advertising under Section 11.3 of the Franchise Agreement. All members of an advertising cooperative (whether a franchisee-owned, company-owned or affiliate-owned Restaurant) have equal voting rights on all matters brought before the advertising cooperative for a vote including, without limitation, matters relating to the amount of required contributions.

Note 4: You must pay our audit expenses only if an audit of your records reveals an understatement of 5% or more of your total amount owed to us during the audit period. In addition to any unpaid amounts you may owe us, you must reimburse us for the actual costs we incur in conducting the audit, including travel, lodging, meals, and compensation of the auditing personnel that may travel to your Restaurant. The cost of the audit will depend on many factors that will vary on a case-by-case basis, like the condition and accuracy of your recordkeeping, the extent of your cooperation, the number of years of your accounting records that are reviewed during the audit process, and other circumstances unique to your particular audit. As a result, we are unable to estimate a range of these audit costs; however, these audit expenses will not exceed our actual costs.

Note 5: If we notify you in writing that you have failed to maintain standards at the Restaurant, and you fail to cure the failure within 10 days, we have the right to assign trainers to your Restaurant and you have to reimburse us for the trainers' salaries, travel and living expenses and other related expenses. We estimate that the cost of this additional training may range from \$500 to \$3,000 depending on the extent of the training required and the distance our trainers need to travel.

Note 6: Normally there is no fee for these services, which are provided by telephone or at our offices, unless you require unusual, extensive, or extraordinary assistance. If so, we have the right to charge you a reasonable fee of approximately \$300 per day.

Note 7: Upon termination of the Franchise Agreement due to your breach, you must pay us, in addition to other amounts owed, liquidated damages in an amount equal to (i) the greater of (a) the average annual amount of Royalty Fees payable by you to us for the two years immediately preceding the date of termination or (b) the Royalty Fees payable by you to us for the 12 month period immediately preceding the date of termination, however, if the Restaurant has not been open for at least 12 months, the average monthly amount of Royalty Fees payable by you to us for the months in which the Restaurant has been open multiplied by 12; then (ii) multiplied by two; then (iii) multiplied by (a) five or (b) the number of years remaining in the then-current term of the Franchise Agreement, whichever is less.

Note 8: Under the Franchise Agreement, we require that all royalty and advertising fees and advertising cooperative contributions must be paid by automated bank draft. Accordingly, you must sign an electronic transfer of funds authorization for your bank account.

Note 9: Under the Franchise Agreement, we may impose fines for your failure to comply with the Franchise Agreement of the Operations Manual. The amount of any fine may vary based on the severity of the failure and whether this is the first or a later failure.



# ITEM 7

## ESTIMATED INITIAL INVESTMENT

| YOUR ESTIMATED INITIAL INVESTMENT UNDER A FRANCHISE AGREEMENT |                              |                   |                                                                                                    |                               |
|---------------------------------------------------------------|------------------------------|-------------------|----------------------------------------------------------------------------------------------------|-------------------------------|
| Type of Expenditure                                           | Amount                       | Method of Payment | When Due                                                                                           | To Whom Payment Is To Be Made |
| Initial Franchise Fee (See Note 1)                            | \$50,000 for each Restaurant | Lump Sum          | Will be prepaid as part of the Development Fee that is paid upon signing the Development Agreement | Us                            |
| Rent (See Note 2)                                             | \$15,000 to \$45,000         | As Arranged       | As Arranged                                                                                        | Landlord                      |
| Security Deposit (See Note 3)                                 | \$15,000 to \$30,000         | As Arranged       | As Arranged                                                                                        | Landlord                      |
| Real Estate and Improvements (See Note 4)                     | \$168,900 to \$595,000       | As Arranged       | Before Opening                                                                                     | Landlord, Contractors         |
| Travel and Living Expenses while Training (See Note 5)        | \$10,000 to \$20,000         | As Incurred       | During Training                                                                                    | Hotels, Restaurants           |
| Furnishings, Fixtures, Equipment and Decorating (See Note 6)  | \$130,000 to \$295,000       | As Arranged       | Before Opening                                                                                     | Suppliers, Contractors        |
| Signage (See Note 7)                                          | \$7,000 to \$14,000          | As Arranged       | Before Opening                                                                                     | Suppliers, Contractors        |
| Opening Inventory                                             | \$12,000 to \$16,000         | As Arranged       | Before Opening                                                                                     | Suppliers                     |
| Computer Hardware/ Software                                   | \$5,000 to \$15,000          | As Arranged       | Before Opening                                                                                     | Suppliers, Contractors        |
| Grand Opening (See Note 8)                                    | \$10,000 to \$15,000         | As Arranged       | As Arranged                                                                                        | Suppliers                     |

| <b>YOUR ESTIMATED INITIAL INVESTMENT UNDER A FRANCHISE AGREEMENT</b> |                          |                          |                            |                                                                   |
|----------------------------------------------------------------------|--------------------------|--------------------------|----------------------------|-------------------------------------------------------------------|
| <b>Type of Expenditure</b>                                           | <b>Amount</b>            | <b>Method of Payment</b> | <b>When Due</b>            | <b>To Whom Payment Is To Be Made</b>                              |
| Professional Fees                                                    | \$5,000 to \$15,000      | As Arranged              | Before Opening and Ongoing | Your Accountants, Lawyers, Real Estate Broker, Architectural Firm |
| Insurance (See Note 9)                                               | \$5,000 to \$10,000      | As Arranged              | As Incurred                | Insurance Providers                                               |
| Miscellaneous Opening Costs (See Note 10)                            | \$5,000 to \$10,000      | As Arranged              | As Arranged                | Suppliers, Utilities, Tradesmen, Contractors, Us                  |
| Additional Funds – 3 months (See Note 11)                            | \$30,000 to \$40,000     | As Arranged              | As Arranged                | Suppliers, Employees                                              |
| Total Estimated Initial Investment (See Notes 12 and 13)             | \$467,900 to \$1,170,000 |                          |                            |                                                                   |

**\*All of the above expenditures are non-refundable.**

Note 1: The initial franchise fee includes the loan of our Operations Manual and initial training for up to three individuals having responsibility for the day-to-day operations of your Restaurant. The initial franchise fee is not refundable under any circumstances.

As discussed in Item 5 of this Disclosure Document, you will pay a Development Fee based on the number of Restaurants you must develop under the Development Agreement. In most circumstances, the Development Fee is credited against the initial franchise fee you must pay for each Restaurant developed and opened according to your Development Schedule. If a Restaurant is not established in accordance with the Development Schedule, the Development Fee that would have otherwise been credited towards payment of the initial franchise fee for that Restaurant will be forfeited and retained by us.

Note 2: These figures presume that you will be leasing the Restaurant premises and only represent rent for three months. We are unable to estimate the total cost of purchasing suitable premises for your Restaurant or the amount of any down payment that would be required. Rent will vary depending upon the size of the premises, the site's condition, its location, building size, access to major streets, demand for the site, the build-out requirements and construction or other allowances from the landlord, and the requirements of individual landlords. These figures are based upon our general restaurant experience in Georgia, North Carolina, South Carolina, and Tennessee. These figures may vary considerably in other parts of the United States. Regardless of whether you lease or purchase the Restaurant premises, a typical Flying Biscuit Restaurant occupies approximately 3,500 to 4,000 square feet of net rentable space. A Flying Biscuit Restaurant may be either a freestanding building or an in-line retail plaza space, but, in any event, the Restaurant requires ample parking, good visibility, and availability of prominent signage. Because of the

wide variation in lease rates for retail space, you should thoroughly investigate the costs of obtaining a location.

Note 3: Your lessor may require a security deposit before you take possession of the premises. This deposit may or may not be refundable.

Note 4: The cost of leasehold improvements will vary widely depending upon the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements desired by you over and above our minimum requirements, landlord's cash contribution to the cost of the improvements, and the like. Improvements include electrical, carpentry, floor covering, painting, plumbing, heating, ventilation, and air conditioning. These expenses include fees paid to the General Contractor (defined below).

Note 5: We provide initial training at no charge for up to three individuals, but you must arrange and pay for all food and lodging expenses for the people who attend the initial training program. Costs vary depending on the distance traveled and the type of lodging. The amount shown does not include the cost of transportation.

Note 6: You must purchase or lease certain equipment (like kitchen equipment), machinery, furniture, and décor and trade dress items, all of which must comply with our specifications and standards. Costs will vary depending on a number of factors including, without limitation, building codes and health requirements of the state where your Restaurant is located.

Note 7: The cost of your exterior sign will vary depending upon the size, color, and back-lite channel letters of the sign and other specifications we and the landlord may require.

Note 8: You must conduct a grand opening promotion with the opening of your Restaurant. You must pay all costs of the grand opening, including publicity costs, pre and/or post opening coaching, promotional costs, plus the full cost of any price reductions or other customer inducements. Costs may vary depending on your market and the type of advertising used, however, you must spend a minimum of \$10,000 during the period 30 days before and 60 days after the opening of your Restaurant or, if you purchased an existing Restaurant, 60 days after the purchase of your Restaurant. Part of your grand opening promotion will include obtaining pre and/or post opening coaching by a vendor designated by us and the cost of this coaching will count toward your required grand opening promotion expenditures. Price discounts during this period will not count toward the \$10,000 minimum spend. For items provided free of charge — for example, at grand opening friends and family events or influencer events — you may count 30% of the retail price (representing the approximate cost of goods sold) toward the minimum spend. Gift card redemptions will not count toward the minimum spend..

Note 9: This figure is an estimate of the annual cost of maintaining the insurance required by the Franchise Agreement.

Note 10: This figure includes amounts for utility costs, business licenses, permits, opening assistance, software monitoring, and the cost of training your employees.

Note 11: This estimates the funds needed to cover your expenses during the first three months of operation. These expenses include payroll costs (excluding any wage or salary paid to you), other miscellaneous expenses, and working capital. These figures are estimates based on our past business experience. We cannot guarantee that you will not have additional expenses starting your franchised business. All of these expenses are paid to third parties.

Note 12: We relied on our management's business acumen to compile these estimates. The amount shown is based upon our experience in Georgia, North Carolina, South Carolina, and Tennessee.

Note 13: We do not offer direct or indirect financing to franchisees for any of these items. The availability and terms of financing will depend on factors like the availability of financing generally, your credit

worthiness, collateral you pledge, policies of your lending institution, and economic conditions in your area.

### **YOUR ESTIMATED INITIAL INVESTMENT UNDER A MARKET DEVELOPMENT AGREEMENT**

| <b>YOUR ESTIMATED INITIAL INVESTMENT</b>        |               |                          |                                             |                                      |
|-------------------------------------------------|---------------|--------------------------|---------------------------------------------|--------------------------------------|
| <b>Type of Expenditure</b>                      | <b>Amount</b> | <b>Method of Payment</b> | <b>When Due</b>                             | <b>To Whom Payment Is To Be Made</b> |
| Development Fee (See Note 1)                    | \$150,000     | Lump Sum                 | Paid upon signing the Development Agreement | Us                                   |
| Total Estimated Initial Investment (See Note 2) | \$150,000     |                          |                                             |                                      |

Note 1: The above chart assumes you sign a development agreement for three Restaurants, but you could agree to open as many as you wish, there is no maximum. The development fee will depend on the number of Restaurants you develop, meaning that the total will equal the number of Restaurants you wish to open times the initial franchise fee of \$50,000. As discussed in Item 5 of this Disclosure Document, you will pay a Development Fee based on the number of Restaurants you must develop under the Development Agreement. The minimum number of Restaurants being one. In most circumstances, the Development Fee is credited against the initial franchise fee you must pay for each Restaurant developed and opened according to your Development Schedule.

Note 2: Each additional Restaurant that is opened will necessitate a repetition of the types of expenditures that are included in the first table in Item 7. The amount of these expenditures will fluctuate based on when each Franchise Agreement is signed. As an example, the amount of some expenditures may increase in two years when the next Restaurant is being developed. The amount of the expenditures will be what is in the current Item 7 of the then-current FDD for that Restaurant.

### **ITEM 8**

#### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Except as described below, you are not obligated to purchase or lease from us, our designees or suppliers approved by us, or under our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to operating your Restaurant.

To ensure a uniform image and quality of products and services throughout the Flying Biscuit franchise system, all food products, supplies, ingredients, equipment, furnishings, employee uniforms, fixtures, inventory, paper products, packaging, and other items used, sold, displayed or distributed in your Restaurant (i) must comply with our standards and specifications and (ii) from suppliers designated or approved in writing by us. We may designate at any time and for any reason, a single or multiple suppliers

for these items and require you to purchase exclusively from the designated supplier or suppliers, which exclusive designated supplier(s) may be us or an affiliate of ours.

Currently, we do not intend to be, or to appoint any of our affiliates as, an authorized supplier of any products, supplies, equipment, or other items used in the operation of the Restaurant. However, we reserve the right to designate ourselves and/or any of our affiliates as an approved supplier in the future, and we may even designate ourselves or an affiliate as the sole supplier of one or more items, in which case, you would have to buy the item from us or our affiliate at our or their then-current price. Our Operations Manual and other communications will identify our standards and specifications and the names of approved or designated suppliers. If we become a designated supplier, we may charge you a reasonable mark-up, surcharge, and handling fee on any items you purchase from us. Monies you pay to us will include a profit for us. We may also designate a vendor(s) to provide food brokerage services to the Flying Biscuit franchise system and such vendor(s) may receive, directly or indirectly, revenue from suppliers based on purchases by Flying Biscuit franchisees. The revenue may be based on volume or per unit sales. There are no approved suppliers in which any of our officers own an interest. During our fiscal year ended December 28, 2025, we had \$128,711.17 in revenue from suppliers based on their dealings with our franchisees and the Flying Biscuit franchise system. We and our affiliates have the right to receive payments or other benefits like rebates, discounts, and allowances from authorized suppliers based upon their dealings with you and other franchisees and we may use the monies we receive without restriction for any purpose we deem appropriate or necessary. Suppliers may pay us based upon the quantities of products the Flying Biscuit franchise system purchases from them. These fees will usually be based upon an amount per case or an amount per pound. We may receive fees from a supplier as a condition of our approval of that supplier. We do not provide material benefits to franchisees (for example, renewal of existing or granting additional franchises) based on their use of designated or approved suppliers.

We may negotiate supply arrangements with suppliers for the benefit of franchisees. In December 2006, we established a beverage arrangement with The Coca-Cola Company (“Coca-Cola”) for the supply to the Flying Biscuit franchise system of fountain beverages and other drinks (the “Coke Arrangement”). Under the Coke Arrangement, all Flying Biscuit franchisees are required to pour Coca-Cola products. Our franchise system receives monies under the Coca-Cola relationship based upon a dollar amount per gallon consumed system-wide. The dollar amount is specified in the Coke Arrangement and is the confidential information of Coca-Cola. During the last fiscal year, the Flying Biscuit franchise system received \$0.00 from Coca-Cola. Future monies received from Coca-Cola under the Coke Arrangement will be deposited into our Advertising Fund to be disbursed as required by the Coke Arrangement with Coca-Cola. These monies will not be our revenue. As part of our brand’s commitment to Coca-Cola products, you must sign a participation agreement with Coca-Cola. A copy of the form of participation agreement is attached to this Disclosure Document as Exhibit J.

We have negotiated an arrangement with Consolidated Concepts to provide distribution management for the Flying Biscuit franchise system and Consolidated Concept’s fee for this service is paid for by the distributor that Consolidated Concepts has established a relationship with to distribute to the Flying Biscuit franchise system. We have negotiated an arrangement with Gordon Food Service to provide food distributorship including food items, paper items and kitchen and dining supplies for the Flying Biscuit franchise system. During the fiscal year ended December 28, 2025, we received a total of \$128,711.17 in rebates as a result of purchases by our franchisees. This included \$101,956.33 from Gordon Food Services, \$31,754.84 from Consolidated Concepts, and \$0.00 from Coca-Cola. Other than the Coke Arrangement, the Gordon Food Service arrangement, and Consolidated Concepts distribution management arrangement, we have not currently, but we may in the future, negotiate supply arrangements with suppliers for the benefit of franchisees. Except as described in this Item 8, there are no other approved suppliers in which any of our officers own an interest. We have negotiated price terms with some suppliers. There are various vendors and suppliers that contribute to the cost of the annual convention for the Flying Biscuit franchise

system (the “Convention”). During the fiscal year ended December 28, 2025, we received a total of \$22,000 in contributions from approved vendors and applied these to the cost associated with the annual Convention. This included \$2,500 from Bulberry Farms, \$5,000 from DoorDash, \$1,500 from KickFin, \$1,500 from Shift4, \$5,000 from Strategic Equipment, \$5,000 from Gordon Food Services, and \$1,500 from The Color Spot. Monies from vendors and suppliers that are used to pay for the cost of the Convention will not be revenue to us.

**Site Approval and Construction.** We must approve the site for your Restaurant and the site must meet our then-current site criteria. If you lease the site for your Restaurant, you must collaterally assign your lease to us by signing the form of Collateral Assignment of Lease attached as an exhibit to the Development Agreement and have your landlord sign the Collateral Assignment of Lease consenting to the assignment. Under the Collateral Assignment of Lease, we will be granted the right, but not the obligation, to take possession of your Restaurant’s premises if your franchise agreement is terminated.

You must employ a qualified general contractor, who is reputable and experienced building units of similar retail concepts, to supervise, delegate and/or perform (i) the construction and development of the Restaurant, (ii) the completion of all improvements, (iii) the outfitting of the Restaurant with furnishings, fixtures and equipment, and (iv) all other services that are designated by us to be performed by the general contractor in connection with constructing the Restaurant (the “General Contractor”). We may designate a single approved General Contractor or furnish you with a list of approved General Contractors for you to employ in the construction of the Restaurant. You must hire a General Contractor prior to hiring the Architectural Firm (defined below).

We may designate one or more suppliers of design services and/or architecture services (an “Architectural Firm”) to supply these services to the Flying Biscuit franchise system. At our option, we may authorize the General Contractor to select an Architectural Firm to assist in developing the Restaurant. You must hire the Architectural Firm to furnish to us, for our written approval, a proposed preliminary site and construction plans and specifications (which plans and specifications must be adopted from the prototype plans provided by us) for the Flying Biscuit Restaurant which, if accepted, must not be modified, altered or changed without our prior written consent. You must sign any agreements required to obtain the services of the Architectural Firm and pay for all services provided by the Architectural Firm.

We will have the option of approving or denying a request from you to use a General Contractor and/or Architectural Firm submitted by you to develop and construct your Restaurant. In connection with any request, you and the proposed General Contractor and/or Architectural Firm must submit all information and data as we may require to consider the request. We reserve the right to charge you a reasonable fee in connection with evaluating a request to use a proposed General Contractor and/or Architectural Firm. We may deny a request for any reason, including our determination to limit the number of approved General Contractors and/or Architectural Firms.

You must also adhere to our standards and specifications for the construction and design of the Restaurant, which will include requirements for the interior and exterior layout, signage, fixtures, and trade dress including the color scheme. You may purchase these items from any supplier that meets our standards and specifications, unless we designate an approved supplier for an item. In which case, you must purchase the item from the approved supplier. We may, at any time, change, delete, add to, or modify any of our standards and specifications. These changes, deletions, additions, or modifications, which will be uniform for all franchisees, may require additional expenditures by you.

You must prepare all required construction plans and specifications and ensure they comply with building codes and ordinances. If your construction plans and specifications deviate from our plans and

specifications, you must obtain our approval of the changes. It is your responsibility to obtain all required licenses, permits, and approvals associated with constructing and operating your Restaurant.

**Point of Sale Computer System.** You must purchase point of sale a ("POS") system defined in Item 11. We have designated a single supplier for the particular POS system. Currently, Toast is the sole designated supplier for the POS system. We have the right to appoint additional or different suppliers for these POS system or other POS systems we may designate. Neither our affiliates nor we derive revenue from your purchase of a POS system.

We may require you to maintain support service contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS system, computer hardware and software, and credit card, debit card and other non-cash payment systems. We may designate the vendor(s) for these support service contracts and maintenance service contracts.

**Insurance.** You agree to secure and maintain during the term of this Agreement, at your own cost, an insurance policy or policies protecting Franchisee and Franchisor and its affiliates against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Facility, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, and umbrella liability insurance. Such policy or policies shall reflect industry standards, shall be written by a responsible carrier or carriers acceptable to us, shall name us and our affiliates as additional insureds, and shall provide at least the types and minimum amounts of coverage as are specified in the Operations Manual as modified by us from time to time, and you must meet the other insurance-related obligations in the Franchise Agreement. Such insurance as may be required by the terms of any lease for the Franchised Site or, if there is no such lease, Franchisee agrees to carry fire and extended coverage insurance covering the building and all equipment, supplies, products, inventory, furniture, fixtures and other tangible property located in the Restaurant or on the Franchised Site in the amount of the full insurable value of such property. You agree to carry Commercial General Liability Insurance, including coverages for products-completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, and dram shop/liquor liability, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate (except for fire damage and medical expense coverages, which may have different limits of not less than \$300,000 for one fire and \$5,000 for one person, respectively); plus (ii) non-owned automobile liability insurance and, if Franchisee owns, rents or identifies any vehicles with any Mark or vehicles are used in connection with the operation of the Restaurant, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having a combined single limit of \$1,000,000 per occurrence; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverages in an amount of not less than \$1,000,000 per occurrence and aggregate; plus (iv) if alcohol is sold, liquor legal liability coverage no less than \$1,000,000 per occurrence. All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation. You agree to carry workers' compensation insurance with a coverage with the Employers Liability limit of \$1,000,000/\$1,000,000/\$1,000,000, or a similar policy if the Restaurant is located in a non-subscriber state, covering all of its employees as is required by law. You agree to carry adequate limits for comprehensive crime and blanket employee dishonesty insurance. You agree to carry business interruption and extra expense insurance for a minimum of six months to cover net profits and continuing expenses (including Royalty Fees). You agree to carry cyber liability and data breach insurance, including coverages for breach notification and response costs, forensic investigation, system restoration, cyber extortion and ransomware, business interruption arising from a cyber event, regulatory fines and penalties (including PCI-DSS assessments), and third-party claims arising out of the unauthorized access to, or disclosure of, customer, employee, or other protected information, having a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Finally, you agree to carry media liability insurance covering claims arising out of your advertising, social media, digital marketing, and other

published content, including coverages for defamation, libel, slander, copyright and trademark infringement, and invasion of privacy, having a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

The cost of your insurance will vary depending on the insurance carriers' charges, the terms of payment, and your insurance history.

**Maintenance, Service and Support Contracts.** We may require you to maintain maintenance contracts or service contract on all equipment and machinery designated by us (the costs may vary based on the items and the contract you select) and we will have the right to designate the vendor(s) for those contracts. We may also require you to maintain a contract(s), or participate in any of our contracts, with third-party(ies) offering customer service, shopper experience, food safety or other service programs designed to audit, survey, evaluate or inspect business operations. We have the right to specify the third party(ies) and the required level of participation in these programs. You will be responsible for the cost of maintaining these contracts and/or participating in these programs. You must maintain a contract with Toast for software to maintain your point of sale system. We have negotiated the contract with Toast for the System and the current cost is approximately \$4,800 per year for a typical Restaurant.

**Request for Supplier Approval.** If (i) you wish to purchase any item from a supplier (manufacturer or distributor) we have not previously approved or an item that does not comply with our standards and specifications and (ii) the item has not been designated by us to be exclusively supplied by a designated supplier(s), you must first submit to us a written request for approval. We will establish a procedure for submitting these requests. We will require the proposed supplier to provide us with certain financial and operational information and other information regarding the supplier and the items to be approved. In addition, the proposed supplier must permit our representatives to inspect its facilities (e.g. business offices and/or manufacturing facilities, as applicable). Before we approve a supplier, we will evaluate the economic terms of a possible relationship and ensure that the proposed supplier meets our requirements. We reserve the right, at our option, and at the proposed supplier's expense, to inspect or re-inspect the facilities, equipment, and raw materials of any supplier, at any time.

The proposed supplier or you must pay, in advance, a fee not to exceed the reasonable cost of any evaluation, testing, and inspections we undertake. Within a reasonable time frame after we receive the completed request and after we complete any evaluation and inspection or testing (approximately 45 days), we will notify you in writing of our approval or disapproval of the proposed supplier or item. Generally, we will respond to your requests for supplier approval within a reasonable time period not to exceed 90 days. We are not required to approve any supplier or item not meeting our standards and specifications. We may deny approval for any reason, including our determination to limit the number of approved suppliers. You must not use, offer for sale or sell any of the proposed supplier's products or any other product that does not meet our standards or specifications until you receive our written approval of the proposed supplier or item.

We may revoke our approval of particular goods or services, or of the supplier that supplies them, if we determine, in our sole discretion, that they no longer meet our standards or specifications. If you receive a written notice of revocation from us, you must stop selling disapproved products and/or stop purchasing from the disapproved supplier.

**Refurbishments.** In addition to all your other obligations in the Franchise Agreement and Operations Manual related to repairing and maintaining the Restaurant, at our request, but not more often than once every 5 years, unless sooner required by your lease, you must refurbish the premises of the Restaurant at your expense, to conform to the restaurant, trade dress, color schemes, plateware, and presentation of the Marks in a manner consistent with the then-current image for new Flying Biscuit



Restaurants (“Refurbishments”). Refurbishments may include structural changes, installation of new equipment and signs, remodeling, redecoration, replacement or upgrading of plateware and other service items, and modifications to existing improvements. We are unable to estimate your costs for future Refurbishments which will vary from Restaurant to Restaurant based on a number of factors like: (i) the market where your franchise is located; (ii) the size of your Restaurant; (iii) when your Restaurant was last refurbished, if applicable; (iv) the amount of Flying Biscuit franchise system changes since the last refurbishment; and (v) the overall condition of your Restaurant site and equipment.

\* \* \*

We estimate that purchases and leases made by you from designated or approved suppliers, or according to our standards and specifications, represents 80% or more of your total cost of establishing, and approximately 90% of the total cost of operating, your Restaurant. There are currently no purchasing or distribution cooperatives within the Flying Biscuit franchise system. In the future, we may require you to (i) become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s) designated by us and/or established by us for the Flying Biscuit franchise system, (ii) remain a member in good standing of the purchasing and/or distribution cooperative(s)/association(s)/program(s), and (iii) pay all membership dues or fees on purchases that are assessed by the purchasing and/or cooperative(s)/association(s)/program(s).

## ITEM 9

### FRANCHISEE’S OBLIGATIONS

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

| <b>Obligation</b>                                      | <b>Section or Exhibit in Development Agreement</b> | <b>Section or Exhibit in Franchise Agreement</b>    | <b>Item in Disclosure Document</b> |
|--------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|------------------------------------|
| a. Site selection and acquisition/lease                | Sections 7 and 8 and Exhibit B                     | Section 3.1                                         | Items 7, 11 and 12                 |
| b. Pre-opening purchases/leases                        | Sections 7 and 8                                   | Sections 3.1, 9 and 10                              | Items 7 and 8                      |
| c. Site development and other pre-opening requirements | Sections 2.1, 6, 7 and 8                           | Sections 1, 3.1, 3.2, 10 and 11.1                   | Items 6, 7, 8 and 11               |
| d. Initial and ongoing training                        | Not Applicable                                     | Sections 1, 2, 9, 13 and 14                         | Items 7, 11 and 15                 |
| e. Opening                                             | Sections 6 and 8 and Exhibit A                     | Sections 1, 3.1, 11.1 and 13                        | Items 6, 7 and 11                  |
| f. Fees                                                | Sections 4 and 5                                   | Sections 2.2, 4, 5, 6.2, 6.3, 11, 14, 21.4 and 22.1 | Items 5, 6, 7 and 11               |

| <b>Obligation</b>                                           | <b>Section or Exhibit in Development Agreement</b> | <b>Section or Exhibit in Franchise Agreement</b> | <b>Item in Disclosure Document</b> |
|-------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------|------------------------------------|
| g. Compliance with standards and policies/Operating Manuals | Section 8                                          | Sections 7, 8.1 and 9                            | Items 8, 11, 13, 14 and 16         |
| h. Trademarks and proprietary information                   | Section 11                                         | Sections 8, 9 and 15                             | Items 11, 13 and 14                |
| i. Restrictions on products/services offered                | Not Applicable                                     | Sections 9 and 25                                | Items 8 and 16                     |
| j. Warranty and customer service requirements               | Not Applicable                                     | Not Applicable                                   | Not Applicable                     |
| k. Territorial development and sales quotas                 | Sections 1, 2 and 6 and Exhibit A                  | Not Applicable                                   | Items 1, 5, 6 and 12               |
| l. Ongoing product/service purchases                        | Not Applicable                                     | Section 9                                        | Item 8                             |
| m. Maintenance, appearance and remodeling requirements      | Section 8                                          | Sections 2.2, 9 and 19.4                         | Items 7, 11 and 17                 |
| n. Insurance                                                | Not Applicable                                     | Section 18.2                                     | Items 6, 7 and 8                   |
| o. Advertising                                              | Not Applicable                                     | Sections 9 and 11                                | Items 6, 7, 11 and 12              |
| p. Indemnification                                          | Not Applicable                                     | Section 18.1                                     | Item 6                             |
| q. Owner's participation/management/staffing                | Not Applicable                                     | Sections 9 and 14.1                              | Item 15                            |
| r. Records/reports                                          | Not Applicable                                     | Sections 6.1 and 6.2                             | Item 6                             |
| s. Inspections/audits                                       | Section 8                                          | Sections 6.3 and 9                               | Item 6                             |
| t. Transfer                                                 | Section 13                                         | Section 19                                       | Items 6 and 17                     |
| u. Renewal                                                  | Not Applicable                                     | Section 2.2                                      | Items 6 and 17                     |
| v. Post termination obligations                             | Sections 12.4 and 14                               | Sections 20 and 22                               | Items 14, 15 and 17                |
| w. Non competition covenants                                | Sections 14.1, 14.2, 14.4 and                      | Sections 20.1, 20.2, 20.4 and                    | Items 14, 15 and 17                |

| Obligation                  | Section or Exhibit in Development Agreement | Section or Exhibit in Franchise Agreement     | Item in Disclosure Document |
|-----------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------|
|                             | 14.5 and Exhibit C                          | 20.5 and Exhibit B                            |                             |
| x. Dispute resolution       | Section 21                                  | Section 31                                    | Item 17                     |
| y. Personal Guaranty        | Section 16 and Exhibit E                    | Section 26 and Exhibit F                      | Item 15                     |
| z. Confidential Information | Sections 14.3, 14.4 and 14.5 and Exhibit C  | Sections 7, 20.3, 20.4 and 20.5 and Exhibit B | Items 11, 14 and 15         |

## ITEM 10

### FINANCING

Neither we nor any affiliate offers, directly or indirectly, any financing to you. We do not guarantee any of your notes, leases, or obligations. We are unable to estimate whether you will be able to obtain financing for any or all of your investment or the terms of any financing.

## ITEM 11

### FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

**Services Before Opening.** Before you open your Restaurant, we will:

(a) Assist you in selecting, and then approve (if appropriate) a lease, sublease or purchase agreement for your Restaurant site. We do not choose the site, but may give you support and guidance. (Development Agreement, Section 7.)

(b) Provide you with a set of standard architectural plans and specifications for a prototype Flying Biscuit Restaurant. We must approve any and all changes or revisions to the site and construction plans and specifications. (Development Agreement, Section 8.)

(c) License you the Marks necessary to commence the franchised business. (Franchise Agreement, Section 1.)

(d) Loan you one copy of the Operations Manual which contain mandatory and suggested specifications, standards, and procedures. The Operations Manual may be provided to you in text and/or electronic format. The Operations Manual is confidential and proprietary and remains our property. We have the right to modify the Operations Manual as we deem appropriate, although the modifications will not alter your status and rights under the Franchise Agreement. Attached to this Disclosure Document as Exhibit D is a copy of the Table of Contents of the Operations Manual. (Franchise Agreement, Section 7.)

(e) Provide you with grand opening assistance from our personnel, including planning and developing a grand opening promotional program. (Franchise Agreement, Sections 11.1 and 13.)

(f) Give you periodic guidance (as we deem necessary) about the development, opening and operation of the Restaurant, including advice regarding equipment selection and layout and employee selection and training. (Development Agreement, Section 9 and Franchise Agreement, Section 12.)

(g) Before you commence operating the Restaurant, provide initial training for two individuals (if the Restaurant is only open for breakfast and lunch) and three individuals (if the Restaurant is also open for dinner) that (i) will assume primary responsibility for managing your Restaurant and (ii) will devote full time and best efforts to the management operation of your Restaurant (the “Managers”). (Franchise Agreement, Section 14.1.)

(h) Provide you written specifications for equipment, signs, fixtures, opening inventory and supplies. We also provide names of approved suppliers for these items. We do not deliver or install the items. (Franchise Agreement, Section 13).

**Services During Operation.** During the operation of your Restaurant, we will:

(a) Give you periodic guidance (as we deem necessary) about (i) the methods and procedures to be utilized at the Restaurant; (ii) advertising and promotion; (iii) recipes, food formulas and specifications; (iv) bookkeeping and accounting (which we recommend you review with your accountant); (v) purchasing and inventory control; (vi) inspections; and (vii) new developments and improvements to the Flying Biscuit franchise system. (Development Agreement, Section 9 and Franchise Agreement, Section 12.)

(b) Notify you of changes to, or the creation of, Restaurant standards and specifications and approved or designated suppliers, or the termination of existing approved or designated suppliers. (Franchise Agreement, Sections 7 and 8.)

(c) Refrain from operating or granting a third party the right to operate a Flying Biscuit Restaurant in the Franchise Territory. (Franchise Agreement, Section 3.)

(d) Give you access to advertising and promotional materials we develop. (Franchise Agreement, Section 11.2.)

(e) Provide additional training for your managers. (Franchise Agreement, Section 14.3.)

(f) We may provide you with suggested product pricing based on cost of goods and demographics in the area where your restaurant is located, but we are not obligated to do so and will not set maximum or minimum prices which you must charge.

**Advertising.** We provide advertising materials and services to you through a national advertising fund we have established and control (the “Advertising Fund”). You must participate in the Advertising Fund by contributing 2% of Gross Sales. All affiliate-owned Restaurants or Restaurants we own will also contribute to the Advertising Fund on an equal percentage basis with all franchised Restaurants. The Advertising Fund will be established as a separate banking account and monies received from you will be accounted for separately from our other funds. There is no fiduciary or trust relationship created by our administering the Advertising Fund. We may cause the Advertising Fund to be incorporated or operated through a separate entity if we deem appropriate. (Franchise Agreement, Section 11.2.) We anticipate all of our franchisees will contribute to the Advertising Fund, although there is no prohibition against us

charging higher or lower rates for future franchisees. (Franchise Agreement, Section 11.2.) We also may forgive, waive, settle, or compromise claims by or against the Advertising Fund. We may defer or reduce a franchisee's contribution. If we terminate the Advertising Fund, we will distribute all unused monies to the contributors in proportion to their respective contributions during a pre-determined period.

We use the Advertising Fund to create, among other things, promotional advertising, marketing programs, market research and marketing and advertising activities. We direct all advertising programs developed with funds from the Advertising Fund and have sole discretion over the creative concepts, materials, media used, media placement, and allocation of these programs. Any advertising program or campaign we develop may include dissemination of advertising through print, radio, television, point-of-purchase materials, or other media. This coverage may be local, regional, or national in scope. We may employ an advertising agency or other agency to assist in the development, production, and dissemination of advertising materials, or we may hire personnel to perform these functions. We have no obligation to spend any amount on advertising in the area where your Restaurant is located. (Franchise Agreement, Section 11.2.) In fact, we have no obligation to spend the Advertising Funds to benefit all franchisees or to ensure the monies are used proportionately or equivalent to a franchisee's contributions to the Advertising Fund.

We may charge all costs of the formulation, development, and placement of advertising and promotional materials to the Advertising Fund. These costs will include the proportionate share of our employees who devote time and render services for advertising and promotion or the administration of the Advertising Fund, including administrative costs, salaries, overhead expenses related to administering the Advertising Fund and its programs. In any fiscal year, we may spend more or less than the aggregate of contributions to the Advertising Fund in that year. The Advertising Fund may borrow from third party lenders to cover deficits, and any lenders will receive interest on the borrowed funds. Any amounts that remain in the Advertising Fund at the end of each fiscal year will be applied toward the next year's expenses. We assume no liability or obligations to you or any franchisee for collecting amounts due to the Advertising Fund or to administering or maintaining the Advertising Fund. Currently, we do not intend to audit the Advertising Fund. If we prepare financial statements for the Advertising Fund, we will make them available to you; however, on request in writing, no more than once each calendar year, you may obtain an unaudited accounting of how the Advertising Fund's monies were spent. We will not use funds from the Advertising Fund for advertising that is principally a solicitation for the sale of franchises. (See Franchise Agreement, Section 11.2.) During our fiscal year ended December 28, 2025, we collected \$1,260,398.83 in Advertising Fund contributions from franchisees. We also had \$74,141.99 in contributions from vendors to the Advertising Fund. We expended \$1,180,423.50 of the Advertising Fund contributions as follows: i) Social Media and Digital (\$330,000.85 or 27.95%); ii) Collateral Development (\$143,123.19 or 12.11%); iii) Personnel (\$129,585.35 or 10.97%); iv) Agencies and PR (\$74,457.91 or 6.30%); v) Events & Openings (\$67,872.62 or 5.74%); vi) Local Store Marketing & Incentives (\$261,610.19 or 22.15%); vii) Technology & Platforms (\$153,664.01 or 13.01%); viii) Operations/Compliance Support (\$19,685.38 or 1.77%); ix) G&A (\$424 or .0002%). \$17,061.67 of the \$154,117.32 was not expended in 2025 and remains in the Fund for use in 2026 or later years. We spent 0% on the solicitation on franchisees. Although we can establish a cooperative in a marketing area and require you to participate, as of the date of this Disclosure Document, we have not done so. If we establish an advertising cooperative in a designated marketing area where you are located, you must participate and abide by any rules and procedures adopted by the cooperative and approved by us. (Franchise Agreement, Section 11.4.) All affiliate-owned Restaurants or Restaurants we own will become a member of the advertising cooperative for their marketing area and contribute to the applicable advertising cooperative in accordance with the rules and procedures for the advertising cooperative. Each of our marketing areas will encompass a group of franchisees located in a geographically-defined local, regional, or national marketing area. You will contribute to your respective cooperative, but not more than 2% of your Gross Sales, the exact amount to be set by us. Amounts contributed by you to a cooperative will be credited against monies you are otherwise required to spend on

local advertising. We have the right to draft your bank account for your advertising cooperative contributions and to pass those funds on to your cooperative.

Members of the advertising cooperative will be responsible for administration of their respective advertising cooperative, as stated in the by-laws and any payment agreements that may govern the cooperative. The by-laws and governing agreements will be made available for review by the cooperative's members. We have the right to require a cooperative to prepare annual or periodic financial statements for review. Each cooperative will maintain its own funds; however, we have the right to review the cooperative's finances, if we so choose. Funds used by the cooperative will consist only of contributions made by the members as described above. The funds will be spent on regional advertising and marketing as approved by a majority of the members who vote as more specifically set out in the by-laws governing the cooperative. We maintain the right to approve all of a cooperative's marketing programs and advertising materials. Upon 30 days written notice to affected franchisees, we may terminate or suspend a cooperative's program or operations. We may form, change, dissolve, or merge any advertising cooperative.

Any advertising or marketing materials not prepared or previously approved by us must be submitted to us at least two weeks before any publication or run date for approval. All advertising and promotion must be factually accurate and must not detrimentally affect the Marks or the Flying Biscuit franchise system. We may grant or withhold our approval of any advertising or marketing materials, in our sole discretion. We will provide you with written notification of our approval or disapproval within a reasonable time. If we do not notify you of our approval or disapproval within 10 days of our receipt of the materials, the materials will be deemed approved. You must discontinue your use of any approved advertising within five days of your receipt of our request if we subsequently request you to do so. (Franchise Agreement, Section 11.5).

We do not restrict where you can conduct your advertising and other franchisees will not be precluded from advertising in your Franchise Territory just like you will not be restricted from advertising in someone else's exclusive territory. We or our affiliates may advertise within your Franchise Territory for the sale of products and supplies.

You must participate in any promotional and advertising programs that we establish.

We may use collection agents and bring legal proceedings to collect amounts owed to the Fund. We have no liability or obligation to you for maintaining any cooperative and each cooperative will be organized and governed in the form and manner that we determine in advance. We may change, dissolve, or merge any cooperative.

We do not currently have an advertising council composed of franchisees and have no current plans to establish one.

**Local Advertising.** You must spend at least 2% of your Gross Sales each calendar quarter on local advertising. We have the right to require that you provide us with proof that these funds were spent. If we require you to participate in an advertising cooperative, you will be able to designate a portion of the monies otherwise spent on local advertising towards the funds required by the cooperative. All affiliate-owned Restaurants must spend money for local advertising on an equal percentage basis with all franchised Restaurants. We do not have to spend any amount on advertising in your area or territory.

**Website.** We currently operate a website related to the Flying Biscuit franchise system at [www.flyingbiscuit.com](http://www.flyingbiscuit.com) (the "Website"). We have the right to designate a successor Website. Subject to the terms of the Franchise Agreement and Operations Manual, we may make available to you a sub-page on the Website that will be located at a sub-domain of the Website to be specified by us (the "Subpage").

for the purpose of providing customers with information related to your Restaurant. You will not have the ability to upload, publish, modify, remove, or otherwise change any content on the Subpage. All requests for additions, edits, or modifications to the Subpage must be submitted to us in writing, and we may approve, deny, or modify any such request in our sole discretion.. The Subpage may not contain content which references any other Restaurants other than your Restaurant. We may, at any time, cease to make the Subpage available to you or the public. Upon the termination or expiration of the Franchise Agreement for any reason or a default under the Franchise Agreement for any reason, you may not upload, content, onto, or otherwise use, the Subpage shall immediately cease, and we may cease to make the Subpage available to you.

Franchisee shall submit to Franchisor for approval before use, all social media posts and replies including sites such as Facebook, LinkedIn, Instagram, TikTok, Yelp! and other sites. Franchisee understands and agrees that Franchisor's right of approval for all such materials is necessitated by the fact that they will include and inextricably be linked with the Marks. Franchisee may only use material or postings which Franchisor has approved. Franchisee shall actively monitor its employees and make certain that they comply with these prior approval policies. Franchisee's employees shall be prohibited from using the Marks on any social media without Franchisor's prior written approval.

**Internet World Wide Web/Electronic Media.** No advertising or promotion may be conducted by you over the Internet/worldwide web or through other forms of electronic media, whether within or outside your Franchise Territory, without our express prior written consent, which we can withhold for any or no reason. (Franchise Agreement, Section 11.5.) This includes any use by you or your employees of any form of social media which references the Marks in any way; you are fully responsible for your employees with regard to social media and the Marks. You and your employees must comply with any social media policies in the Operations Manual.

**Grand Opening.** You must develop and implement a grand opening promotion approved by us for your Restaurant. You must spend a minimum of \$10,000 for the grand opening promotion. Part of your grand opening promotion will include obtaining pre and/or post opening coaching by a vendor designated by us and the cost of this coaching will count toward your required grand opening promotion expenditures. Price discounts during this period will not count toward the \$10,000 minimum spend. For items provided free of charge — for example, at grand opening friends and family events or influencer events — you may count 30% of the retail price (representing the approximate cost of goods sold) toward the minimum spend. Gift card redemptions will not count toward the minimum spend.

**Operations Manual.** Exhibit D to this Disclosure Document is a table of contents of our Operations Manual. Our Operations Manual consists of approximately 156 pages.

**Computer Hardware and Software/POS System.** Before opening your Restaurant, you must install, at your expense, a POS system. Currently, our POS system requirements specify each Restaurant must have three POS system terminals. As described in Item 7, the current initial cost of the POS system including one year of support services is approximately \$2,500 to \$6,000. You must use the POS system, among other things, to post all product and service sales, keep inventory control, post sales tax, refunds, and credits, and maintain customer information. At your expense, you must maintain the POS system in good working order at all times, and to upgrade or update the POS system during the term of the Franchise Agreement as we may reasonably require in order to meet our then-current standards and specifications. There are no contractual limitations on the frequency and cost of this requirement. We are not contractually obligated to provide any maintenance, repairs, upgrades, or updates. We estimate that the cost of a maintenance or support service contract for a Restaurant is around \$3,800 to \$5,500 per year, but you may need to contact a vendor to determine the scope of the services they offer and the actual cost of those services. You must maintain a contract with Toast, Inc. ("Toast") to use Toast reporting (the "Portal"). We

have negotiated the contract with Toast for the System and the current cost is approximately \$4,800 per year for a typical Restaurant. If we decide to expand the functionality under the contract with Toast, your costs could increase. You will use the Portal to maintain business information and metrics for your Restaurant and generate data and reports on your Restaurant. We will have access to your Restaurant's information and data on the Portal. We may require the POS system to be accessible by us via modem or otherwise and we will have the right at any time to poll your POS system to retrieve and compile information concerning your Restaurant. In other words, we will have independent access to your sales information and data produced by the Portal and your POS system. There are no contractual limitations on our right to access this information and data. (Franchise Agreement, Section 10.) In addition to the POS system, we may require that you install computer systems meeting our standards and specifications. Currently, we do not require you to purchase computer systems. The computer systems would be used to assist you in the operation of your Restaurant. You would be responsible for all costs associated with any computer systems including accessing the Internet. We would have the right to access the information generated by the computer system, without limitation. Finally, you must maintain credit card, debit card or other non-cash payment systems we require. There are no limitations on the frequency and cost of this obligation. (Franchise Agreement, Section 10.)

Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your POS system or any computer system we may require.

**Site Selection.** Each proposed site for a Restaurant established under your Development Agreement must be located in your Area of Responsibility. Within our discretion, we may consider sites proposed by you outside your Area of Responsibility. The proposed site for your Restaurant must be accepted by us along with any applicable lease, sublease or purchase agreement. We may help you select the site for your Restaurant, although we are not obligated to do so. The site for your Restaurant may be leased or owned by you. Our approval of a site will be based on the information you give us to review, including a site plan. The information we need should include: (i) square footage; (ii) traffic patterns, flow, and total count; (iii) density and income level of the surrounding population; (iv) land and building costs; (v) zoning patterns; (vi) surrounding educational and recreational facilities; (vii) terms of the lease, if any; (viii) the distance from competing businesses, including other Flying Biscuit restaurants; and (ix) other factors having a substantial bearing on the proposed site. (Development Agreement, Section 7.) Under the Development Agreement, we will determine or approve the location of future units, any territories for those units, applying the then-current standards for sites and territories. In addition, you must submit for acceptance by us proposed site and construction plans and any modification to our specifications you propose. The construction of the premises must be completed according to our specifications. If you lease the premises, you and the landlord must enter into a Collateral Assignment of Lease in the form attached as Exhibit B to the Development Agreement, which includes, among other things, a provision that permits you to assign your interest in the premises to us when your Franchise Agreement expires or terminates. If we do not approve a site, you must propose a new site. If we and you are unable to agree upon a site for your Restaurant and, as a result, you fail to meet your Development Schedule, we may terminate your Development Agreement. While there is no contractual limit on the time it takes us to approve or disapprove your proposed site and lease, once we have all the necessary documentation for review, we typically take 30-60 days to approve or disapprove the proposed site and lease.

**Start-up Time.** We expect that you will open your Restaurant within 9 to 14 months after you sign the Franchise Agreement. The factors that affect this timing are financing, building permits, zoning, local ordinance issues, and delayed installation of equipment, fixtures, and signs. If you do not commence operation of the Restaurant within 14 months after the effective date of the Franchise Agreement, we may terminate the Franchise Agreement.



**Conferences and Meetings.** Although we are not obligated under the Franchise Agreement, we may hold periodic conferences, management meetings, or refresher courses to discuss sales techniques, personnel training, bookkeeping, accounting, inventory control, and the like. These conferences may be held at our Atlanta, Georgia location or any other place that we may designate and may last 1 or 2 days. We may charge you a reasonable fee to attend these meetings or conferences, which we expect will not be more than \$300 per person. You must pay your own travel and accommodation expenses. (Franchise Agreement, Sections 14.3 and 14.4.)

**Electronic Funds Transfer.** You must pay all fees or contributions due under the Franchise Agreement by automated bank draft or other reasonable means necessary to ensure we receive payment of all fees and contributions. You must comply with any of our payment instructions, including executing any forms which grant us the right to debit your account on a weekly basis for payment of royalty, management and advertising fees and contributions and other fees and contributions to be paid to us or required by us under the Franchise Agreement. (Franchise Agreement, Section 5.3.)

**Training.** We will assist your owners and management, but you are ultimately responsible for your own employees. We provide the operations training materials but do not supply any training specific to state or federal employment laws—that is your sole responsibility.

Below is a description of our initial training program as of the date of this Disclosure Document. Training programs are subject to change as procedures and processes change. You must send a minimum of two managers (if the Restaurant is only open for breakfast and lunch) and three managers (if the Restaurant is also open for dinner) to become certified through the training program for each location that you open and operate. We will not charge you a training or registration fee for the participation of these managers in the training program; however, you must pay all travel and living expenses (such as transportation, lodging, meals, and compensation) for the managers who attend the training. These individuals are designated by you as having primary responsibility for managing your Restaurant. We may permit additional managers of your Restaurant to attend the initial training program, and, if we do, you will be responsible for all costs and expenses incurred by us in providing the training to these additional managers. Unless you will be primarily responsible for managing the Restaurant, you do not have to attend initial training. Your designated managers must successfully complete the training program to become certified managers, as determined by us, at least one day before the Restaurant opens for business. To become certified, your designated managers must satisfactorily complete all training projects and written tests with a passing score, and successfully demonstrate all on-the-job training procedures detailed in the Operations Manual and the training manual (the “Training Manual”). In addition, we may require you and your managers and employees to attend additional training programs and you may be charged a reasonable fee for the additional training.

The initial training program instructional materials include various training aids including detailed handouts (such as menu descriptions, recipes, and product specifications), PowerPoint presentations, training videos, vendor reference materials (such as user guides, pricing guidelines, etc.), the Training Manual and the Operations Manual.

The initial training program will last a minimum of 15 working days per attendee and will be comprised of classroom training and in-Restaurant training in a Flying Biscuit approved facility. Training will occur at our facility in Atlanta, Georgia, or at another training facility that we will designate. Training will be conducted as often as we deem necessary, in a predetermined schedule designated by the Training Department. (Franchise Agreement, Section 14.1.)

## TRAINING PROGRAM

| Subject                           | Hours of Classroom Training | Hours of On-the-Job Training | Location         |
|-----------------------------------|-----------------------------|------------------------------|------------------|
| Products (Recipes & BOH Stations) | 4                           | 70                           | Atlanta, Georgia |
| Shift Management                  | 2                           | 38                           | Atlanta, Georgia |
| Administrative                    | 2                           | 8                            | Atlanta, Georgia |
| Sanitation/Health (ServSafe)      | 6                           | 2                            | Atlanta, Georgia |
| POS / Technology                  | 4                           | 4                            | Atlanta, Georgia |
| <b>Total</b>                      | <b>18 hours</b>             | <b>122 hours</b>             |                  |

## TRAINING SCHEDULE

| Week 1 — FOH Immersion & Manager Shadow |                                                                                                                     |             |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------|-------------|
| Time                                    | Lesson                                                                                                              | Location    |
| <b>Day 1 — Monday</b>                   |                                                                                                                     |             |
| 6:00–8:00 AM                            | Orientation<br>New Hire Paperwork Review<br>Facility Tour<br>Uniform & Culture Overview<br>Training Schedule Review | Atlanta, GA |
| 8:00–11:00 AM                           | Server Training — 9 Steps of Service<br>POS Tour (Server Functions)<br>Shadow Lead Server                           | Atlanta, GA |
| 11:00 AM–1:00 PM                        | Host Training<br>Floor Chart & Server Rotation<br>Wait List / Paging System<br>Bussing & Reset                      | Atlanta, GA |
| 1:00–2:00 PM                            | Manager Duties<br>Server Checkouts<br>DSR Report Review<br>Ordering Cadence Overview                                | Atlanta, GA |
| <b>Day 2 — Tuesday</b>                  |                                                                                                                     |             |
| 5:00–6:00 AM                            | Catering — POS Entry & Order Prep                                                                                   | Atlanta, GA |
| 6:00–8:00 AM                            | Manager Shadow — Opening<br>Coffee/Tea, Sanitizer Buckets<br>Section Assignment<br>Pre-Shift Meeting                | Atlanta, GA |
| 8:00–11:00 AM                           | Bar Training<br>Bar Setup, Batches, To-Go Expo<br>Running Bar Sidework                                              | Atlanta, GA |

|                                          |                                                                                   |             |
|------------------------------------------|-----------------------------------------------------------------------------------|-------------|
| 11:00 AM–1:00 PM                         | Server Training — Practice (1–2 tables w/ trainer)                                | Atlanta, GA |
| 1:00–2:00 PM                             | Manager Duties<br>Server Checkouts<br>Sidework Verification<br>Closing Procedures | Atlanta, GA |
| <b>Day 3 — Wednesday</b>                 |                                                                                   |             |
| 5:00–6:00 AM                             | Catering — POS Entry & Order Prep                                                 | Atlanta, GA |
| 6:00–8:00 AM                             | Manager Shadow — Operations<br>GFS/Produce Receiving<br>Invoice Entry             | Atlanta, GA |
| 8:00–11:00 AM                            | Host Training — Lead<br>Independent Host Stand Operation                          | Atlanta, GA |
| 11:00 AM–1:00 PM                         | Bar Training — Continued<br>Coffee Class                                          | Atlanta, GA |
| 1:00–2:00 PM                             | Manager Duties — Closing & Recap                                                  | Atlanta, GA |
| <b>Day 4 — Thursday</b>                  |                                                                                   |             |
| 5:00–6:00 AM                             | Catering — POS Entry & Order Prep                                                 | Atlanta, GA |
| 6:00–8:00 AM                             | Manager Shadow<br>Labor & Scheduling Review                                       | Atlanta, GA |
| 8:00–11:00 AM                            | Expo Training<br>Quality Control at the Pass<br>Ticket Management                 | Atlanta, GA |
| 11:00 AM–1:00 PM                         | Expo Training — Continued<br>FOH–BOH Communication                                | Atlanta, GA |
| 1:00–2:00 PM                             | Manager Duties — Closing & Recap                                                  | Atlanta, GA |
| <b>Day 5 — Friday (BOH Introduction)</b> |                                                                                   |             |
| 6:00–8:00 AM                             | Egg Station — Introduction with Alan<br>All Egg Styles to Spec                    | Atlanta, GA |
| 8:00–11:00 AM                            | Grill Station — Introduction<br>Cook Times & Portion Control                      | Atlanta, GA |
| 11:00 AM–1:00 PM                         | Grill Station — Continued                                                         | Atlanta, GA |
| 1:00–2:00 PM                             | Kitchen Close / Manager Duties                                                    | Atlanta, GA |
| <b>Day 6 — Saturday</b>                  |                                                                                   |             |
| 6:00 AM–1:00 PM                          | Prep — Recipe Execution<br>Prep List Management<br>Labeling, Dating, Rotation     | Atlanta, GA |
| 1:00–2:00 PM                             | Manager Duties                                                                    | Atlanta, GA |

| <b>Sunday — OFF</b>                  |                                                                                                             |                 |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------|
| <b>Week 2 — BOH: Master the Line</b> |                                                                                                             |                 |
| <b>Time</b>                          | <b>Lesson</b>                                                                                               | <b>Location</b> |
| <b>Day 1 — Monday</b>                |                                                                                                             |                 |
| 6:00–8:00 AM                         | Egg Station                                                                                                 | Atlanta, GA     |
| 8:00–11:00 AM                        | Expo Station — BOH Side                                                                                     | Atlanta, GA     |
| 11:00 AM–2:00 PM                     | Fryer Station — Practice<br>Fryer Operation (325°F)<br>Cook Times: Donuts 1m, Shrimp 2m, Fries/Chicken 5.5m | Atlanta, GA     |
| 2:00–3:00 PM                         | Kitchen Close / Manager Duties                                                                              | Atlanta, GA     |
| <b>Day 2 — Tuesday</b>               |                                                                                                             |                 |
| 5:00–6:00 AM                         | Catering                                                                                                    | Atlanta, GA     |
| 6:00–8:00 AM                         | Egg Station                                                                                                 | Atlanta, GA     |
| 8:00–11:00 AM                        | Egg Station                                                                                                 | Atlanta, GA     |
| 11:00 AM–1:00 PM                     | Fryer Station                                                                                               | Atlanta, GA     |
| 1:00–2:00 PM                         | Kitchen Close / Manager Duties                                                                              | Atlanta, GA     |
| <b>Day 3 — Wednesday</b>             |                                                                                                             |                 |
| 5:00–6:00 AM                         | Catering                                                                                                    | Atlanta, GA     |
| 6:00–8:00 AM                         | Egg Station<br>Prep<br>Place Gordon (GFS) & Produce Orders                                                  | Atlanta, GA     |
| 8:00–10:00 AM                        | Ordering                                                                                                    | Atlanta, GA     |
| 10:00 –11:00 AM                      | Expo Station                                                                                                | Atlanta, GA     |
| 11:00 AM – 2PM                       | Prep                                                                                                        |                 |
| 2:00–3:00 PM                         | Kitchen Close / Manager Duties                                                                              | Atlanta, GA     |
| <b>Day 4 — Thursday</b>              |                                                                                                             |                 |
| 5:00–6:00 AM                         | Catering                                                                                                    | Atlanta, GA     |
| 6:00 AM–2:00 PM                      | Receive & Put Away Gordon and Produce Trucks<br>Prep (resumes between deliveries)                           | Atlanta, GA     |
| <b>Day 5 — Friday</b>                |                                                                                                             |                 |
| 6:00–8:00 AM                         | Full Line Setup & Operation                                                                                 | Atlanta, GA     |
| 8:00–11:00 AM                        | Prep                                                                                                        | Atlanta, GA     |

|                                                        |                                                                                                                              |                 |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 11:00 AM–1:00 PM                                       | Prep                                                                                                                         | Atlanta, GA     |
| 1:00–2:00 PM                                           | Kitchen Close / Manager Duties                                                                                               | Atlanta, GA     |
| <b>Day 6 — Saturday OFF</b>                            |                                                                                                                              |                 |
| <b>Day 7 — Sunday</b>                                  |                                                                                                                              |                 |
| 6:00 AM–2:00 PM                                        | Manager — Full Day<br>Weekend-Volume Operations                                                                              | Atlanta, GA     |
| <b>Week 3 — Final Rotation &amp; MOD Graduation</b>    |                                                                                                                              |                 |
| <b>Time</b>                                            | <b>Lesson</b>                                                                                                                | <b>Location</b> |
| <b>Day 1 — Monday (BOH Rotation + Tech)</b>            |                                                                                                                              |                 |
| 6:00–8:00 AM                                           | Expo Station                                                                                                                 | Atlanta, GA     |
| 8:00–11:00 AM                                          | Grill Station                                                                                                                | Atlanta, GA     |
| 11:00 AM–1:00 PM                                       | Expo / Egg Station                                                                                                           | Atlanta, GA     |
| 1:00–3:00 PM                                           | Technology Training with Omar<br>POS, Integration, OLO                                                                       | Atlanta, GA     |
| <b>Day 2 — Tuesday (FOH Rotation + ServSafe)</b>       |                                                                                                                              |                 |
| 8:00–11:00 AM                                          | Server — Lead Section                                                                                                        | Atlanta, GA     |
| 11:00 AM–1:00 PM                                       | Bar — Lead                                                                                                                   | Atlanta, GA     |
| 1:00–7:00 PM                                           | ServSafe Class & Certification Exam                                                                                          | Atlanta, GA     |
| <b>Day 3 — Wednesday (Graduation: Manager on Duty)</b> |                                                                                                                              |                 |
| 6:00 AM–2:00 PM                                        | Manager on Duty — Run the Restaurant Independently<br>Open, Manage, Close (with GM observation)<br>Final Review & Graduation | Atlanta, GA     |

Our training instructors have the following restaurant training experience: Sharlene Horne has over twenty-one (21) years of restaurant experience and three (3) years of experience with us. She will be coordinating new franchise training as well as training franchisees on office and computer system use, including front of house technology systems (POS and hostess tablet). Chris McIntyre has over twenty (20) years of experience and has been the Director of Franchisee Operations with Flying Biscuit for one (1) year. He will be overseeing the training. Alan Gonzales has over 22 years' restaurant experience and nine (9) years of experience with us. He will be training new franchisees on the back of house operations.

Additional On-Site Pre-Opening Training.

In addition to the initial training program described above, we will be required to send at least two (2) of your designated managers to complete on-site training at an operating Flying Biscuit Café location

within two (2) weeks prior to the commencement of your Restaurant's grand opening training. These managers should include, to the extent practicable, your General Manager and Kitchen Manager, both of whom are expected to be present and assume leadership roles during grand opening training.

We may, in our sole discretion, waive this requirement if your designated managers have completed training at our corporate training facility within three (3) weeks prior to the scheduled grand opening training.

You are responsible for all costs and expenses associated with this additional on-site training, including, but not limited to, travel, lodging, meals, wages, and any other related expenses incurred by your managers.

## ITEM 12

### TERRITORY

**Development Agreement.** The Development Agreement will specify an Area of Responsibility within which you will focus your development efforts. Under the Development Agreement, you are not granted a territory, exclusive or otherwise, within which to develop your Restaurant(s). You may establish a Restaurant at any location within your Area of Responsibility provided that we consent to the location, which may be granted or withheld in our sole discretion, the location is in a state where we are permitted to sell Flying Biscuit franchises, and the location is not located in another franchisee's franchise territory or area of responsibility. We will notify you of those areas which have been assigned to franchisees, either as exclusive territories or areas of responsibility. We do not intend to grant a large number of franchise territories, although we intend to grant other franchisees areas of responsibility within which they will concentrate their development efforts. An area of responsibility is a geographic territory within which we expect you to concentrate your development efforts. You will have no exclusive territorial rights, protected territory or other rights to exclude, control or impose conditions on the location or development of other or future franchises under the Marks or on our activities, except as may be provided in an applicable Franchise Agreement. If you fail to meet your development schedule, we may terminate your Development Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Under the Development Agreement, we will determine or approve the location of future units and any territories for those units, applying the then-current standards for sites and territories.

**Franchise Agreement.** You will receive the right to operate a Flying Biscuit restaurant only at a site we approve, in our sole discretion. The site will be designated in the Franchise Agreement. Your Franchise Territory will be negotiated by you and us before you sign the Franchise Agreement and specifically described in the Franchise Agreement. In negotiating the Franchise Territory, we may examine population, traffic flow, presence of businesses, location of competitors (including other Flying Biscuit franchisees), demographic, and other market conditions. There is no minimum Franchise Territory and the size of the Franchise Territory will range from being the approved site designated for your Restaurant to an area 1.5 miles around the Restaurant. A Franchise Territory that is designated as being the approved site for the Restaurant will not have any exclusivity. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Restaurants located at sites we view as non-traditional locations (e.g. airports, malls, high-rise buildings, business, and industrial complexes) will have a Franchise Territory limited to the site of the Restaurant. As long as you are in compliance with the Franchise Agreement, we will not operate a Flying Biscuit restaurant within your Franchise Territory, and we will not authorize anyone else to do so. You will operate your Restaurant only from the approved site, and you must receive

our permission before you relocate your Restaurant. We have not established a set of conditions or criteria under which we evaluate or approve relocation requests.

You may solicit customers and advertise your Restaurant anywhere you choose. There are no restrictions on you, any of our other franchisees, or us to prevent any soliciting or advertising in someone else's franchise territory. No party is obligated to pay compensation to any other party for soliciting customers from the other franchisee's franchise territory. In addition, you may deliver products from the Restaurant within or without your Franchise Territory in connection with providing catering services within a reasonable distance from your Restaurant, but not more than 5 miles, provided the deliveries are made by ground transportation. Subject to this maximum mileage requirement, you may provide catering and delivery services in another franchisee's franchise territory without compensating the other franchisee, and other Flying Biscuit franchisees may provide the same services in your Franchise Territory without compensating you. You may not ship products within or without your Franchise Territory.

Under the Franchise Agreement, we and our affiliates have reserved the right to establish anywhere franchises and/or company-owned or affiliate-owned restaurants or outlets selling similar products and providing similar services (including within your Franchise Territory) under names and symbols other than the Marks, even if these restaurants or outlets are near your Restaurant. Nevertheless, as of the date of this Disclosure Document, we have no present plans to exercise any of these rights. We also reserve the right to operate, for ourselves and our affiliates, businesses using the Marks and other marks to distribute products or offer services (including through the Internet, worldwide web, mail order, catalogs or other forms of distribution channels or methods) that may be similar to or different from those found in Flying Biscuit restaurants, both within and outside your Franchise Territory, so long as we do not do so through the operation of a Flying Biscuit Restaurant. We also reserve the exclusive right to sell products identified with the Marks both within and outside your Franchise Territory through any distribution channels or methods (whether at retail or wholesale) including sales through catalogs, e-commerce, mail order, kiosks, mass merchandise, supermarkets and club stores, except through the operation of a Flying Biscuit Restaurant, even if you sell these products at your Restaurant. As one example, we have the right to sell Flying Biscuit food products through a nationwide retail chain even if the chain has facilities located within your Franchise Territory. On the other hand, you have no right to sell any products from any location other than your Restaurant and you have no right to sell products through the Internet or worldwide web, through mail order or catalogs or through any other form of distribution channel or method. We have affiliates that operate and/or franchise competitive restaurant concepts and these concepts may be operated in close proximity to your Restaurant. You have no right to use the Marks in connection with any business other than a Flying Biscuit restaurant. We have the right to engage in any other activities not expressly prohibited in the Franchise Agreement. You may face competition from other franchisees, from Restaurants that we own, or from other channels of distribution or competitive brands that we control.

You have no right of first refusal or similar rights to acquire additional franchises or establish additional Flying Biscuit restaurants.

We have not established any minimum sales quota and do not require any certain level of sales, revenue volume or market penetration in order for you to maintain your Franchise Territory. We will not reduce the size of your Franchise Territory even if the population in it increases. Likewise, we will not expand the size of your Franchise Territory if the population in it decreases. We cannot alter your Franchise Territory unless you give us your written consent. Any rights that are not specifically granted to you under the Franchise Agreement are retained by us.

Other restaurant concepts owned now or in the future by us or our affiliates may be established in close proximity to your Restaurant.

## ITEM 13

### TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to operate your Restaurant under the name “The Flying Biscuit” and to use the other Marks we authorize you to use.

The following principal Marks are registered on the Principal Register of the United States Patent and Trademark Office (the “USPTO”) and were assigned to us by FBI in accordance with an assignment in which we obtain all right, title, and interest to the Marks. We intend to file affidavits of use, affidavits of incontestability, and renewals, when due, for all of the following Marks. All required affidavits have been filed that were due as of the date of this Disclosure Document.

| Mark                                                                              | Registration No. | Registration Date | Owner |
|-----------------------------------------------------------------------------------|------------------|-------------------|-------|
| THE FLYING BISCUIT®                                                               | 2,332,770        | 03/21/00          | Us    |
|  | 3,676,215        | 09/01/09          | Us    |

All required affidavits for the principal Marks have been filed. There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court; nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving the Marks listed above. No agreements limit our right to use or license the use of the Marks.

You must follow the Franchise Agreement, the Operations Manual, our specifications, and directives when you use the Marks. The Marks are the only marks you may use to identify the Restaurant. You may not use any Mark as part of any corporate or trade name or as part of any domain name or electronic address you maintain on the Internet, the worldwide web, or any other similar proprietary or common carrier electronic delivery system unless we expressly authorize you to do so in writing. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks other than a license to use the Marks during the terms of the Franchise Agreement. You are not permitted to make any changes of any kind in or to the use of the Marks unless we permit.

You must notify us promptly of any unauthorized use of the Mark of which you have knowledge or of any challenge to the validity of our ownership of or our right to license others to use the Mark. We will take the action, if any, we believe to be appropriate. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Mark, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys’ fees, recovered or owed to us or our affiliates in connection with any such action. You must execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Mark. We will defend you against any third-party claim, suit, or demand arising out of your use of the Mark. If we, in our sole discretion,



determine that you have used the Mark in accordance with the Franchise Agreement, the cost of such defense and the cost of any judgment or settlement, will be borne by us. If we, in our sole discretion, determine that you have not used the Mark in accordance with the Franchise Agreement, those costs will be borne by you. In the event of any litigation relating to your use of the Mark, you will do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Mark in a manner inconsistent with the terms of the Franchise Agreement or the Manuals, we agree to reimburse you for your out-of-pocket costs in doing such acts.

You must not directly or indirectly contest our right to the Marks, trade secrets, or business techniques that are part of our business. We have no contractual obligation to protect or indemnify you against claims of infringement regarding your use of the Marks, but we might do so when your rights require protection. In that case, if you cooperate with us, we would pay all costs, including attorneys' fees and court costs, associated with any litigation required to defend or protect your authorized use of the Marks. We will not pay any of your attorneys' fees if you hire your own attorney.

You must modify or discontinue the use of a Mark and you must adopt or use additional or substituted marks, if we instruct you to do so. If this happens, you are responsible for your tangible costs of compliance (i.e. changing signs) and we do not have to reimburse you for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark. You waive any claim against us for changing, modifying, or discontinuing a Mark. We may also develop or acquire additional Marks and make them available for your use.

We do not know of any superior rights or infringing uses that could materially affect your use of the Marks.

## **ITEM 14**

### **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

There are no patents or registered copyrights that are material to your Flying Biscuit franchise.

We claim common law rights and copyright protection in a number of items you will use in the operation of your Restaurant, including our Operations Manual, and in certain other materials and information related to the Flying Biscuit franchise system, like our marketing materials, specifications, architectural drawings, Restaurant designs, marketing techniques, advertising programs, advertising strategies, supplier lists, expansion plans, and other information we create or use. We have not registered any of these copyrighted materials with the United States Registrar of Copyrights, although we may do so. We also treat all of this information as trade secrets.

All materials or information of any kind that are designated "confidential" orally or in writing or which, under the circumstances surrounding disclosure, ought to be treated as confidential, are deemed confidential and are loaned to you only under and during the term of the Franchise Agreement and Development Agreement. All confidential materials and the information contained in them must be treated by you as confidential and you must use your best efforts to keep them confidential during and after the terms of the Franchise Agreement and Development Agreement as provided in each agreement. This means that you cannot make copies in any medium of any confidential information or use any confidential information outside of the scope of the Franchise Agreement or Development Agreement or disclose any confidential information to any third party or other persons identified by us as not having authorization to receive disclosure of confidential information. You may disclose confidential information contained in the Operations Manual only to your employees who have a business need to have access to the confidential

information, but only if you first secure from them an agreement to maintain the confidentiality of the confidential information disclosed.

All copyrighted materials and confidential information are owned exclusively by us. Your right to use copyrighted materials and confidential information is derived solely from the Franchise Agreement and Development Agreement and is limited to the conduct of the business under and in compliance with the Franchise Agreement and Development Agreement and all applicable specifications, standards, and operating procedures we prescribe during the term of the Franchise Agreement and Development Agreement. Any unauthorized use of our copyrighted materials or any unauthorized use or disclosure of confidential information will constitute an infringement of our rights in and to the copyrighted materials and confidential information.

We may claim copyright protection in certain techniques we create, and may patent certain processes and equipment we develop. If we do, we will notify you and, if the copyrights and patents are material to your obligations under the Franchise Agreement, we will authorize you to use them at no additional charge. Any modifications or improvements that you make to the Flying Biscuit franchise system will be deemed a works made for hire which shall be owned exclusively by us. We do not have to compensate you for your modification or improvement.

You must promptly notify us of any unauthorized use of our copyrighted materials or any unauthorized use or disclosure of confidential information, including by your employees. You must notify us of any challenge to your right to use or the ownership of any copyrighted materials or confidential information. We are not required to protect or defend our copyrights, although we intend to do so when it is in the best interests of the Flying Biscuit franchise system. We have the exclusive right to control any copyright litigation. We have the right to keep all sums obtained in settlement or as a damages award in any proceeding or litigation without any obligation to share any portion of the settlement sums or damages award with you. While we are not required to participate in your defense or to indemnify you for damages or expenses you incur if you are a party to any administrative or judicial proceeding involving our confidential information or other information in which we claim common law rights and copyright protection, we may reimburse you for your liability and reasonable costs in connection with defending our confidential information and other information in which we claim common law rights and copyright protection.

We will have the right at any time, on notice to you, to make additions to, deletions from, and changes in any item in which we claim common law copyright or registered copyright protection including the Operations Manual. You must adopt and use all additions, deletions, and changes as we direct, at your expense.

Your spouse, and if you are not an individual, your shareholders, members, partners and managers, as applicable, and their spouses, must sign the Personal Covenants attached to the Franchise Agreement as Exhibit B and the Development Agreement as Exhibit C requiring them to comply with the confidentiality provisions of the Franchise Agreement and the Development Agreement, refrain from engaging in competitive businesses, and refrain from soliciting our employees and the employees of other Flying Biscuit franchisees. We have the right to require your other employees who have access to our confidential information to sign a noncompetition, nonsolicitation and/or nondisclosure agreement in the form(s) prescribed by us periodically. We have the right to take legal action against you if there has been an unauthorized use of our confidential information or trade secrets through you or your employees.

There is currently no litigation pending involving the copyrighted materials or confidential information. We do not know of any effective material determinations of the U.S. Copyright Office or any court regarding any of the copyrighted materials or confidential information. There are no agreements in

effect that significantly limit our right to use or license the copyrighted materials or confidential information.

We do not know of any superior rights or infringing uses that could materially affect your use of our confidential information of copyright materials.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You must maintain direct responsibility over the Restaurant; however, we do not require that you personally supervise the day-to-day operations of the Restaurant. During operations hours, a Manager who has successfully completed the initial training program described in Section 14.1 of the Franchise Agreement, must at all times be at your Restaurant. The Managers must directly supervise and be responsible for the day-to-day management and proper operation of your Restaurant, and the Managers may not assist in any business which competes with your Restaurant. The Managers must invest their full time and attention and devote their best efforts to the on-premises management of the Restaurant. The Managers cannot have an interest or business relationship with any of our business competitors. The Managers need not have an ownership interest in the franchisee.

If the Managers are not already bound by the Franchise Agreement, we may require them to sign a noncompetition, nonsolicitation and/or nondisclosure agreement in the form(s) prescribed by us. This noncompetition, nonsolicitation and/or nondisclosure agreement will prohibit them from directly or indirectly engaging in activities that compete with the operations of your Restaurant or any other Flying Biscuit Restaurant, disclosing our confidential and proprietary information and trade secrets, and soliciting our employees and employees of other Flying Biscuit franchisees. We also may require those employees who have received our confidential and proprietary information to enter into the same noncompetition, nonsolicitation and/or nondisclosure agreement.

We may require each of your owners holding at least a 10% equity interest in you, to personally guarantee your obligations to us under the Development Agreement and the Franchise Agreement. The guarantees will be in the form of the Guaranty Agreement attached as Exhibit E to the Development Agreement and Exhibit F to the Franchise Agreement, respectively.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must conduct the business operated at your Restaurant as required by the Operations Manual and the Franchise Agreement. You must offer and sell only those products and services approved by us. Further, you must offer all goods and services that we designate as required for all franchisees. These required goods and services include breakfast, brunch, and lunch foods, and other food products and beverages. We have the right to add additional authorized goods and services that you must offer. This means that we have the right to require you to carry the required menu items that we dictate and that we determine are appropriate for Flying Biscuit Restaurants. There are no limits on our right to make modifications to our approved menu, whether by a change in the Operations Manual or through an amendment to the Franchise Agreement or by another form of written directive.

We will not restrict you from soliciting any customers, no matter who they are or where they are located. However, you may only sell products to consumers for consumer purposes (and not for resale).

You may not sell products at wholesale. In addition, you may provide delivery and catering services from the Restaurant within or without your Franchise Territory in connection with providing these delivery and catering services within a reasonable distance from the site of the Restaurant not to exceed 5 miles, provided the deliveries are made by ground transportation. Subject to this maximum mileage requirement, you may provide catering and delivery services in the Franchise Territories of other Flying Biscuit franchisees, and other Flying Biscuit franchisees may provide the same services in your Franchise Territory. You may not ship products within or without your Franchise Territory.

You may not have or use, or permit the presence or use of, video game machines or vending machines or any similar device or machine at the Restaurant unless we consent in writing.

## ITEM 17

### RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

#### **Development Agreement**

| <b>Provision</b>                           | <b>Section in Development Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Length of the franchise term            | Section 3                               | Expires the date after operations of the final Restaurant to be established are required to begin as provided on the Development Schedule.                                                                                                                                                                                |
| b. Renewal or extension of the term        | Not Applicable                          | Not Applicable                                                                                                                                                                                                                                                                                                            |
| c. Requirements for you to renew or extend | Not Applicable                          | Not Applicable                                                                                                                                                                                                                                                                                                            |
| d. Termination by franchisee               | Section 12.1                            | You can terminate only if we fail to cure a default under the Development Agreement within 90 days (or 150 days in some instances) after you give us written notice of termination.                                                                                                                                       |
| e. Termination by franchisor without cause | Not Applicable                          | Not Applicable. Termination of the Development Agreement does not allow for the termination of any then in force Franchise Agreement. Termination of any Franchise Agreement does not allow for termination of the Development Agreement, so long as Franchisee is otherwise in compliance with its development schedule. |

|                                           |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                           |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| f. Termination by franchisor with “cause” | Sections 12.2 and 12.3 | We can terminate only if you default or if certain events (described in (g) and (h) below) occur. In some instances, you will have an opportunity to cure the default. Termination of the Development Agreement does not allow for the termination of any then in force Franchise Agreement. Termination of any Franchise Agreement does not allow for termination of the Development Agreement, so long as Franchisee is otherwise in compliance with its development schedule.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| g. “Cause” defined – curable defaults     | Section 12.3           | Failure to comply with any provisions of the Development Agreement not covered in “h” below. You have 30 days (or 60 days in some instances) after we give you written notice to cure the default. Termination of the Development Agreement does not allow for the termination of any then in force Franchise Agreement. Termination of any Franchise Agreement does not allow for termination of the Development Agreement, so long as Franchisee is otherwise in compliance with its development schedule.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| h. “Cause” defined – non-curable defaults | Section 12.2           | Insolvency; bankruptcy; liquidation; reorganization; general assignment for benefit of creditors; failure to pay us or any creditor, supplier or lessor of any of your Restaurants any sums due after written notification; failure to comply with Development Schedule; conviction of a felony or crime involving moral turpitude; making of material misrepresentations; unauthorized transfer; unauthorized use or disclosure of confidential information; failure to comply with non-competition and non-solicitation provisions; failure to comply with any applicable law; dissolution; default under the Franchise Agreement or any other agreement between you and us; or receipt of three default notices within a 12 month period. Termination of the Development Agreement does not allow for the termination of any then in force Franchise Agreement. Termination of any Franchise Agreement does not allow for termination of the |

|                                                                         |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                         |                                    | Development Agreement, so long as Franchisee is otherwise in compliance with its development schedule.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| i. Franchisee's obligations on termination/non renewal                  | Sections 12.4 and 14               | No investment in competitive business; no solicitation of employees; no disclosure of confidential information; and strictly comply with non-compete prohibition.                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| j. Assignment of contract by franchisor                                 | Section 13.1                       | No restriction on our right to assign.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| k. "Transfer" by franchisee – defined                                   | Section 13.2                       | Includes transfer of Development Agreement, any interest in Development Agreement, or any equity interest in you if you are an entity or any equity interest in any owners of you if they are an entity.                                                                                                                                                                                                                                                                                                                                                                                                 |
| l. Franchisor approval of transfer by franchisee                        | Sections 13.2 and 13.3             | We have the right to approve all transfers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| m. Conditions for franchisor approval of transfer                       | Section 13.4                       | Transferee qualifies; transferee assuming obligations under Development Agreement and/or entering into new Development Agreement and any other agreements we require; terms and conditions of transfer are satisfactory to us; you are not in default under the Development Agreement, any Franchise Agreement or any other agreement between you and us; sign the current form of general release in <u>Exhibit K</u> to this Disclosure Document; transfer fee paid; we decline to exercise our right of first refusal; and the Marks not being used in any advertisement for any prohibited transfer. |
| n. Franchisor's right of first refusal to acquire franchisee's business | Section 15                         | We can match any offer for the transfer of your business or any ownership interest.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| o. Franchisor's option to purchase franchisee's business                | N/A                                | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| p. Death or disability of franchisee                                    | Sections 13.3 and 13.4             | Development Agreement or ownership interest must be assigned by estate to an approved buyer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| q. Non competition covenants during the term of the franchise           | Sections 14.1, 14.2, 14.4 and 14.5 | No involvement in competitive business and no solicitation of any employee of Flying Biscuit or employee of any other Flying Biscuit franchisee.                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

|                                                                           |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| r. Non competition covenants after the franchise is terminated or expires | Sections 14.1, 14.2, 14.4 and 14.5 | For one year, no involvement in competitive business located within a three mile radius of any Flying Biscuit restaurant and no solicitation of any employee of Flying Biscuit or employee of any other Flying Biscuit franchisee. Competitive business includes any business operating or franchising a restaurant or food establishment (a) offering breakfast or brunch foods (including all breakfast foods such as eggs, breakfast meats, potatoes, breakfast burritos, french toast, biscuits, pancakes, muffins and bread and other baked goods) and (b) that derives more than 50% of its revenue from sales of breakfast and brunch foods (other than another Flying Biscuit Restaurant operated by you under license from us). |
| s. Modification of the agreement                                          | Section 30                         | Generally, no modifications unless agreed in writing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| t. Integration/merger clause                                              | Section 30                         | Only the terms of the Development Agreement are binding; however, nothing in the Development Agreement shall disclaim or require you to waive reliance on any representation that we made in our most recent disclosure document (including its exhibits and amendments).                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| u. Dispute resolution by arbitration or mediation                         | Section 21.2                       | Except for certain claims, disputes must be settled by arbitration. Arbitration must occur in the office of the American Arbitration Association closest to our principal executive office.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| v. Choice of forum                                                        | Sections 21.1 and 21.2             | Litigation must be held in the federal or state court for the district where our principal executive office is located (subject to state law). Arbitration must occur in the office of the American Arbitration Association closest to our principal executive office.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| w. Choice of law                                                          | Section 21.1                       | Georgia law applies, except for federal law and with respect to covenants restricting competition which may be governed by the laws of the state in which your principal place of business is located (subject to state law).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

### **Franchise Agreement**

| <b>Provision</b>                                  | <b>Section in Franchise Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Length of the franchise term                   | Section 2.1                           | 10 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| b. Renewal or extension of the term               | Section 2.2                           | If you meet the requirements, you can renew for one additional consecutive 10 year term; after that you will have no right to renew the Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| c. Requirements for franchisee to renew or extend | Section 2.2                           | You must: provide written notice of election to renew; not be in default of the Franchise Agreement or any other agreement relating to the Restaurant; sign the then-current form of Franchise Agreement; pay a renewal fee; refurbish the Restaurant, if required; complete any required retraining program; sign the current form of general release in <u>Exhibit K</u> to this Disclosure Document; and maintain ownership or leasehold interest in the Restaurant location or secure a suitable alternative. Terms of the then-current form of Franchise Agreement may differ materially from any and all of those contained in the Franchise Agreement attached to this Disclosure Document. |
| d. Termination by franchisee                      | Section 21.1                          | You can terminate only if we fail to cure a default under the Franchise Agreement within 90 days (or 150 days in some instances) after you give us written notice of termination.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| e. Termination by franchisor without cause        | Not Applicable                        | Not Applicable. Termination of the Development Agreement does not allow for the termination of any then in force Franchise Agreement. Termination of any Franchise Agreement does not allow for termination of the Development Agreement, so long as Franchisee is otherwise in compliance with its development schedule.                                                                                                                                                                                                                                                                                                                                                                          |
| f. Termination by franchisor with cause           | Sections 21.2 and 21.3                | We can terminate only if you default or if certain events (described in (g) and (h) below) occur. In some instances, you will have an opportunity to cure the default.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |



|                                           |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                           |              | Default under a Development Agreement is not a default under a unit Franchise Agreement. Termination of the Development Agreement does not allow for the termination of any then in force Franchise Agreement. Termination of any Franchise Agreement does not allow for termination of the Development Agreement, so long as Franchisee is otherwise in compliance with its development schedule.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| g. "Cause" defined – curable defaults     | Section 21.3 | Failure to comply with our standards and procedures or any term of the Franchise Agreement not covered in "h" below, including: failure to submit required reports; failure to relocate; failure to comply with an of the terms and conditions of any other agreement entered into by you in connection with your Restaurant; failure to maintain required insurance; and failure to restore Restaurant to full operation if it is rendered inoperable by casualty. You have 30 days (or 60 days in some instances) after we give you written notice to cure the default. Termination of the Development Agreement does not allow for the termination of any then in force Franchise Agreement. Termination of any Franchise Agreement does not allow for termination of the Development Agreement, so long as Franchisee is otherwise in compliance with its development schedule. |
| h. "Cause" defined – non-curable defaults | Section 21.2 | Insolvency; bankruptcy; liquidation; reorganization; general assignment for benefit of creditors; failure to pay us or any creditor, supplier or lessor of the Restaurant any sums due after written notification; conviction of a felony or crime involving moral turpitude; operation of the Restaurant as a safety hazard; making of material misrepresentations; unauthorized transfer; failure to comply with non-competition and non-solicitation provisions; unauthorized use of any Mark or disclosure of confidential information; failure to comply with any applicable law; unauthorized seizures; failure to maintain possession of the Restaurant premises; knowingly maintaining false books or records; denying us access to your books or records; understatement of fees by more                                                                                   |

|                                                        |                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                        |                          | than 5%; receipt of three default notices within a 12 month period; or dissolution. Termination of the Development Agreement does not allow for the termination of any then in force Franchise Agreement. Termination of any Franchise Agreement does not allow for termination of the Development Agreement, so long as Franchisee is otherwise in compliance with its development schedule.                                                                                                                                                                                               |
| i. Franchisee's obligations on termination/non-renewal | Sections 20, 21.4 and 22 | Obligations include payment of lost profits; complete de-identification of Restaurant; payment of amounts due; return confidential materials; cancel assumed name registration; transfer telephone and fax numbers and Internet listings; no investment in competitive business; no solicitation of employees; follow any procedures in the Operations Manual related to discontinuing operations of the Restaurant; and offer us the right to purchase the Restaurant. We may assume the Restaurant's management.                                                                          |
| j. Assignment of contract by franchisor                | Section 19.1             | No restriction on our right to assign.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| k. "Transfer" by franchisee – defined                  | Section 19.2             | Includes transfer of Franchise Agreement, any interest in Franchise Agreement, any assets of Restaurant, or any equity interest in you if you are an entity or any equity interest in any owners of you if they are an entity.                                                                                                                                                                                                                                                                                                                                                              |
| l. Franchisor approval of transfer by franchisee       | Sections 19.2 and 19.3   | We have the right to approve all transfers but will not unreasonably withhold approval.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| m. Conditions for franchisor approval of transfer      | Section 19.4             | Transferee qualifies; transferee assuming obligations under Development Agreement and/or entering into new Development Agreement and any other agreements we require; terms and conditions of transfer are satisfactory to us; you are not in default under the Development Agreement, Franchise Agreement or any other agreement between you and us; sign the current form of general release in <u>Exhibit K</u> to this Disclosure Document; fee paid; we decline to exercise our right of first refusal; and the Marks not being used in any advertisement for any prohibited transfer. |

|                                                                           |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| n. Franchisor's right of first refusal to acquire franchisee's business   | Section 23                         | We can match any offer for the transfer of your business or any ownership interest.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| o. Franchisor's option to purchase franchisee's business                  | Section 22.3                       | Upon expiration or termination of the Franchise Agreement, you must offer us the right to purchase the Restaurant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| p. Death or disability of franchisee                                      | Section 19.3                       | Franchise must be assigned by estate to an approved buyer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| q. Non competition covenants during the term of the franchise             | Sections 20.1, 20.2, 20.4 and 20.5 | No involvement in competitive business and no solicitation of any employee of Flying Biscuit or employee of any other Flying Biscuit franchisee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| r. Non competition covenants after the franchise is terminated or expires | Sections 20.1, 20.2, 20.4 and 20.5 | For one year, no involvement in competitive business located within a three mile radius of any Flying Biscuit restaurant and no solicitation of any employee of Flying Biscuit or employee of any other Flying Biscuit franchisee. Competitive business includes any business operating or franchising a restaurant or food establishment (a) breakfast and brunch foods (including all breakfast meats, potatoes, breakfast burritos, french toast, biscuits, pancakes, muffins and bread and other baked goods) and (b) that derives more than 50% of its revenue from sales of breakfast and brunch foods (other than another Flying Biscuit Restaurant operated by you under license from us). |
| s. Modification of the agreement                                          | Sections 7, 8.1 and 40             | Generally, no modifications unless agreed in writing. We may revise the Operations Manual and you must comply with each requirement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| t. Integration/merger clause                                              | Section 40                         | Only the terms of the Franchise Agreement are binding (subject to state law); however, nothing in the Franchise Agreement shall disclaim or require you to waive reliance on any representation that we made in our most recent disclosure document (including its exhibits and amendments).                                                                                                                                                                                                                                                                                                                                                                                                       |
| u. Dispute resolution by arbitration or mediation                         | Section 31.2                       | Except for certain claims, disputes must be settled by arbitration. Arbitration must occur in the office of the American Arbitration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

|                       |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                       |                        | Association closest to our principal executive office.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| v. Choice of forum    | Sections 31.1 and 31.2 | Litigation must be held in the federal or state court for the district where our principal executive office is located (subject to state law). Arbitration must occur in the office of the American Arbitration Association closest to our principal executive office.                                                                                                                                                                                                                                                                                                                                                                                          |
| w. Choice of law      | Section 31.1           | Georgia law applies, except for federal law and with respect to covenants restricting competition which may be governed by the laws of the state in which the Restaurant is located (subject to state law).                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| x. Liquidated Damages | Section 22.1           | Upon termination of the Franchise Agreement due to your breach, you shall pay us, in addition to other amounts owed, liquidated damages in an amount equal to (i) the average monthly amount of Royalty Fees payable by you to us for the one year immediately preceding the date of termination however, if the Restaurant has not been open for at least 12 months, the average monthly amount of Royalty Fees payable by you to us for the months in which the Restaurant has been open multiplied by 12; then (ii) multiplied by twenty-four; or (b) the number of months remaining in the then-current term of the Franchise Agreement, whichever is less. |

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in Exhibit E attached to this Disclosure Document.

## ITEM 18

### PUBLIC FIGURES

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

## ITEM 19

### FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following represents an average of the Gross Sales for company-owned and franchised Restaurants that were in operation during the year 2025. As of December 31, 2025, there were a total of 41 Restaurants open and operating but only 35 Restaurants were open and operating from January 1, 2025 to January 31, 2025. The data is based on eight company-owned Restaurants and 27 Franchise Restaurants that were open and operating from January 1, 2025 through December 31, 2025. We prepared the information contained herein from our information regarding sales obtained by our company-owned Restaurants and from reports provided by our franchisees to us. These reported results are not audited. We would highly recommend that you talk with our franchise locations to gain a better understanding of revenue and expenses associated with owning a Restaurant.

#### Company-Owned Units — Quartiles (2 / 2 / 2 / 2)<sup>1</sup>

| Tier               | # Units  | Average            | Median             | High               | Low              |
|--------------------|----------|--------------------|--------------------|--------------------|------------------|
| <b>Q1 (top)</b>    | 2        | \$3,114,028        | \$3,114,028        | \$3,990,356        | \$2,237,701      |
| <b>Q2</b>          | 2        | \$1,802,340        | \$1,802,340        | \$1,886,499        | \$1,718,182      |
| <b>Q3</b>          | 2        | \$1,345,998        | \$1,345,998        | \$1,392,512        | \$1,299,484      |
| <b>Q4 (bottom)</b> | 2        | \$1,055,779        | \$1,055,779        | \$1,297,038        | \$814,519        |
| <b>All</b>         | <b>8</b> | <b>\$1,829,536</b> | <b>\$1,555,347</b> | <b>\$3,990,356</b> | <b>\$814,519</b> |

<sup>1</sup> This includes affiliate-owned units

#### Franchised Units — Quartiles (7 / 7 / 7 / 6)

| Tier               | # Units   | Average            | Median             | High               | Low              |
|--------------------|-----------|--------------------|--------------------|--------------------|------------------|
| <b>Q1 (top)</b>    | 7         | \$2,796,221        | \$2,701,314        | \$3,422,480        | \$2,415,654      |
| <b>Q2</b>          | 7         | \$1,953,942        | \$1,901,318        | \$2,250,586        | \$1,816,416      |
| <b>Q3</b>          | 7         | \$1,643,858        | \$1,657,282        | \$1,753,970        | \$1,523,909      |
| <b>Q4 (bottom)</b> | 6         | \$1,303,270        | \$1,371,355        | \$1,503,289        | \$985,497        |
| <b>All</b>         | <b>27</b> | <b>\$1,947,325</b> | <b>\$1,816,416</b> | <b>\$3,422,480</b> | <b>\$985,497</b> |

#### All Units Combined — Quartiles (9 / 9 / 9 / 8)

| Tier               | # Units   | Average            | Median             | High               | Low              |
|--------------------|-----------|--------------------|--------------------|--------------------|------------------|
| <b>Q1 (top)</b>    | 9         | \$2,868,276        | \$2,701,314        | \$3,990,356        | \$2,250,586      |
| <b>Q2</b>          | 9         | \$1,922,798        | \$1,900,672        | \$2,237,701        | \$1,753,970      |
| <b>Q3</b>          | 9         | \$1,601,970        | \$1,614,757        | \$1,718,182        | \$1,443,222      |
| <b>Q4 (bottom)</b> | 8         | \$1,209,582        | \$1,298,261        | \$1,396,728        | \$814,519        |
| <b>All</b>         | <b>35</b> | <b>\$1,920,402</b> | <b>\$1,753,970</b> | <b>\$3,990,356</b> | <b>\$814,519</b> |

## Gross Sales for Stabilized Franchised Units (Open 24 or More Months) for Calendar Year 2025

The Flying Biscuit Cafe considers a franchised restaurant to be stabilized after 24 months of operation, based on historical sales patterns across the system.

### Company-Owned Units — Quartiles (1 / 1 / 1 / 1)

| Tier               | # Units  | Average            | Median             | High               | Low                |
|--------------------|----------|--------------------|--------------------|--------------------|--------------------|
| <b>Q1 (top)</b>    | 1        | \$3,990,356        | \$3,990,356        | \$3,990,356        | \$3,990,356        |
| <b>Q2</b>          | 1        | \$2,237,701        | \$2,237,701        | \$2,237,701        | \$2,237,701        |
| <b>Q3</b>          | 1        | \$1,886,499        | \$1,886,499        | \$1,886,499        | \$1,886,499        |
| <b>Q4 (bottom)</b> | 1        | \$1,392,512        | \$1,392,512        | \$1,392,512        | \$1,392,512        |
| <b>All</b>         | <b>4</b> | <b>\$2,376,767</b> | <b>\$2,062,100</b> | <b>\$3,990,356</b> | <b>\$1,392,512</b> |

The top quartile (1 unit) produced 42.0% of company-owned gross sales.

### Franchised Units — Quartiles (7 / 7 / 6 / 6)

| Tier               | # Units   | Average            | Median             | High               | Low                |
|--------------------|-----------|--------------------|--------------------|--------------------|--------------------|
| <b>Q1 (top)</b>    | 7         | \$2,796,221        | \$2,701,314        | \$3,422,480        | \$2,415,654        |
| <b>Q2</b>          | 7         | \$1,953,942        | \$1,901,318        | \$2,250,586        | \$1,816,416        |
| <b>Q3</b>          | 6         | \$1,663,850        | \$1,660,439        | \$1,753,970        | \$1,589,972        |
| <b>Q4 (bottom)</b> | 6         | \$1,393,005        | \$1,419,975        | \$1,523,909        | \$1,144,898        |
| <b>All</b>         | <b>26</b> | <b>\$1,984,318</b> | <b>\$1,844,943</b> | <b>\$3,422,480</b> | <b>\$1,144,898</b> |

The top quartile averaged \$2,796,221 —twice the bottom quartile average of \$1,309,005. Top quartile franchisees produced 37.9% of all franchisee gross sales from just 27% of the unit base.

### All Units Combined — Quartiles (8 / 8 / 7 / 7)

#### 2.3 All Stabilized Units Combined

| Tier               | # Units   | Average          | Median           | High             | Low              |
|--------------------|-----------|------------------|------------------|------------------|------------------|
| <b>Q1 (top)</b>    | 8         | 2,945,487        | 2,778,550        | 3,990,356        | 2,415,654        |
| <b>Q2</b>          | 8         | 1,998,172        | 1,903,974        | 2,250,586        | 1,873,470        |
| <b>Q3</b>          | 7         | 1,685,645        | 1,663,597        | 1,816,416        | 1,589,972        |
| <b>Q4 (bottom)</b> | 7         | 1,392,934        | 1,396,728        | 1,523,909        | 1,144,898        |
| <b>All</b>         | <b>30</b> | <b>2,036,644</b> | <b>1,879,984</b> | <b>3,990,356</b> | <b>1,144,898</b> |

The top quartile (8 units) produced 38.6% of all 2025 gross sales from roughly 27% of the unit base.

“Gross Sales” means the amount of sales of all products and services sold in, on, about or from the Restaurant, together with any other revenues derived from the operation of the Restaurant, whether by you or by any other person, whether or not in accordance with the terms of the Franchise Agreement, and whether for cash or on a charge, credit, barter or time basis, including, but not limited to, all sales and services (i) where orders originate and/or are accepted by you in the Restaurant but delivery or performance

of the order is made from or at any place other than the Restaurant or (ii) per telephone or other similar orders received or filled at or in the Restaurant.

**Some outlets have earned this amount. Your individual 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. Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Daryl Dollinger, 6090 Roswell Road, Atlanta, Georgia 30328, (833) 322-2330, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing below are as of December 31, 2023, December 29, 2024, and December 28, 2025.

Table No. 1

#### Systemwide Outlet Summary For years 2023/2024/2025

| Outlet Type          | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|----------------------|------|----------------------------------|--------------------------------|------------|
| Franchised           | 2023 | 21                               | 26                             | +5         |
|                      | 2024 | 26                               | 27                             | +1         |
|                      | 2025 | 27                               | 33                             | +6         |
| Company-Owned        | 2023 | 5                                | 5                              | 0          |
|                      | 2024 | 5                                | 8                              | +3         |
|                      | 2025 | 8                                | 8                              | 0          |
| <b>Total Outlets</b> | 2023 | <b>26</b>                        | <b>31</b>                      | <b>+5</b>  |
|                      | 2024 | <b>31</b>                        | <b>35</b>                      | <b>+4</b>  |
|                      | 2025 | <b>35</b>                        | <b>41</b>                      | <b>+6</b>  |

Table No. 2

Transfers of Outlets from Franchisees to New Owners (Other Than Franchisor)  
For years 2023/2024/2025

| State        | Year | Number of Transfers |
|--------------|------|---------------------|
| All States   | 2023 | 0                   |
|              | 2024 | 0                   |
|              | 2025 | 0                   |
| <b>Total</b> | 2023 | <b>0</b>            |
|              | 2024 | <b>0</b>            |
|              | 2025 | <b>0</b>            |

Table No.3

Status of Franchise Outlets  
For years 2023/2024/2025

| 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        | 2023 | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
|                | 2024 | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
|                | 2025 | 2                        | 2              | 0            | 0            | 0                        | 0                               | 4                          |
| Florida        | 2023 | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
|                | 2024 | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
|                | 2025 | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
| Georgia        | 2023 | 11                       | 4              | 1            | 0            | 0                        | 0                               | 14                         |
|                | 2024 | 14                       | 0              | 0            | 0            | 0                        | 0                               | 14                         |
|                | 2025 | 14                       | 1              | 0            | 0            | 0                        | 0                               | 15                         |
| North Carolina | 2023 | 4                        | 2              | 0            | 0            | 0                        | 0                               | 6                          |
|                | 2024 | 6                        | 0              | 0            | 0            | 0                        | 0                               | 6                          |
|                | 2025 | 6                        | 1              | 0            | 0            | 0                        | 0                               | 7                          |
| South Carolina | 2023 | 2                        | 0              | 0            | 0            | 0                        | 0                               | 2                          |
|                | 2024 | 2                        | 1              | 0            | 0            | 0                        | 0                               | 3                          |
|                | 2025 | 3                        | 1              | 0            | 0            | 0                        | 0                               | 4                          |
| Tennessee      | 2023 | 0                        | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|                | 2024 | 0                        | 0              | 0            | 0            | 0                        | 0                               | 0                          |



| 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 |
|--------------|------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
|              | 2025 | 0                        | 1              | 0            | 0            | 0                        | 0                               | 1                          |
| <b>Total</b> | 2023 | <b>21</b>                | <b>6</b>       | <b>1</b>     | <b>0</b>     | <b>0</b>                 | <b>0</b>                        | <b>26</b>                  |
|              | 2024 | <b>26</b>                | <b>1</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>                 | <b>0</b>                        | <b>27</b>                  |
|              | 2025 | <b>27</b>                | <b>6</b>       | <b>0</b>     | <b>0</b>     | <b>0</b>                 | <b>0</b>                        | <b>33</b>                  |

Explanatory Notes:

Note 1: Franchisees must sign Development Agreements under which they agree to develop a certain number of Restaurants consistent with a Development Schedule. You are not granted development territories under the Development Agreements, although you will have an Area of Responsibility within which you will concentrate your development efforts (see Item 12). As of December 28, 2025, there were 27 Restaurants committed to be established and opened in the future under Development Agreements and Franchise Agreements between us and our franchisees. These Restaurants are scheduled to be established and opened during the period 2028.

Table No. 4

Status of Company-Owned and Affiliate-Owned Outlets  
For years 2023/2024/2025

| 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 |
|----------------|------|------------------------------|----------------|------------------------------------|----------------|----------------------------|----------------------------|
| Georgia        | 2023 | 2                            | 0              | 0                                  | 0              | 0                          | 2                          |
|                | 2024 | 2                            | 0              | 0                                  | 1              | 0                          | 1                          |
|                | 2025 | 1                            | 0              | 0                                  | 0              | 0                          | 1                          |
| North Carolina | 2023 | 1                            | 0              | 0                                  | 0              | 0                          | 1                          |
|                | 2024 | 1                            | 0              | 0                                  | 0              | 0                          | 1                          |
|                | 2025 | 1                            | 0              | 0                                  | 0              | 0                          | 1                          |
| South Carolina | 2023 | 1                            | 0              | 0                                  | 0              | 0                          | 1                          |
|                | 2024 | 1                            | 0              | 0                                  | 0              | 0                          | 1                          |
|                | 2025 | 1                            | 0              | 0                                  | 0              | 0                          | 1                          |
| Texas          | 2023 | 1                            | 0              | 0                                  | 0              | 0                          | 1                          |
|                | 2024 | 1                            | 4              | 0                                  | 0              | 0                          | 5                          |
|                | 2025 | 5                            | 0              | 0                                  | 0              | 0                          | 5                          |
| <b>Total</b>   | 2023 | <b>5</b>                     | <b>0</b>       | <b>0</b>                           | <b>0</b>       | <b>0</b>                   | <b>5</b>                   |
|                | 2024 | <b>5</b>                     | <b>4</b>       | <b>0</b>                           | <b>1</b>       | <b>0</b>                   | <b>8</b>                   |
|                | 2025 | <b>8</b>                     | <b>0</b>       | <b>0</b>                           | <b>0</b>       | <b>0</b>                   | <b>8</b>                   |

Note: A Principal Equity Holder in the company, Mr. Sprock, has an ownership interest in eight Restaurants.

Table No. 5

Projected Sales and Openings  
For Fiscal Year 2026

| State          | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlet In the Next Fiscal Year | Projected New Company-Owned Outlet In the Next Fiscal Year |
|----------------|---------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------|
| Florida        | 3                                                 | 2                                                       | 0                                                          |
| Georgia        | 3                                                 | 0                                                       | 0                                                          |
| Missouri       | 1                                                 | 0                                                       | 0                                                          |
| North Carolina | 1                                                 | 1                                                       | 0                                                          |
| Tennessee      | 4                                                 | 3                                                       | 0                                                          |
| Virginia       | 1                                                 | 1                                                       | 0                                                          |
| <b>Totals</b>  | 13                                                | 7                                                       | 0                                                          |

Attached to this Disclosure Document as Exhibit F-1 are the names, addresses, and telephone numbers of our franchisees who have Restaurants open and operating as of December 28, 2025. The name, address, and telephone number for each franchisee who has signed a franchise agreement, but the outlet had not been opened as of December 28, 2025 is attached as a part of Exhibit F-2.

The name, city and state, and the current business telephone number (or, if known, the last known home telephone number) of every franchisee who had a Restaurant terminated, canceled, or not renewed by us in fiscal year 2025, who otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement or Development Agreement in fiscal year 2025, or who did not communicate with us within 10 weeks of the issuance date of this Disclosure Document are attached to this Disclosure Document as Exhibit G. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During our last 3 fiscal years, none of our franchisees have signed confidentiality clauses restricting their ability to speak openly about their experience with the Flying Biscuit franchise system.

There are currently no trademark-specific franchisee organizations associated with the Flying Biscuit franchise system.

## ITEM 21

### FINANCIAL STATEMENTS

Attached to this Document Disclosure as Exhibit H are: our unaudited balance sheet and profit and loss statement as of March 31, 2026, and our audited balance sheets and the related statements of operations, changes in stockholder's equity (deficit), and cash flows for the years December 31, 2023, December 29, 2024, and December 28, 2025 and the related statements of operations, changes in members' equity (deficit), and cash flows for the fiscal years then ended.

## ITEM 22

### CONTRACTS

The Development Agreement is attached as Exhibit B to this Disclosure Document. The following additional contracts or agreements are attached to the Development Agreement:

| Exhibit | Agreement                                                  |
|---------|------------------------------------------------------------|
| A       | Development Schedule, Development Fee and Payment Schedule |
| B       | Collateral Assignment of Lease                             |
| C       | Personal Covenants                                         |
| D       | Developer Information                                      |
| E       | Guaranty Agreement                                         |
| F       | State Specific Addenda                                     |

The Franchise Agreement is attached as Exhibit C to this Disclosure Document. The following additional contracts or agreements are attached to the Franchise Agreement:

| Exhibit | Agreement                                              |
|---------|--------------------------------------------------------|
| A       | Franchised Site, Franchise Territory and Franchise Fee |
| B       | Personal Covenants                                     |
| C       | Internet Web Sites and Listings Agreement              |
| D       | Telephone Listing Agreement                            |
| E       | Franchisee Information                                 |
| F       | Guaranty Agreement                                     |
| G       | State Specific Addenda                                 |

Also attached to this Disclosure Document are Exhibit J the Coca-Cola Participation Agreement, and Exhibit K the General Release.

## **ITEM 23**

### **RECEIPT**

Exhibit M to this Disclosure Document are detachable Receipts acknowledging your receipt of this Disclosure Document. Please return one Receipt to us and retain the other for your records. If you are missing these Receipts, please contact us at the following address or telephone number:

Flying Biscuit Franchising, Inc.  
6090 Roswell Road  
Atlanta, Georgia 30328  
Telephone: (833) 322-2330

## EXHIBIT A

### STATE AGENCIES AND ADMINISTRATORS AND FRANCHISOR'S AGENTS FOR SERVICE OF PROCESS

#### STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>CALIFORNIA</u></b><br>California Department of Financial Protection and<br>Innovation<br>Franchise Division<br>320 West 4th Street, Suite 750<br>Los Angeles, CA 90013<br>(213) 576-7500 Toll Free (866) 275-2677<br><a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a><br>Ask.DFPI@dfpi.ca.gov<br><br>2101 Arena Blvd.<br>Sacramento, CA 95834<br>(916) 445-7205<br><br>1455 Frazee Road, Suite 315<br>San Diego, CA 92108<br>(619) 525-4233<br><br>One Sansome Street, Suite 600<br>San Francisco, CA 94104<br>(415) 972-8559 | <b><u>CONNECTICUT</u></b><br><br>State of Connecticut<br>Department of Banking<br>Securities Division<br>260 Constitution Plaza<br>Hartford, CT 06103-1800<br>(860) 240-8230<br><br>Agent: Banking Commissioner |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b><u>HAWAII</u></b><br/>(state administrator)</p> <p>Commissioner of Securities<br/>Department of Commerce and Consumer Affairs<br/>Business Registration Division<br/>335 Merchant Street, Room 203<br/>Honolulu, Hawaii 96813<br/>(808) 586-2722</p> <p>(agent for service of process)</p> <p>Commissioner of Securities<br/>State of Hawaii<br/>335 Merchant Street Room 203<br/>Honolulu, Hawaii 96813<br/>(808) 586-2722</p>                              | <p><b><u>ILLINOIS</u></b></p> <p>Franchise Bureau<br/>Office of the Attorney General<br/>500 South Second Street<br/>Springfield, Illinois 62706<br/>(217) 782-4465</p>                                                                                                                                                                              |
| <p><b><u>INDIANA</u></b><br/>(state administrator)</p> <p>Indiana Secretary of State<br/>Securities Division, E-111<br/>302 Washington Street<br/>Indianapolis, Indiana 46204<br/>(317) 232-6681</p> <p>(agent for service of process)<br/>Indiana Secretary of State<br/>200 West Washington Street<br/>Indianapolis, Indiana 46204<br/>(317) 232-6531</p>                                                                                                        | <p><b><u>MARYLAND</u></b><br/>(state administrator)</p> <p>Office of the Attorney General<br/>Securities Division<br/>200 St. Paul Place<br/>Baltimore, Maryland 21202-2021<br/>(410) 576-6360</p> <p>(for service of process)<br/>Maryland Securities Commissioner<br/>200 St. Paul Place<br/>Baltimore, Maryland 21202-2021<br/>(410) 576-6360</p> |
| <p><b><u>MICHIGAN</u></b><br/>(state administrator)</p> <p>Michigan Attorney General's Office<br/>Corporate Oversight Division<br/>Franchise Section<br/>525 W. Ottawa Street<br/>G. Mennen Williams Building, 5th Floor<br/>Lansing, Michigan 48933<br/>(517) 335-7567</p> <p>(for service of process)<br/>Corporations Division<br/>Bureau of Commercial Services<br/>Department of Labor and Economic Growth<br/>P.O. Box 30054<br/>Lansing, Michigan 48909</p> | <p><b><u>MINNESOTA</u></b><br/>(state administrator)</p> <p>Minnesota Department of Commerce<br/>85 7<sup>th</sup> Place East, Suite 280<br/>St. Paul, Minnesota 55101-2198<br/>(651) 539-1638</p> <p>(for service of process)<br/>Minnesota Commissioner of Commerce</p>                                                                            |

|                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b><u>NEW YORK</u></b><br/>(state administrator)</p> <p>NYS Department of Law<br/>Investor Protection Bureau<br/>28 Liberty Street 21st Floor<br/>New York, New York 10005<br/>(212) 416-8222 Phone</p> <p>(for service of process)<br/>Attn: New York Secretary of State<br/>New York Department of State<br/>One Commerce Plaza,<br/>99 Washington Avenue<br/>Albany, New York 12231-0001<br/>(518) 473-2492</p> | <p><b><u>NORTH DAKOTA</u></b></p> <p>North Dakota Securities Department<br/>600 East Boulevard Avenue,<br/>State Capitol Fifth Floor<br/>Bismarck, North Dakota 58505-0510<br/>701-328-2910</p> <p>(for service of process)<br/>Securities Division</p>                                                                                               |
| <p><b><u>OREGON</u></b></p> <p>Department of Insurance and Finance<br/>Corporate Securities Section<br/>Labor and Industries Building<br/>Salem, Oregon 97310<br/>(503) 378-4387</p>                                                                                                                                                                                                                                  | <p><b><u>RHODE ISLAND</u></b></p> <p>State of Rhode Island and Providence Plantations<br/>Department of Business Regulation<br/>1511 Pontiac Avenue, Bldg 69-1<br/>Cranston, Rhode Island 02920<br/>(401) 462-9500</p>                                                                                                                                |
| <p><b><u>SOUTH DAKOTA</u></b></p> <p>Division of Insurance<br/>Securities Regulation<br/>124 South Euclid Suite 104<br/>Pierre, South Dakota 57501<br/>(605) 773-3563</p>                                                                                                                                                                                                                                             | <p><b><u>VIRGINIA</u></b></p> <p>State Corporation Commission<br/>Division of Securities and Retail Franchising<br/>1300 East Main Street<br/>Richmond, Virginia 23219<br/>(804) 371-9051</p> <p>(for service of process)<br/>Clerk of the State Corporation Commission<br/>1300 East Main Street<br/>Richmond, Virginia 23219<br/>(804) 371-9733</p> |

|                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b><u>WASHINGTON</u></b><br/>(state administrator)</p> <p>Department of Financial Institutions<br/>Securities Division<br/>P.O. Box 41200<br/>Olympia, Washington 98504-1200<br/>(360) 902-8760</p> <p>(for service of process)<br/>Director of Dept. of Financial Institutions<br/>Securities Division<br/>150 Israel Rd SW<br/>Tumwater WA 98501<br/>(360)902-8760</p> | <p><b><u>WISCONSIN</u></b><br/>(state administrator)</p> <p>Division of Securities<br/>Department of Financial Institutions<br/>4822 Madison Yards Way, North Tower<br/>Madison, WI 53705<br/>(608) 261-9555</p> <p>(for service of process)<br/>Administrator, Division of Securities<br/>Department of Financial Institutions<br/>4822 Madison Yards Way, North Tower<br/>Madison, WI 53705<br/>(608) 261-9555</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



**EXHIBIT B**  
**MARKET DEVELOPMENT AGREEMENT**  
**[SEE ATTACHED]**

Exhibit B-1

## TABLE OF CONTENTS

|                                                            | <u>Page</u> |
|------------------------------------------------------------|-------------|
| 1. GRANT OF DEVELOPMENT RIGHTS .....                       | 4           |
| 2. TERRITORIAL PROTECTION AND RESERVATION OF RIGHTS .....  | 4           |
| 2.1 No Territorial Protection .....                        | 4           |
| 2.2 Reservation of Rights .....                            | 5           |
| 3. TERM .....                                              | 5           |
| 4. DEVELOPMENT FEE .....                                   | 5           |
| 5. FRANCHISE FEES .....                                    | 6           |
| 6. DEVELOPMENT SCHEDULE .....                              | 6           |
| 7. SITE SELECTION AND ACCEPTANCE .....                     | 6           |
| 7.1 Site Selection and Acceptance .....                    | 6           |
| 7.2 Disclaimer .....                                       | 7           |
| 8. CONSTRUCTION OF THE APPROVED SITE .....                 | 7           |
| 8.1 Site Approval .....                                    | 7           |
| 8.2 General Contractor .....                               | 7           |
| 8.3 Architectural Firm .....                               | 7           |
| 8.4 Construction of Restaurant .....                       | 8           |
| 8.5 No Liability of Franchisor .....                       | 8           |
| 9. COUNSELING AND ADVISORY SERVICES .....                  | 8           |
| 10. FRANCHISE AGREEMENTS .....                             | 8           |
| 11. NO RIGHT TO OPERATE OR USE TRADEMARKS .....            | 9           |
| 12. TERMINATION .....                                      | 10          |
| 12.1 Termination by Developer .....                        | 10          |
| 12.2 Termination by Franchisor without a Cure Period ..... | 10          |
| 12.3 Termination by Franchisor with a Cure Period .....    | 11          |
| 12.4 Effect of Expiration or Termination .....             | 11          |
| 13. ASSIGNMENT .....                                       | 11          |
| 13.1 Assignment by Franchisor .....                        | 11          |
| 13.2 Assignment by Developer .....                         | 12          |
| 13.3 Death or Disability of Developer .....                | 12          |
| 13.4 Approval of Assignment .....                          | 12          |
| 13.5 Removal of General Partner .....                      | 13          |
| 14. RESTRICTIVE COVENANTS .....                            | 13          |
| 14.1 Covenants Not to Compete .....                        | 13          |
| 14.2 Non-Solicitation of Employees .....                   | 14          |
| 14.3 Trade Secrets and Confidential Information .....      | 14          |
| 14.4 Personal Covenants of Certain Bound Parties .....     | 15          |
| 14.5 Agreements by Other Third Parties .....               | 15          |
| 14.6 Reasonable Restrictive Covenants .....                | 15          |
| 15. RIGHT OF FIRST REFUSAL .....                           | 15          |
| 16. OWNERSHIP OF DEVELOPER .....                           | 16          |
| 17. SUCCESSORS AND THIRD PARTY BENEFICIARIES .....         | 16          |
| 18. CONSTRUCTION .....                                     | 16          |
| 19. INTERPRETATION AND HEADINGS .....                      | 16          |
| 20. NOTICES .....                                          | 16          |

### Exhibit B-2

|      |                                                      |    |
|------|------------------------------------------------------|----|
| 21.  | GOVERNING LAW AND ENFORCEMENT.....                   | 17 |
| 21.1 | Governing Law .....                                  | 17 |
| 21.2 | Arbitration.....                                     | 17 |
| 21.3 | Damages And Timing Of Claims .....                   | 18 |
| 22.  | COSTS AND ATTORNEYS' FEES .....                      | 18 |
| 23.  | WAIVER .....                                         | 19 |
| 24.  | SEVERABILITY .....                                   | 19 |
| 25.  | RELATIONSHIP OF THE PARTIES .....                    | 19 |
| 26.  | DELEGATION BY FRANCHISOR .....                       | 19 |
| 27.  | REVIEW OF AGREEMENT .....                            | 19 |
| 28.  | NO RIGHT OF SET OFF .....                            | 19 |
| 29.  | CUMULATIVE RIGHTS.....                               | 20 |
| 30.  | ENTIRE AGREEMENT .....                               | 20 |
| 31.  | COUNTERPARTS .....                                   | 20 |
| 32.  | DEVELOPER'S ACKNOWLEDGMENTS.....                     | 20 |
| 32.1 | Success Depends on Developer and No Warranties ..... | 20 |
| 32.2 | Anti-Terrorism Laws. ....                            | 20 |

## EXHIBITS

- A. AREA OF RESPONSIBILITY, DEVELOPMENT SCHEDULE, AND DEVELOPMENT FEE
- B. COLLATERAL ASSIGNMENT OF LEASE
- C. PERSONAL COVENANTS
- D. DEVELOPER INFORMATION
- E. GUARANTY AGREEMENT
- F. STATE SPECIFIC ADDENDA

Multiple Restaurants \_\_\_\_\_  
Single Restaurant \_\_\_\_\_

**FLYING BISCUIT FRANCHISING, INC.  
MARKET DEVELOPMENT AGREEMENT**

THIS MARKET DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_ 20\_\_ (the "Effective Date"), by and between FLYING BISCUIT FRANCHISING, INC., a Georgia corporation with its principal office at 6090 Roswell Road, Atlanta, Georgia 30328 ("Franchisor"), and \_\_\_\_\_, a \_\_\_\_\_ with (its principal office) (his/her residence) at \_\_\_\_\_ ("Developer"), who agree as follows:

**RECITALS**

Franchisor at a substantial expenditure of time, effort and money has established a system of developing, opening, operating and promoting restaurants specializing in offering breakfast, brunch, and lunch foods and other food products and beverages and related restaurant services under the name "THE FLYING BISCUIT" ("Flying Biscuit Restaurants" or "Restaurants") ("the Flying Biscuit System"). Developer has applied to Franchisor for, and Franchisor desires to grant to Developer, the right to establish and operate a specified number of Flying Biscuit Restaurants in accordance with a specified development schedule, all in accordance with the terms and conditions contained herein.

**1. GRANT OF DEVELOPMENT RIGHTS**

During the term of this Agreement, Franchisor hereby grants to Developer, subject to the terms and conditions contained herein, the right to establish and operate the number of Flying Biscuit Restaurants set forth on the development schedule (the "Development Schedule") attached hereto as Exhibit A. Each Flying Biscuit Restaurant to be established hereunder shall be located in the non-exclusive area described in Exhibit A (the "Area of Responsibility"). Within Franchisor's discretion, Franchisor may consider sites proposed by Developer outside the Area of Responsibility which will count toward the Development Schedule if approved by Franchisor. The operation of any Flying Biscuit Restaurant established pursuant to this Agreement shall be governed by an individual Flying Biscuit Franchising, Inc. Franchise Agreement to be entered into between Franchisor and Developer in accordance with Section 10 below (each, a "Franchise Agreement").

**2. TERRITORIAL PROTECTION AND RESERVATION OF RIGHTS**

2.1 No Territorial Protection. Developer may establish the Restaurants required to be developed hereunder at any location within the Area of Responsibility provided that Franchisor, in its sole discretion, consents in writing to the location, the location is in a state where Franchisor is permitted to sell Flying Biscuit franchises, and the location is not located in a territory in which any other Flying Biscuit franchisee has exclusive rights or a right of first refusal. Developer acknowledges and agrees that by virtue of this Agreement and the Area of Responsibility, Developer does not have exclusive territorial rights, protected territory, or other rights to exclude, control or impose conditions on the location or development of other or future Flying Biscuit Restaurants or on Franchisor's activities, except as may be provided in an applicable Franchise Agreement.

Exhibit B-4

2.2 Reservation of Rights. Franchisor retains the right, in its sole discretion, to:

(i) establish and operate, and grant to other franchisees or licensees the right to establish and operate, a Flying Biscuit Restaurant or any other business using the name “THE FLYING BISCUIT” and all other trade names, trademarks, service marks, commercial symbols, logos, emblems, signs, slogans and insignia developed for use with the Flying Biscuit System from time to time (collectively, the “Marks”), the Flying Biscuit System or any variation of the Marks or the Flying Biscuit System, in any location (including inside the Area of Responsibility) and on any terms and conditions that Franchisor deems appropriate;

(ii) develop, use and franchise anywhere the rights to any trade names, trademarks, service marks, commercial symbols, logos, emblems, signs, slogans, insignia, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the Flying Biscuit System, without granting Developer any rights therein;

(iii) offer, ship, sell and provide products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located anywhere through any distribution channel or method, including grocery stores, convenience stores, the Internet (or any other existing or future form of electronic commerce), and delivery services within and outside the Area of Responsibility, irrespective of the proximity to any Restaurant established hereunder without compensation to Developer;

(iv) own, operate, franchise or license anywhere, even in close proximity to any Restaurants developed hereunder, restaurants of any other type whatsoever operating under marks other than the Marks; and

(v) engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement.

### **3. TERM**

Unless earlier terminated in accordance with the terms and conditions set forth herein, this Agreement shall commence as of the Effective Date and shall automatically expire, without any action on the part of either party being necessary, on the date after operations of the final Restaurant to be developed hereunder are required to commence as set forth on the Development Schedule.

### **4. DEVELOPMENT FEE**

Upon the execution of this Agreement, Developer shall pay to Franchisor a development fee in an amount set forth on Exhibit A (the “Development Fee”). Developer acknowledges and agrees that the Development Fee is paid as consideration for Franchisor granting Developer the right to establish, open and operate the number of Flying Biscuit Restaurants set forth on the Development Schedule, and that the Development Fee is fully earned by Franchisor at the time this Agreement is signed and shall not be refundable for any reason. The Development Fee shall equal the total of all initial franchise fees (the “Franchise Fees”) due under each of the Franchise Agreements covering the cumulative number of Flying Biscuit Restaurants to be developed hereunder. Provided that a Restaurant is established in accordance with the Development Schedule, that portion of the Development Fee applicable to the Franchise Fee due under the Franchise Agreement for such Restaurant shall be credited towards the payment of such Franchise Fee. In the event a Restaurant is not established in accordance with the Development Schedule, that portion of the Development Fee that would have otherwise been credited towards the payment of the Franchise Fee

Exhibit B-5

shall be forfeited and retained by Franchisor. If for any reason this Agreement terminates before all or a portion of the Development Fee has been applied to the Franchise Fees, Franchisor will retain the unapplied portion of the Development Fee to compensate itself for its time, effort and foregone opportunities.

## **5. FRANCHISE FEES**

As long as Developer is in compliance with the Development Schedule, the amount of the Franchise Fee for each Restaurant to be established hereunder is set forth on Exhibit A. The Franchise Fee for each Restaurant is to be paid in addition to the Development Fee; provided, however, the Development Fee may be credited against Franchise Fees as provided for in Section 4 above. Each Franchise Fee associated with a Restaurant, to the extent any is due and owing, will be paid upon the execution and delivery of the Franchise Agreement covering such Restaurant.

## **6. DEVELOPMENT SCHEDULE**

Developer must (i) establish and open the specified minimum number of Restaurants on or before each of the dates specified on the Development Schedule and (ii) maintain the specified minimum number of Restaurants in continuous operation as specified on the Development Schedule. Developer's failure to comply with the foregoing requirements shall constitute a default under this Agreement. Developer understands that time is of the essence with respect to its obligations to comply with the Development Schedule. Developer acknowledges and understands that this Agreement requires it to open Restaurants in the future pursuant to the Development Schedule. Developer further acknowledges and understands that the estimated investment requirement and fees and expenses set forth in Franchisor's franchise disclosure document are subject to increase and change over time, and that future Restaurants developed hereunder will most likely require a greater initial investment and increased operating capital than those detailed in the franchise disclosure document provided to Developer in connection with the execution of this Agreement.

## **7. SITE SELECTION AND ACCEPTANCE**

7.1 Site Selection and Acceptance. Developer is responsible for locating proposed sites for the Flying Biscuit Restaurants to be established hereunder. Franchisor, in its sole discretion, may counsel and offer advice to Developer with respect to such site selection; provided, however, in no event shall Franchisor be liable to Developer in connection with providing advice or any such assistance. Upon Developer's selection of a proposed site for a Restaurant, Developer shall promptly submit to Franchisor such site, demographic and other data and information about the proposed site as reasonably requested by Franchisor, utilizing such forms as may be required by Franchisor, and a copy of any lease, sublease or purchase agreement to be entered into in connection with the acquisition of such site. Franchisor shall either accept or reject the proposed site utilizing its then-current site selection policies and procedures. As a condition to accepting a proposed site to be leased or subleased, Developer must sign, and cause the lessor and/or sublessor of the proposed site, to sign the Collateral Assignment of Lease attached hereto as Exhibit B. In addition, Developer acknowledges and agrees that Franchisor's acceptance of a proposed site may be conditioned upon Developer meeting certain other requirements (including, without limitation, the negotiation of additional terms and conditions satisfactory to Franchisor to any lease, sublease or purchase agreement for the proposed site), and if Developer does not, or is unable to meet such requirements within a reasonable time, the site will be deemed rejected. Franchisor has the right to reject any proposed site should Developer be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between Developer and Franchisor. To be effective, any acceptance of a proposed site by Franchisor must be in writing. Developer acknowledges and agrees that Franchisor may reject any proposed site for any reason in its sole discretion, in which event, Developer may not develop a

## **Exhibit B-6**

Restaurant at the rejected site, but must locate another proposed site for the Restaurant and submit it to Franchisor for acceptance in accordance with this Section 7.1.

7.2 Disclaimer. The acquisition in any manner of any proposed site, whether by option, purchase, lease or otherwise, before written acceptance by Franchisor shall be at the sole risk and responsibility of Developer and shall not obligate Franchisor in any way to accept such site or enter into a Franchise Agreement with Developer for the operation of a Flying Biscuit Restaurant at such site. Developer understands and agrees that Franchisor's acceptance of a site (including any lease, sublease, or purchase agreement) for a Restaurant is not an assurance or a guarantee by Franchisor of the suitability of such site for a Flying Biscuit Restaurant or the success of any particular Flying Biscuit Restaurant established at such site. Developer acknowledges and agrees that the suitability of a site and the success of any Restaurant depends on many factors outside the control of either Franchisor or Developer (including, without limitation, such factors as interest rates, unemployment rates, demographic trends and the general economic climate) and further principally depends on Developer's efforts in the operation of the Restaurant. In no event shall Franchisor be liable to Developer in connection with providing any assistance or advice with respect to the selection, construction or development of a site. In no event shall Franchisor be obligated to loan money, guarantee leases, subleases or purchase agreements, provide financing or otherwise become directly involved and/or obligated to Developer or to any third party in respect of such site selection or development of any Restaurant; these activities and undertakings, financially and otherwise, shall be the exclusive responsibility of Developer.

## **8. CONSTRUCTION OF THE APPROVED SITE**

8.1 Site Approval. Upon Franchisor's written acceptance of a proposed site in accordance with Section 7.1 above, Developer shall proceed promptly to enter into the approved lease, sublease or purchase agreement for the accepted site and obtain all necessary zoning, building and other governmental or regulatory approvals and permits required for the establishment of the Restaurant. Franchisor shall provide Developer with a set of standard architectural plans and specifications for a prototype Flying Biscuit Restaurant.

8.2 General Contractor. Developer shall employ a qualified general contractor, who is reputable and experienced building units of similar retail concepts, to supervise, delegate and/or perform (i) the construction and development of the Restaurant, (ii) the completion of all improvements, (iii) the outfitting of the Restaurant with furnishings, fixtures and equipment, and (iv) all other services that are designated by Franchisor to be performed by such general contractor in connection with constructing the Restaurant (the "General Contractor"). Franchisor shall have the right, but not the obligation, to designate a single approved General Contractor or furnish Developer with a list of authorized General Contractors for Developer to employ in the construction of the Restaurant. Developer shall be solely responsible for payment for all services provided by the General Contractor. Developer shall (a) employ the General Contractor prior to hiring the Architectural Firm (defined below) and (b) sign such contracts or agreements required to obtain the services of the General Contractor.

8.3 Architectural Firm. Franchisor shall have the right to designate one or more suppliers of design services and/or architecture services (a "Architectural Firm") to supply such services to the System. At Franchisor's option, Franchisor may authorize the General Contractor to select an Architectural Firm to assist in developing the Restaurant. Developer shall employ the Architectural Firm to furnish to Franchisor, for Franchisor's written acceptance, a proposed preliminary site and construction plans and specifications (which plans and specifications shall have been adopted from the prototype plans provided by Franchisor) for the Flying Biscuit Restaurant which, if accepted, shall not thereafter be modified, altered or changed without Franchisor's prior written consent. Developer shall sign such contracts or agreements required to obtain the services of the Architectural Firm.

## **Exhibit B-7**

8.4 Construction of Restaurant. Developer shall furnish Franchisor with such information relating to the construction of the Restaurant and development of the site as Franchisor may from time to time request, which may include, without limitation, copies of all commitments and plans for construction and financing, the contact name, address and telephone number for any lenders and contractors, and a copy of any construction or financing agreements. Developer shall commence construction of the Flying Biscuit Restaurant in accordance with the accepted site and construction plans and specifications as soon as possible and shall complete construction thereof, including the acquisition and installation of all equipment specified by Franchisor, and have the Restaurant ready to open for business within 14 months after Franchisor's execution of the Franchise Agreement for the Restaurant. Franchisor and its agents shall have the right to inspect the construction site at any reasonable time without prior notice. To the extent applicable, Developer agrees to give Franchisor written notice (i) at least 10 days before the pouring of the concrete slab for the Restaurant and (ii) immediately after completion of the electrical and mechanical rough-ins to enable Franchisor to inspect the construction site at such times. Developer shall correct, upon Franchisor's request and at Developer's expense, any deviation from any accepted site or construction plans or specifications. Developer acknowledges and agrees that Franchisor has the right to designate the General Contractor and Architectural Firm.

8.5 No Liability of Franchisor. Developer acknowledges and agrees that (i) Franchisor assumes no responsibility for the quality of any construction because of any inspections made by it or any reports or recommendations made as a result of such inspections and (ii) Franchisor is not liable for any unsatisfactory performance of any contractor, architect, or supplier (including the General Contractor and Architectural Firm) retained by Developer, even if such contractor, architect, or supplier was designated by Franchisor. Franchisor shall have the option of approving or denying a request from Developer to use a General Contractor and/or Architectural Firm submitted by Developer to develop and construct the Restaurant. In connection with such request, Developer and the proposed General Contractor and/or Architectural Firm shall submit all information and data as Franchisor may require to consider the request. Franchisor reserves the right to charge Developer a reasonable fee in connection with evaluating a request to use a proposed General Contractor and/or Architectural Firm. Franchisor may deny such request for any reason, including its determination to limit the number of approved General Contractors and/or Architectural Firms.

## **9. COUNSELING AND ADVISORY SERVICES**

During the term of this Agreement, Franchisor may, in its sole discretion, upon request of Developer, furnish counseling and advisory services to Developer with respect to the development, construction and operation of the Flying Biscuit Restaurants to be established hereunder, including consultation and advice regarding the following: (i) parking and building layouts; (ii) traffic planning; (iii) construction and financing of the Restaurant and other improvements; (iv) equipment selection and layout; (v) employee selection and training; (vi) advertising and promotion; (vii) bookkeeping and accounting; and (viii) purchasing and inventory control. These counseling and advisory services shall occur at Developer's offices, via telephone or email. Franchisor shall provide such assistance at no expense to Developer; provided, however, Franchisor reserves the right, in its sole discretion, to charge Developer a reasonable fee for unusual, extensive or extraordinary assistance requested by Developer and/or require Developer to reimburse Franchisor for expenses incurred by it in connection with providing such counseling and advisory services. In no event shall Franchisor be liable to Developer in connection with providing or failing to provide such services.

## **10. FRANCHISE AGREEMENTS**

Within 10 days after Franchisor approves the proposed site, Developer must (a) sign and deliver to Franchisor two copies of Franchisor's then-current Franchise Agreement for the Restaurant, together with

Exhibit B-8



any ancillary agreements required by the then-current Franchise Agreement and (b) pay Franchisor the applicable Franchise Fee as required therein but consistent with Section 5 above. Once Franchisor has received the signed Franchise Agreement, the Franchise Fee and all ancillary items it requires in satisfactory form, Franchisor will countersign the Franchise Agreement and return one fully signed copy to Developer. Developer understands that any obligation or liability Developer incurs with respect to the proposed Restaurant or location before Franchisor has approved it in writing and sent Developer the countersigned Franchise Agreement is at Developer's sole risk, and will be Developer's sole responsibility. With respect to any Franchise Agreement executed in connection with this Agreement, Franchisor acknowledges and agrees that:

(i) the maximum amount of required advertising expenditures (expressed as a percentage of gross sales) under any Franchise Agreement shall not exceed the maximum amount of any required advertising expenditures required under the initial Franchise Agreement executed by Developer and Franchisor in connection herewith (the "Initial Franchise Agreement");

(ii) the initial term of each Franchise Agreement shall be 10 years with an option to renew for one additional 10 year period (upon satisfaction of the conditions for renewal set forth therein);

(iii) neither the distance nor the length of time of the post-termination covenant not to compete in any Franchise Agreement shall be increased from those set forth in the Initial Franchise Agreement;

(iv) the formula for determining the price to be paid by Franchisor for any of Developer's assets upon termination of any Franchise Agreement shall not be changed from that set forth in the Initial Franchise Agreement; and

(v) no material change in the termination provisions of a Franchise Agreement shall be made from those set forth in the Initial Franchise Agreement.

Developer shall comply with Franchisor's then-current franchising policies and procedures for execution of each Franchise Agreement. Franchisor shall be under no obligation to execute a Franchise Agreement unless Developer has complied in a timely manner with all of the terms and conditions of this Agreement and has satisfied all requirements set forth herein to the execution of the Franchise Agreement. In addition, Franchisor shall be under no obligation to execute a Franchise Agreement if Developer is in breach or default of any other Franchise Agreement, Market Development Agreement or any other agreement between Franchisor and Developer. If any Franchise Agreement contemplated by this Agreement is executed by Franchisor, it shall supersede this Agreement and govern the relationship between the parties hereto with respect to the Restaurant that is the subject matter of such Franchise Agreement.

## **11. NO RIGHT TO OPERATE OR USE TRADEMARKS**

Developer acknowledges and agrees that (i) until a Franchise Agreement has been entered into for a specific Restaurant, Developer shall not have, nor be entitled to exercise, any of the rights, powers and privileges granted by the Franchise Agreement, including, without limitation, the right to use the Marks or the Flying Biscuit System; (ii) the execution of this Agreement shall not be deemed to grant any such rights, powers or privileges to Developer; and (iii) Developer may not under any circumstances commence operations of any Flying Biscuit Restaurant before Franchisor's execution of a Franchise Agreement for that particular Restaurant.

## **Exhibit B-9**

## 12. TERMINATION

12.1 Termination by Developer. Developer may terminate this Agreement if Developer is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such material breach within 90 days after written notice thereof is delivered to Franchisor. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such 90 day period and Franchisor has commenced and is continuing to make good faith efforts to cure such breach, Franchisor shall be given an additional 60 day period to cure the same, and this Agreement shall not terminate. In the event of termination by Developer, all post-termination obligations of Developer described herein shall not be waived but shall be strictly adhered to by Developer.

12.2 Termination by Franchisor without a Cure Period. Franchisor may immediately terminate this Agreement upon written notice to Developer, without opportunity to cure, if:

(i) Developer files a petition under any bankruptcy or reorganization law, becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of its property;

(ii) Developer seeks to effect a plan of liquidation, reorganization, composition or arrangement of its affairs, whether or not the same shall be subsequently approved by a court of competent jurisdiction; it being understood that in no event shall this Agreement or any right or interest hereunder be deemed an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding;

(iii) Developer has an involuntary proceeding filed against it under any bankruptcy, reorganization, or similar law and such proceeding is not dismissed within 60 days thereafter;

(iv) Developer makes a general assignment for the benefit of its creditors;

(v) Developer fails to pay when due any amount owed to Franchisor or its affiliates or subsidiaries, whether under this Agreement or not, and Developer does not correct such failure within 10 calendar days after written notice thereof is delivered to Developer;

(vi) Developer fails to pay when due any amount owed to any creditor, supplier or lessor of any Restaurant developed hereunder or any taxing authority for federal, state or local taxes (other than amounts being bona fide disputed through appropriate proceedings) and Developer does not correct such failure within 10 calendar days after written notice is delivered thereof to Developer;

(vii) Developer fails to establish and open Restaurants in accordance with the Development Schedule;

(viii) Developer fails to maintain in continuous operation the minimum cumulative number of Restaurants required by the Development Schedule to be in operation during the applicable time period;

(ix) Developer or any of Developer's owners are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the Flying Biscuit System and the goodwill associated with the Marks;

(x) Developer makes a material misrepresentation to Franchisor at any time before or after the Effective Date;

### Exhibit B-10

(xi) Developer makes an unauthorized Transfer of this Agreement, the franchise, any Restaurant, or an ownership interest in Developer;

(xii) Developer or any Bound Party (as defined below) breaches or fails to comply fully with Section 14 below;

(xiii) Developer fails to comply with any federal, state or local law or regulation applicable to the operation of the franchise (including any failure to comply with the Anti-Terrorism Laws (as defined below) as set forth in Section 32.2 below);

(xiv) Developer is dissolved either voluntarily or involuntarily;

(xv) Developer commits a breach or default under any Franchise Agreement or any other agreement between Developer and Franchisor and the breach or default is not cured during the time period required under such Franchise Agreement or other agreement, regardless of whether Franchisor in fact terminates such Franchise Agreement or other agreement; or

(xvi) Developer has received at least three default notices from Franchisor within a 12 month period, even if such default is subject to a right to cure or is cured after notice is delivered to Developer.

12.3 Termination by Franchisor with a Cure Period. Franchisor shall have the right to terminate this Agreement upon 30 days written notice if Developer fails to comply with any other provisions of this Agreement and such failure remains uncured in Franchisor's sole discretion; provided, however, if the breach is curable but is of a nature which cannot reasonably be cured within such 30 day period and Developer has commenced and is continuing to make good faith efforts to cure such breach, Developer shall be given an additional 30 day period to cure the same, and this Agreement shall not terminate.

12.4 Effect of Expiration or Termination. Upon the expiration or termination of this Agreement for any reason, any and all rights granted to Developer hereunder shall be extinguished immediately, and Developer shall not be relieved of any of its obligations, debts or liabilities hereunder. All rights and licenses granted to Developer hereunder to develop Restaurants shall revert to the Franchisor and the Franchisor shall have the right to develop, or license others to develop, Restaurants. Developer shall have no further rights to develop further Restaurants and Developer shall immediately cease all use of the Marks, except as permitted under the terms of a fully executed Franchise Agreement, which is in effect at the time of the termination or expiration. With respect to such then-effect Franchise Agreements, Developer shall retain its interest as a franchisee thereunder, provided that Developer is not in default under such Franchise Agreements. Developer shall pay all sums due to Franchisor or its affiliates. Upon the termination or expiration of this Agreement, Developer shall also undertake the following: (i) strictly comply with the post-termination/post-expiration covenant not to compete set forth herein; and (ii) continue to abide by those restrictions pertaining to the use of Franchisor's confidential information and proprietary information as set forth herein. The expiration and termination of this Agreement will be without prejudice to the rights of the Franchisor against Developer and the expiration or termination will not relieve Developer of any of its obligations to Franchisor existing at the time of such expiration or termination, or terminate those obligations of the Developer which by their nature survive the expiration or termination of this Agreement.

### **13. ASSIGNMENT**

13.1 Assignment by Franchisor. This Agreement may be unilaterally assigned by the Franchisor and shall inure to the benefit of its successors and assigns. Developer agrees and affirms that Franchisor may sell itself, its assets, the Marks and/or the Flying Biscuit System to a third-party; may go public, may

Exhibit B-11

engage in private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Developer further agrees and affirms that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Flying Biscuit Restaurants operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Developer acknowledges may be proximate to any of its Restaurants. With regard to any of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the Flying Biscuit System and/or the loss of association with or identification of Flying Biscuit Franchising, Inc. under this Agreement. If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the Flying Biscuit business or to offer or sell any products or services to Developer.

13.2 Assignment by Developer. Developer shall not subfranchise, sell, assign, transfer, merge, convey or encumber (each, a "Transfer") this Agreement or any of its rights or obligations hereunder, or suffer or permit any such Transfer of this Agreement or its rights or obligations hereunder to occur by operation of law or otherwise without the prior express written consent of Franchisor. In addition, if Developer is a corporation, limited liability company, partnership, business trust, or similar association or entity, the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, may not Transfer their equity interests in such corporation, limited liability company, partnership, business trust, or similar association or entity, without the prior written consent of Franchisor. Furthermore, in the event that any shareholder, member, partner, investor or other equity holder of Developer (the "Equity Holder") is a corporation, limited liability company, partnership, business trust, or similar association or entity, the interests of the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, in such Equity Holder, may not be Transferred, without the prior written consent of Franchisor. Notwithstanding anything to the contrary in this Agreement, Franchisor shall have the right to approve or disapprove a Transfer under this Section 13.2 in its sole discretion. Any Transfer in violation of this Section shall be void and of no force and effect.

13.3 Death or Disability of Developer. Upon Developer's death or Disability (as such term is hereinafter defined), this Agreement or the ownership interest of any deceased or disabled shareholder, partner, member or other equity holder of the Developer or an Equity Holder must be Transferred to a party approved by Franchisor. Any Transfer, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for Transfers set forth in Section 13.4 below. Franchisor shall not unreasonably withhold its consent to the Transfer of this Agreement or any ownership interest to the deceased or disabled Developer's or Equity Holder's spouse, heirs or members of his or her immediate family, provided all requirements of Section 13.4 have been complied with (except payment of the transfer fee, which shall not apply to such Transfers). A "Disability" shall have occurred with respect to Developer if Developer, or, if Developer is a corporation, partnership or limited liability company, its controlling shareholder, partner, member or other equity holder, is unable to actively participate in its activities as Developer hereunder for any reason for a continuous period of six months. As used in this Section 13.3, "Developer" may include a disabled or deceased controlling shareholder, partner or member where the context so requires.

13.4 Approval of Assignment. Franchisor's approval of any Transfer is, in all cases, contingent upon the following:

(i) the purchaser and/or the controlling persons of the purchaser having a satisfactory credit rating, being of good moral character, having business qualifications satisfactory to Franchisor, and

Exhibit B-12

being willing to enter into an agreement in writing to assume and perform all of Developer's duties and obligations hereunder and/or enter into a new Market Development Agreement for the Area of Responsibility, if so requested by Franchisor, and agreeing to enter into any and all agreements with Franchisor that are being required of all new market developers, including a guaranty agreement and any other agreement which may require payment of different or increased fees from those paid under this Agreement;

(ii) the terms and conditions of the proposed transfer (including, without limitation, the purchase price) being satisfactory to Franchisor;

(iii) all monetary obligations (whether hereunder or not) of Developer to Franchisor or Franchisor's affiliates or subsidiaries being paid in full;

(iv) Developer not being in default hereunder or any other agreement between Developer and Franchisor, including any Franchise Agreement;

(v) Developer and its owners executing a general release of any and all claims against Franchisor and its affiliates, subsidiaries, members, managers, officers, directors, employees and agents, in a form satisfactory to Franchisor;

(vi) Developer paying to Franchisor a transfer fee of \$5,000 plus reimbursement for all legal, training and other expenses incurred by Franchisor in connection with the Transfer;

(vii) Developer first offering to sell such interest to Franchisor pursuant to Section 15 of this Agreement and the same having been declined in the manner therein set forth; and

(viii) the Marks not being used in any advertising for any Transfer prohibited by Sections 13.2 and 13.3 hereof.

13.5 Removal of General Partner. If Developer is a limited partnership, Developer may not remove or appoint, or permit the limited partners to remove or appoint, a new or successor general partner without the prior written consent of Franchisor (even if such appointment is due to the resignation, death or disability of the General Partner).

## **14. RESTRICTIVE COVENANTS**

### **14.1 Covenants Not to Compete.**

(i) Non-Competition During Term. In addition to and not in limitation of any other restrictions on Developer contained herein, Developer and Developer's spouse, and, if Developer is not an individual, its shareholders, members, partners and managers, as applicable, and their spouses (each, a "Bound Party"), agree that they will not, during the term of this Agreement, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business (as defined below), regardless of location or (b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business, regardless of location.

(ii) Post-Term Non-Competition. In addition to and not in limitation of any other restrictions on Developer contained herein, Developer and the Bound Parties agree that they will not, for one year following the effective date of termination or expiration of this Agreement for any reason, or following the date of a Transfer by Developer, directly or indirectly, for and on behalf of itself, himself,

## **Exhibit B-13**

herself or any other person or entity, (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business or (b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business which, in either case, is located or operating within a three mile radius of any Flying Biscuit Restaurant.

(iii) General. For purposes of this Agreement, the term “Competitive Business” means any business operating, or granting franchises or licenses to others to operate, a restaurant or other food service business (a) engaged in the retail or wholesale production or sale of breakfast or brunch foods (including, but not limited to, all breakfast foods such as eggs, breakfast meats, potatoes, breakfast burritos, french toast, biscuits, pancakes, muffins and bread, and other baked goods) and (b) that derives more than 50% of its revenue from sales of breakfast and brunch and foods (other than another Flying Biscuit Restaurant operated by Developer under license from Franchisor). Neither Developer nor the other Bound Parties will be prohibited from owning securities in a Competitive Business if they are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of the number of shares of that class of securities which are issued and outstanding. The parties acknowledge that the covenants contained in Section 14.1 are based on the reason and understanding that Developer and the Bound Parties will possess knowledge of Franchisor’s business and operating methods and confidential information, disclosure and use of which would prejudice the interest of Franchisor and its franchisees. Developer further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants. If any part of this restriction is found to be unreasonable in time or distance, such time or distance may be reduced by appropriate order of the court to that deemed reasonable. Franchisor shall, as a matter of course, receive injunctive relief to enforce such covenants in addition to any other relief to which it may be entitled at law or in equity. Franchisor shall receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived.

14.2 Non-Solicitation of Employees. Developer and the Bound Parties agree that while this Agreement is in effect and for one year after expiration or termination of this Agreement for any reason, or following the date of a Transfer by Developer, they will not, directly or indirectly, solicit or attempt to solicit, or otherwise interfere with or disrupt the employment relationship between Franchisor and any of its employees or between any other Flying Biscuit franchisee and its employees.

#### 14.3 Trade Secrets and Confidential Information.

(i) Developer acknowledges and agrees that in connection with the operation of Flying Biscuit Restaurants and the Flying Biscuit System, Franchisor has developed at a great expense competitively sensitive proprietary and confidential information which are not commonly known by or available to the public. This proprietary and confidential information does not include any information that (a) is commonly known by or available to the public; (b) has been voluntarily disclosed to the public by Franchisor; (c) been independently developed or lawfully obtained by Developer; or (d) has otherwise entered the public domain through lawful means. All information which comprises the Flying Biscuit System including the information and data contained in any of Franchisor’s operations manuals will be presumed to be confidential information of Franchisor.

(ii) Developer and each Bound Party agree that while this Agreement remains in effect such party will not, directly or indirectly, disclose or publish to any party, or copy or use for such party’s own benefit, or for the benefit of any other party, any of Franchisor’s proprietary or confidential information, except as required to carry out Developer’s obligations under this Agreement or as Franchisor has otherwise expressly approved in writing. All proprietary and confidential information of Franchisor is the sole and exclusive property of Franchisor. Developer and each Bound Party agree that the restriction contained in the preceding sentence will remain in effect with respect to the confidential information for five years following termination or expiration of this Agreement for any reason; provided, however, if the

#### Exhibit B-14

confidential information rises to the level of a trade secret, then such restriction shall remain in effect until such time as the information does not constitute a trade secret. Developer also agrees that it and all of its employees and agents will take appropriate steps to protect Franchisor's confidential information from any unauthorized disclosure, copying or use. At any time upon Franchisor's request, and in any event upon termination or expiration of this Agreement, Developer will immediately return any copies of documents where there are materials containing confidential information and will take appropriate steps to permanently delete and render unusable any confidential information stored electronically.

**14.4 Personal Covenants of Certain Bound Parties.** As a condition to the effectiveness of this Agreement, and at the time Developer delivers this signed Agreement to Franchisor, each Bound Party of Developer must sign and deliver to Franchisor the Personal Covenants attached hereto as Exhibit C (the "Personal Covenants"), agreeing to be bound personally by all the provisions of Sections 14.1, 14.2 and 14.3 hereof. If there are any changes in the identity of any such Bound Party while this Agreement is in effect, Developer must notify Franchisor promptly and make sure the new Bound Party signs and delivers to Franchisor the Personal Covenants.

**14.5 Agreements by Other Third Parties.** As a condition to Franchisor's execution of this Agreement, Developer, if requested by Franchisor, shall cause each of its management and supervisory employees and other employees to whom disclosures of confidential information are made to execute a noncompetition, nonsolicitation and/or nondisclosure agreement in the form(s) prescribed by Franchisor from time to time.

**14.6 Reasonable Restrictive Covenants.** Developer acknowledges and agrees that (i) the covenants and restrictions in this Section 14 are reasonable, appropriate and necessary to protect the Flying Biscuit System, other franchisees and the legitimate interest of the Franchisor, and (ii) do not cause undue hardship on Developer or any of the other individuals required by this Section 14 to comply with the covenants and restrictions.

## **15. RIGHT OF FIRST REFUSAL**

If during the term of this Agreement, Developer shall receive a bona fide offer from a prospective purchaser for any interest in Developer or any Restaurants (whether by sale of assets, sale of equity interest, merger, consolidation or otherwise), it shall offer the same to Franchisor in writing at the same price and on the same terms or the monetary equivalent; which offer Franchisor may accept at any time within 30 days after receipt thereof. If the parties cannot agree on a reasonable monetary equivalent, an independent appraiser designated by Franchisor shall determine the monetary equivalent and the appraiser's determination will be final. If Franchisor declines, or does not within such 30 day period accept, such offer, then Developer may make such Transfer to such purchaser (provided Franchisor approves of such purchaser in accordance with Section 13.2 and subject to compliance with Section 13.4), but not at a lower price nor on more favorable terms than have been offered to Franchisor. If Developer fails to complete such Transfer within 90 days following the refusal or failure to act by Franchisor, then Developer may not complete such Transfer without first offering the same to Franchisor again as provided above. The parties recognize that the terms of this Section 15 do not apply to a sale and subsequent leaseback of any site of any Restaurant or any furnishings or equipment used thereon, or any other Transfer of the site of any Restaurant or the furnishings or equipment thereon in connection with any bona fide financing plan. In no event shall Developer or any Equity Holder offer any interest in this Agreement or in Developer or any Equity Holder for Transfer at public auction, nor at any time shall an offer be made to the public to Transfer this Agreement or any interest in Developer or any Equity Holder, through the medium of advertisement, either in the newspapers or otherwise, without having first obtained the written consent of Franchisor to such advertisement or publication.

## **Exhibit B-15**

## **16. OWNERSHIP OF DEVELOPER**

Attached hereto as Exhibit D is a description of the legal organization of Developer (whether a corporation, limited, liability company, partnership or otherwise), the names and addresses of each person or entity owning a 10% or greater interest in Developer (the “Principal Owners”) and the percentage of such interest owned by such person or entity. Developer agrees to notify Franchisor in writing whenever there is any change in the organizational structure or ownership interest of Developer as set forth on Exhibit D. Franchisor may require each Principal Owner to execute the Guaranty Agreement attached hereto as Exhibit E.

## **17. SUCCESSORS AND THIRD PARTY BENEFICIARIES**

This Agreement and the covenants, restrictions and limitations contained herein shall be binding upon and shall inure to the benefit of Franchisor and its successors and assigns and shall be binding upon and shall inure to the benefit of Developer and its permitted heirs, successors and assigns. 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 is, however, intended to bind the Bound Parties to the extent set forth in this Agreement.

## **18. CONSTRUCTION**

All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Developer shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Developer, if more than one person is so named. Except where this Agreement expressly obligates Franchisor not to unreasonably withhold its approval of any of Developer’s actions or requests, Franchisor has the absolute right, in its sole and arbitrary discretion, to refuse any request Developer makes or to withhold its approval of any of Developer’s proposed or effected actions that require Franchisor’s approval.

## **19. INTERPRETATION AND HEADINGS**

The parties agree that this Agreement should be interpreted according to its fair meaning. Developer waives to the fullest extent possible the application of any rule which would construe ambiguous language against Franchisor as the drafter of this Agreement. The words “include,” “includes” and “including” when used in this Agreement will be interpreted as if they were followed by the words “without limitation”. References to section numbers and headings will refer to sections of this Agreement unless the context indicates otherwise. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

## **20. NOTICES**

Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, by certified, express or registered mail, or by an overnight delivery service (e.g., Federal or Airborne Express), postage prepaid, addressed to the party to be notified at the respective address first above written, or at such other address or addresses as the parties may from time to time designate in writing. Notices shall be deemed delivered on the date shown on the return receipt or in the delivery service’s records as the date of delivery or on the date of first attempted delivery, if actual delivery cannot for any reason be made.

Exhibit B-16



## 21. GOVERNING LAW AND ENFORCEMENT

21.1 Governing Law. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §1 ET SEQ.). EXCEPT TO THE EXTENT PROVIDED BY THE FEDERAL ARBITRATION ACT AS REQUIRED HEREBY, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 ET SEQ.) OR OTHER APPLICABLE FEDERAL LAW, THE TERMS OF THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA WITHOUT REGARD TO ITS CONFLICTS OF LAWS PROVISIONS; PROVIDED, HOWEVER, THAT THE LAW OF THE STATE OF DEVELOPER'S PRINCIPAL PLACE OF BUSINESS SHALL APPLY TO THE CONSTRUCTION AND ENFORCEMENT OF THE OBLIGATIONS SET FORTH IN SECTIONS 14.1 AND 14.2 HEREOF, WITHOUT REGARD TO ITS CONFLICTS OF LAWS. FOR ACTIONS THAT ARE NOT SUBJECT TO MANDATORY ARBITRATION UNDER SECTION 21.2, THE DEVELOPER HEREBY SUBMITS AND IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS FOR THE DISTRICT WHERE FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE IS LOCATED ON THE DATE OF FILING OF THE ACTION AND AGREES NOT TO RAISE, AND HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION BASED UPON *FORUM NON CONVENIENS* OR ANY OTHER OBJECTION IT MAY NOW HAVE OR HEREAFTER HAVE TO SUCH JURISDICTION OR VENUE. FURTHER, NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IRREPARABLE HARM, UNDER THE USUAL EQUITY RULES INCLUDING THE APPLICABLE RULES FOR OBTAINING SPECIFIC PERFORMANCE, RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

21.2 Arbitration. EXCEPT TO THE EXTENT FRANCHISOR SEEKS INJUNCTIVE OR OTHER EQUITABLE RELIEF TO ENFORCE PROVISIONS OF THIS AGREEMENT, AND EXCEPT FOR CONTROVERSIES, CLAIMS OR DISPUTES BASED ON DEVELOPER'S FAILURE TO PAY ANY FEES DUE HEREUNDER WHEN DUE; DEVELOPER'S VIOLATION OF ANY HEALTH OR SAFETY LAW; OR DEVELOPER'S USE OF THE MARKS, ALL CONTROVERSIES, CLAIMS OR DISPUTES BETWEEN FRANCHISOR AND DEVELOPER ARISING OUT OF OR RELATING TO (I) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND DEVELOPER, (II) THE RELATIONSHIP BETWEEN DEVELOPER AND FRANCHISOR, OR (III) THE SCOPE AND VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND DEVELOPER (INCLUDING THE SCOPE AND VALIDITY OF THE ARBITRATION OBLIGATIONS UNDER THIS SECTION, WHICH FRANCHISOR AND DEVELOPER ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR AND NOT A COURT) SHALL BE DETERMINED BY ARBITRATION WITH THE AMERICAN ARBITRATION ASSOCIATION ("AAA") AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA. SUCH ARBITRATION SHALL BE CONDUCTED BEFORE THREE ARBITRATORS (UNLESS THE PARTIES AGREE TO ONE ARBITRATOR) CHOSEN AS FOLLOWS: FRANCHISOR AND DEVELOPER SHALL EACH SELECT ONE ARBITRATOR. THESE TWO ARBITRATORS SHALL MUTUALLY AGREE ON ONE OTHER ARBITRATOR TO ACT AS THE THIRD ARBITRATOR. THE DECISION OF THE ARBITRATORS SHALL BE FINAL AND BINDING UPON ALL PARTIES CONCERNED. SUCH DECISION SHALL BE RENDERED WITHIN 30 DAYS OF THE CLOSE OF THE ARBITRATION HEARING RECORD. THE ARBITRATION PROCEEDING SHALL BE CONDUCTED AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA. IN ANY ARBITRATION PROCEEDING, FRANCHISOR AND DEVELOPER AGREE THAT EACH MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY THE THEN

Exhibit B-17

CURRENT RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY CLAIM NOT SUBMITTED OR FILED AS REQUIRED IS FOREVER BARRED. THE ARBITRATOR MAY NOT CONSIDER ANY SETTLEMENT DISCUSSIONS OR OFFERS THAT MIGHT HAVE BEEN MADE BY EITHER PARTY. FRANCHISOR RESERVES THE RIGHT, BUT HAS NO OBLIGATION, TO ADVANCE DEVELOPER'S SHARE OF THE COSTS OF ANY ARBITRATION PROCEEDING IN ORDER FOR SUCH ARBITRATION PROCEEDINGS TO TAKE PLACE AND BY DOING SO WILL NOT BE DEEMED TO HAVE WAIVED OR RELINQUISHED FRANCHISOR'S RIGHT TO SEEK THE RECOVERY OF THOSE COSTS IN ACCORDANCE WITH SECTION 22. THE ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THE ARBITRATION PROCEEDING MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY IN THIS SECTION OR SECTION 24, IF ANY COURT OR ARBITRATOR DETERMINES THAT ALL OR ANY PART OF THE PRECEDING SENTENCE IS UNENFORCEABLE WITH RESPECT TO A DISPUTE THAT OTHERWISE WOULD BE SUBJECT TO ARBITRATION UNDER THIS SECTION 21.2, THEN ALL PARTIES AGREE THAT THIS ARBITRATION CLAUSE SHALL NOT APPLY TO THAT DISPUTE AND THAT SUCH DISPUTE SHALL BE RESOLVED IN A JUDICIAL PROCEEDING IN ACCORDANCE WITH THIS SECTION 21 (EXCLUDING THIS SECTION 21.2). THE FEDERAL RULES OF CIVIL PROCEDURE, AS THEY RELATE TO PRETRIAL DISCOVERY, AND THE FEDERAL RULES OF EVIDENCE SHALL APPLY TO THE ARBITRATION. IN ALL OTHER RESPECTS, THE RULES OF THE AAA AND THE UNITED STATES ARBITRATION ACT SHALL CONTROL. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATION MAY BE ENTERED IN ANY COURT HAVING COMPETENT JURISDICTION THEREOF.

**21.3 Damages And Timing Of Claims. THE PARTIES AGREE THAT NEITHER PARTY SHALL HAVE THE RIGHT TO RECEIVE OR COLLECT PUNITIVE OR EXEMPLARY DAMAGES FROM THE OTHER PARTY. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN DEVELOPER AND FRANCHISOR, OR THE OPERATION OF THE FRANCHISE AND THE RESTAURANT BROUGHT BY ANY PARTY TO THIS AGREEMENT AGAINST ANOTHER PARTY TO THIS AGREEMENT, SHALL BE COMMENCED WITHIN ONE YEAR FROM THE DISCOVERY OF THE FACTS GIVING RISE TO ANY SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED; PROVIDED, HOWEVER, THAT THIS TIME LIMITATION SHALL NOT APPLY TO ANY UNPERFORMED FINANCIAL OBLIGATION OF DEVELOPER TO FRANCHISOR. THE PARTIES UNDERSTAND THAT SUCH TIME LIMIT MAY BE SHORTER THAN OTHERWISE ALLOWED BY LAW. DEVELOPER AND THE BOUND PARTIES AGREE THAT THEIR SOLE RECOURSE FOR CLAIMS ARISING BETWEEN THE PARTIES SHALL BE AGAINST FRANCHISOR AND ITS SUCCESSORS AND ASSIGNS. DEVELOPER AND THE BOUND PARTIES AGREE THAT THE OWNERS, DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF FRANCHISOR AND ITS AFFILIATES SHALL NOT BE PERSONALLY LIABLE NOR NAMED AS A PARTY IN ANY ACTION BETWEEN FRANCHISOR AND DEVELOPER AND ANY BOUND PARTY.**

## **22. COSTS AND ATTORNEYS' FEES**

If Franchisor incurs any expenses in connection with Developer's failure to pay any amounts it owes when due or otherwise to comply with this Agreement, Developer agrees to reimburse Franchisor for any of the costs and expenses which Franchisor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

Exhibit B-18

## **23. WAIVER**

No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Developer shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or a different kind; nor shall any delay or omission of Franchisor to exercise any right arising from any such default affect or impair Franchisor's rights as to such default or any future default.

## **24. SEVERABILITY**

If any term, restriction or covenant of this Agreement is deemed invalid or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any person or circumstance is deemed invalid or unenforceable, the application of such terms, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law.

## **25. RELATIONSHIP OF THE PARTIES**

It is the express intention of the parties hereto that Developer is and shall be an independent contractor under this Agreement, and no partnership, joint venture, fiduciary relationship or other special relationship shall exist between Developer and Franchisor. This Agreement does not constitute Developer as the agent, legal representative or employee of Franchisor for any purpose whatsoever, and Developer is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, Franchisor or in any way to bind Franchisor. Developer agrees not to incur or contract for any debt or obligation on behalf of the Franchisor, or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor, or be detrimental to the good name and reputation of Franchisor or any other developers of Franchisor.

## **26. DELEGATION BY FRANCHISOR**

Franchisor shall have the right to delegate performance of any or all of its obligations and duties hereunder. Developer hereby agrees to such delegation.

## **27. REVIEW OF AGREEMENT**

Developer acknowledges that it has had a copy of the Franchisor's franchise disclosure document for at least 14 calendar days before signing any franchise or related agreement; or at least 14 calendar days before the payment of any consideration to Franchisor.

## **28. NO RIGHT OF SET OFF**

Developer agrees that it will not set off or withhold payment of any amounts it owes Franchisor on the grounds of Franchisor's alleged nonperformance of any of Franchisor's obligations under this Agreement or for any other reason. Developer agrees that all such claims will, if not otherwise resolved, be submitted to arbitration as provided in Section 21.2.

## **29. CUMULATIVE RIGHTS**

The rights granted hereunder are cumulative, and no exercise or enforcement by either party of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy to which either Franchisor or Developer are entitled.

## **30. ENTIRE AGREEMENT**

This Agreement and any addendum, schedule or exhibit attached hereto contains the entire agreement between the parties hereto relating to the development of the Restaurants and the franchised business and no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, have been made or relied upon by the parties other than those set forth herein. No agreement altering, changing, waiving or modifying any of the terms and conditions of this Agreement shall be binding upon either party unless and until the same is made in writing and executed by all interested parties. This Agreement may not be amended or supplemented by a course of conduct. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in its most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer or Developer's representative.

## **31. COUNTERPARTS**

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

## **32. DEVELOPER'S ACKNOWLEDGMENTS**

32.1 Success Depends on Developer and No Warranties. Developer assumes sole responsibility for the operation of the business franchised hereunder and acknowledges that, while Franchisor may furnish advice and assistance to Developer from time to time during the term of this Agreement, Franchisor has no legal or other obligation to do so except as specifically set forth herein.

### 32.2 Anti-Terrorism Laws.

(i) Developer and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws. In connection with such compliance, Developer and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Developer and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(ii) "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States ("Executive Order 13224"), the Terrorism Sanctions Regulation (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), 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 (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war.

(iii) Developer and its owners certify that none of them, their respective employees, agents, bankers, affiliates or anyone associated with them is listed in the Annex to Executive Order 13224.

Exhibit B-20

Developer agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex. (A copy of the Annex can be accessed on the internet at the following address: <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.)

(iv) Developer certifies that it has no knowledge or information that, if generally known, would result in (a) Developer, (b) Developer's owners, employees, agents, bankers or affiliates or (c) anyone associated with Developer to be listed in the Annex to Executive Order 13224.

(v) Developer is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws.

(vi) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Developer or Developer's owners, agents, bankers, employees and affiliates shall constitute grounds for immediate termination of this Agreement and any other agreement Developer has entered with Franchisor or an affiliate of Franchisor, in accordance with Section 12.2(xiii) above.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

FLYING BISCUIT FRANCHISING, INC.

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

DEVELOPER:

If an Individual:

Signature:\_\_\_\_\_

Printed Name:\_\_\_\_\_

If other than an Individual:

[INSERT ENTITY NAME]

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Exhibit B-22

Exhibit A

Area of Responsibility, Development Schedule, and Development Fee

The Area of Responsibility Per Section 1: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Development Schedule: Developer agrees to have open and operating at least the following minimum, cumulative number of Restaurants by the date specified:

| Cumulative Number of Restaurants to be Developed | Last Date to Establish and Open the Restaurant | Franchise Fee |
|--------------------------------------------------|------------------------------------------------|---------------|
| 1                                                |                                                |               |
| 2                                                |                                                |               |
| 3                                                |                                                |               |
| 4                                                |                                                |               |
| 5                                                |                                                |               |
| 6                                                |                                                |               |
| 7                                                |                                                |               |
| 8                                                |                                                |               |
| 9                                                |                                                |               |
| 10                                               |                                                |               |

Total Development Fee Per Section 4: \$ \_\_\_\_\_

Exhibit B

Collateral Assignment of Lease

(See Attached)



## **COLLATERAL ASSIGNMENT OF LEASE**

This Collateral Assignment of Lease entered into as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_, ("Tenant") party of the first part; and Flying Biscuit Franchising, Inc. , a Georgia corporation ("Franchisor") party of the second part; witnesseth that:

WHEREAS, by Lease (the "Lease") dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, \_\_\_\_\_ ("Lessor") leased unto Tenant, the premises (the "Leased Premises") briefly described as in copy of Lease attached hereto as Exhibit "A" and incorporated herein by reference; and

WHEREAS, Franchisor has a vested interest in the successful operation of the Leased Premises by virtue of a certain Franchise Agreement between Franchisor and Tenant, dated \_\_\_\_\_ (the "Franchise Agreement");

NOW THEREFORE, for and in consideration of the making the Franchise Agreement between Franchisor and Tenant, Tenant does hereby assign, transfer and set over unto Franchisor, with the right to reassign, all of their rights, title and interest in and to the Lease and in and to the Leased Premises; it being nevertheless expressly understood and agreed that this Assignment of Lease is made to Franchisor upon the following terms, covenants, limitations, and conditions:

1. Tenant shall retain possession of the leased premises in accordance with the terms and conditions of the Lease so long as no default or breach occurs under the Lease, in any agreement evidencing said Lease or the Franchise Agreement;

2. If default or breach be made by Tenant in the performance of the Lease or the Franchise Agreement or the Franchise Agreement is Terminated, then Franchisor shall have the option of taking over the Leased Premises, provided, however, that in the event Franchisor elects to exercise said option of taking over the Leased Premises for the purpose of operating the same, written notice of its election so to do shall be mailed promptly by Franchisor to Lessor. Franchisor shall not have the right of possession of the Leased Premises until such notice is received by Lessor. Upon the receipt of notice of exercise of such option, Franchisor shall be deemed to be substituted as the Tenant/Lessee in said Lease in the place and instead of Tenant, and shall be deemed to have assumed expressly all of the terms, covenants, and obligations of the Lease theretofore applicable to the party of the first part, and shall likewise be entitled to enjoy all of the rights and privileges granted to Tenant under the terms and conditions of the Lease, with the right to reassign same to any tenant or franchisee who can demonstrate a net worth of \$400,000, or otherwise to a subsidiary/affiliate of Franchisor;

3. That Franchisor shall have the right, but shall not be obligated, to cure any default by Tenant under the Lease within Tenant's cure period under the Lease, or within thirty (30) days after the expiration of Tenant's cure period under the Lease, provided that prior to the expiration of Tenant's cure period under the Lease, Franchisor notifies Landlord in writing that Franchisor intends to cure such default;

4. It is understood and agreed that so long as Franchisor shall not have exercised its option under the foregoing provisions hereof as to the Leased Premises, Franchisor shall not be liable for rent or any obligation of Tenant under and by virtue of or in connection with the Lease, and Tenant shall remain liable for such rent and obligations;

5. Tenant and Lessor shall not, by agreement or alone, modify or terminate this lease without written consent of Franchisor;

6. The parties hereby agree that in the event Lessor files for protection under the Bankruptcy Code, Tenant has the right to assign to Franchisor its right to elect to accede to Lessor's bankruptcy rejection of the Lease; and

7. In order to secure Tenant's performance of the Lease and the Franchise Agreement, and in order to facilitate the agreements between Franchisor and Tenant set forth hereunder, Franchisor shall have an interest superior to Lessor on all Tenant's Trade Fixtures. For purposes of this Assignment, "Trade Fixtures" shall be defined as all merchandise, signs, fixtures, furniture, furnishings, partitions and equipment installed and owned by Tenant.

FRANCHISOR:

TENANT:

Flying Biscuit Franchising, Inc.

<<Insert Name of Tenant>>

BY:\_\_\_\_\_

<<Type Name of Signor>>

TITLE: <<Type Title of Signor>>

CONSENT OF LESSOR:

<<Type Name of Lessor>>

BY:\_\_\_\_\_

<<Type Name of Signor>>

TITLE: <<Type Title of Signor>>

ATTEST:\_\_\_\_\_

Secretary

[CORPORATE SEAL]

Exhibit C

Personal Covenants

(See Attached)

## PERSONAL COVENANTS

Each of the undersigned ("you") agrees that:

1. All capitalized terms used but not defined in this Personal Covenants shall have the meaning set forth in that certain Flying Biscuit Franchising, Inc. Market Development Agreement, dated as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Development Agreement"), by and between Flying Biscuit Franchising, Inc. ("Franchisor"), and \_\_\_\_\_ ("Developer").

2. You are a Bound Party.

3. As an inducement to Franchisor to enter into the Development Agreement, and in consideration of the direct and personal benefits you will derive from the Development Agreement, you agree that: (i) you have read and understand all the provisions of Sections 14.1, 14.2, 14.3 and 21.3 of the Development Agreement; (ii) you will be personally bound by all of the obligations and covenants of Developer contained in Sections 14.1, 14.2, 14.3 and 21.3 as if such obligations and covenants were made and given personally by you directly to Franchisor; and (iii) such obligations and covenants are fair and reasonable and will not deprive you of your livelihood.

4. If any sentence, clause, paragraph, or combination of any of them in Sections 14.1, 14.2, 14.3 or 21.3 of the Development Agreement is held by a court of competent jurisdiction to be unenforceable as applied to you, then such unenforceable sentence, clause, paragraph, or combination may be modified by such court to the extent necessary to render it enforceable, and if it cannot be so modified, it shall be severed and the remainder of Sections 14.1, 14.2, 14.3 and 21.3 shall remain in full force and effect.

5. These personal covenants shall be governed by the internal laws of the State of Georgia, unless the law of your jurisdiction applies as provided for in Section 21 of the Development Agreement.

The undersigned hereby execute and deliver this instrument effective as of the Effective Date of the Development Agreement.

|                     |
|---------------------|
| _____<br>Signature  |
| _____<br>Print Name |
| Date: _____, 20____ |
| _____<br>Signature  |
| _____<br>Print Name |
| Date: _____, 20____ |
| _____<br>Signature  |
| _____<br>Print Name |
| Date: _____, 20____ |
| _____<br>Signature  |

|                     |
|---------------------|
| _____<br>Signature  |
| _____<br>Print Name |
| Date: _____, 20____ |
| _____<br>Signature  |
| _____<br>Print Name |
| Date: _____, 20____ |
| _____<br>Signature  |
| _____<br>Print Name |
| Date: _____, 20____ |
| _____<br>Signature  |

---

Print Name

Date:\_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date:\_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date:\_\_\_\_\_, 20\_\_\_\_

---

Print Name

Date:\_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date:\_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date:\_\_\_\_\_, 20\_\_\_\_

Exhibit D

Developer Information

1. Developer's legal organization (circle one): (a) sole proprietorship; (b) partnership; (c) corporation; (d) limited liability company; or (e) other.
2. If Developer is not a sole proprietor, list of all its partners, members or shareholders or others holding any ownership interest in Developer:

|     | Name and address        | % interest | Active in Operation of<br>Business?<br>(yes/no) |
|-----|-------------------------|------------|-------------------------------------------------|
| (a) | _____<br>_____<br>_____ | _____      | _____                                           |
| (b) | _____<br>_____<br>_____ | _____      | _____                                           |
| (c) | _____<br>_____<br>_____ | _____      | _____                                           |
| (d) | _____<br>_____<br>_____ | _____      | _____                                           |

3. If Developer is not a sole proprietor, list all of its officers, directors, managers and/or general partners:

|     | <u>Name</u> | <u>Title</u> |
|-----|-------------|--------------|
| (a) | _____       | _____        |
| (b) | _____       | _____        |
| (c) | _____       | _____        |
| (d) | _____       | _____        |

[Signature Appears on Following Page]

The undersigned certifies that all information contained in this Exhibit D is accurate and complete, and agrees to notify Franchisor promptly (and in any case within 15 days) upon any change in the information required to be disclosed in this Exhibit D.

DEVELOPER:

If an Individual:

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

If other than an Individual:

[INSERT ENTITY NAME]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit E

Guaranty Agreement

(See Attached)



## GUARANTY AGREEMENT

In consideration of, and as an inducement to, the execution by Flying Biscuit Franchising, Inc. ("Franchisor") of that certain Flying Biscuit Franchising, Inc. Market Development Agreement, dated \_\_\_\_\_, 20\_\_ (as the same from time to time may be amended or modified, the "Development Agreement"), by and between \_\_\_\_\_ ("Developer") and Franchisor, the undersigned, for the term of the Development Agreement, and thereafter until all obligations of Developer to Franchisor have been satisfied, jointly and severally, do hereby personally, absolutely, and unconditionally guarantee that Developer shall punctually pay and perform each and every undertaking, condition, and covenant set forth in the Development Agreement.

Each of the undersigned further waives acceptance and notice of acceptance of the foregoing obligations of Developer, notice of demand for payment of any indebtedness or for performance of any obligations hereby guaranteed, and any right the undersigned may have to require that an action be brought against Developer or any other person as a condition to the liability of the undersigned.

This Guaranty is a guarantee of payment and performance not merely one of collection. Each of the undersigned further consents and agrees that its liability under this Guaranty shall be direct and immediate and joint and several; that the undersigned shall render any payment or performance required under the Development Agreement upon demand if Developer fails or refuses punctually to do so; that such liability shall not be contingent or conditioned upon the pursuit of any remedies against Developer or any other person; and that such liability shall not be diminished, relieved or otherwise affected by the extension of time, credit or any other indulgence which Franchisor, its affiliates, successors or assigns may, from time to time, grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, or the release of any one or more of the undersigned hereunder, or the consent to assignment of the Development Agreement or any interest in Developer, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable throughout the term of the Development Agreement and any extension or renewal thereof and thereafter until all obligations of Developer to Franchisor have been satisfied.

Until all obligations of Developer to Franchisor have been satisfied, the obligations of the undersigned under this Guaranty shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or affected by, any circumstance or condition (whether or not the undersigned shall have any knowledge or notice thereof), including, without limitation, any bankruptcy, insolvency, reorganization, composition, liquidation or similar proceeding, with respect to Developer or its properties or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding. Each of the undersigned specifically waives any rights that may be conferred upon the undersigned as a guarantor or surety under the applicable law of any state. The remedies provided herein shall be nonexclusive and cumulative of all other rights, powers and remedies provided under the Development Agreement or by law or in equity.

The undersigned hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder, any term, covenant or condition of the Development Agreement may be amended, compromised, released or otherwise altered by Franchisor and the Developer and the undersigned do guarantee and promise to perform all of the obligations of the Developer under the Development Agreement as so amended, compromised, released or altered.

Upon notice from Franchisor that Developer has failed to pay monies due and owing to Franchisor under the Development Agreement, any and each of the undersigned agree to cure the monetary default within five business days from such notice.

Upon the death of an undersigned, the estate of such undersigned shall be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death. The obligations of the surviving undersigned shall continue in full force and effect.

The undersigned expressly acknowledge that the obligations hereunder survive the termination of the Development Agreement.

Franchisor's failure to enforce all or any portion of its rights under this Guaranty shall not constitute a waiver of its ability to do so at any point in the future.

No delay or failure of Franchisor in the exercise of any right, power, or remedy shall operate as a waiver thereof, and no partial exercise by Franchisor shall preclude any further exercise thereof or the exercise of any other right, power or remedy.

This Guaranty shall be governed by and construed in accordance with the internal laws of the State of Georgia without recourse to Georgia (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guaranty would not be enforceable under the laws of Georgia, and if the business franchised under the Development Agreement is located outside of Georgia and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guaranty is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or other doctrine of law of the State of Georgia or any other state, which would not otherwise apply. Any litigation initiated under this Guaranty shall be instituted exclusively at Franchisor's discretion in the most immediate state judicial district and court encompassing Franchisor's headquarters and having subject matter jurisdiction thereof or the United States District Court encompassing Franchisor's headquarters. Each of the undersigned expressly agree that the undersigned is subject to the jurisdiction and venue of those courts for purposes of such litigation. Each of the undersigned hereby waive and covenant never to assert any claim that the undersigned is not subject to personal jurisdiction in those courts or that venue in those courts is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*).

If Franchisor chooses to proceed against the undersigned under this Guaranty, and Franchisor prevails, the undersigned shall reimburse Franchisor its costs and expenses associated with the proceeding, including its reasonable attorneys' fees, court costs and expenses.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed its signature this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Agreed:  
FLYING BISCUIT FRANCHISING, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

GUARANTORS:

\_\_\_\_\_(SEAL)  
Signature

Address: \_\_\_\_\_  
\_\_\_\_\_  
Social Security No.: \_\_\_\_\_

\_\_\_\_\_(SEAL)  
Signature

E-3

Address:

\_\_\_\_\_

Social Security No.: \_\_\_\_\_  
\_\_\_\_\_ (SEAL)

Signature

Address:

\_\_\_\_\_

Social Security No.: \_\_\_\_\_  
\_\_\_\_\_ (SEAL)

Signature

Address:

\_\_\_\_\_

Social Security No.: \_\_\_\_\_  
\_\_\_\_\_

Exhibit F

State Specific Addenda

(See Attached)

FLYING BISCUIT FRANCHISING, INC.  
ADDENDUM TO MARKET DEVELOPMENT AGREEMENT  
(Maryland)

The following Addendum modifies and supersedes the Flying Biscuit Franchising, Inc. Market Development Agreement (the “Agreement”) with respect to Flying Biscuit franchises offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a Flying Biscuit franchise in the State of Maryland pursuant to the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, as follows:

1. The first sentence of Section 4 of the Agreement is deleted in its entirety and replaced with the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. The general release language required as a condition of sale and/or assignment or transfer shall apply except for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Under certain circumstances, the Agreement requires Developer to submit to a court proceeding in the State where Franchisor's principal executive office is located. These provisions may run contrary to the Maryland Franchise Registration and Disclosure Law. Therefore, nothing will preclude Developer from being able to enter into litigation with Franchisor in Maryland.

4. Any claims arising under the Maryland Franchisor Registration and Disclosure Law must be brought within three years after the grant of the franchise.

5. Attached to this Addendum as Schedule 1 is the form of the general release that Developer and its owners will sign, as, and if, required by Section 13.4 of the Agreement.

6. 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.

7. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

8. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

FLYING BISCUIT FRANCHISING, INC.

By:\_\_\_\_\_

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

DEVELOPER:

If an Individual:

Signature:\_\_\_\_\_

Print Name:\_\_\_\_\_

If other than an Individual:

\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Schedule 1  
General Release  
(See Attached)

**GENERAL RELEASE**

This General Release is made effective this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_. In consideration for the grant by Flying Biscuit Franchising, Inc., a Georgia corporation ("Flying Biscuit"), to the undersigned of certain rights in connection with the operation of a Flying Biscuit Restaurant and/or the transfer or renewal thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally release, discharge, and acquit Flying Biscuit, its past and present subsidiaries and affiliates, and its and their shareholders, owners, directors, officers, managers, members, partners, employees, agents, representatives, successors and assigns, from any and all liabilities, damages, claims, demands, costs, expenses, debts, indemnities, suits, disputes, controversies, actions and causes of action of any kind whatsoever, whether known or unknown, fixed or contingent, regarding or arising out of any prior or existing franchise relationship, development agreement, franchise agreement or any other agreement executed by any of the undersigned and Flying Biscuit (or any subsidiary or affiliate of Flying Biscuit), any Flying Biscuit restaurant (whether currently or previously owned or operated by the undersigned or any of them), or any other prior or existing business relationship between any of the undersigned and Flying Biscuit (or any subsidiary or affiliate of Flying Biscuit), which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against Flying Biscuit (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims arising from contract, written or oral communications, alleged misrepresentations, and acts of negligence, whether active or passive. This General Release shall survive the assignment or termination of any of the franchise agreements or other documents entered into by and between Flying Biscuit and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve Flying Biscuit or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law. This General Release shall be governed by and construed in accordance with the laws of the State of Georgia without regard to its conflicts of law provisions.

WITNESS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_, Individually  
\_\_\_\_\_, Individually



FLYING BISCUIT FRANCHISING, INC.  
ADDENDUM TO MARKET DEVELOPMENT AGREEMENT  
(Virginia)

The following Addendum modifies and supersedes the Flying Biscuit Franchising, Inc. Market Development Agreement (the “Agreement”) with respect to Flying Biscuit franchises offered or sold to either a resident of the State of Virginia or a non-resident who will be operating a Flying Biscuit franchise in the State of Virginia pursuant to the Virginia State Corporation Commission’s Division of Securities and Retail Franchising requirement for us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement, as follows:

1. The first sentence of Section 4 of the Agreement is deleted in its entirety and replaced with the following:

Fifteen days after the Developer’s first Flying Biscuit Restaurant opens for business, Developer shall pay to Franchisor a development fee in an amount set forth on Exhibit A to this Agreement (the “Development Fee”).

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.

To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

DEVELOPER:

FLYING BISCUIT FRANCHISING, INC.

If an Individual:

By:\_\_\_\_\_

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

**EXHIBIT C**  
**FRANCHISE AGREEMENT**  
**[SEE ATTACHED]**

## TABLE OF CONTENTS

|                                                                       | <u>Page</u> |
|-----------------------------------------------------------------------|-------------|
| 1. GRANT OF FRANCHISE .....                                           | 5           |
| 2. TERM AND RENEWAL .....                                             | 6           |
| 2.1 Initial Term .....                                                | 6           |
| 2.2 Renewal.....                                                      | 6           |
| 3. FRANCHISED SITE AND TERRITORY .....                                | 7           |
| 3.1 Franchised Site.....                                              | 7           |
| 3.2 Territorial Protection.....                                       | 7           |
| 3.3 Reservation of Rights.....                                        | 7           |
| 3.4 Catering and Delivery Services .....                              | 8           |
| 4. INITIAL FRANCHISE FEE.....                                         | 8           |
| 5. ROYALTY FEE; METHOD OF PAYMENT; LATE PAYMENT .....                 | 8           |
| 5.1 Royalty Fee .....                                                 | 8           |
| 5.2 Definition of Gross Sales .....                                   | 8           |
| 5.3 Automated Bank Draft.....                                         | 9           |
| 5.4 Late Payments and Insufficient Funds .....                        | 9           |
| 5.5 Application of Payments.....                                      | 9           |
| 6. RECORDS, REPORTS AND AUDITS .....                                  | 9           |
| 6.1 Bookkeeping and Recordkeeping .....                               | 9           |
| 6.2 Reporting.....                                                    | 9           |
| 6.3 Audit .....                                                       | 10          |
| 7. OPERATIONS MANUAL .....                                            | 11          |
| 8. MODIFICATION AND IMPROVEMENTS TO THE FLYING BISCUIT<br>SYSTEM..... | 11          |
| 8.1 Modification by Franchisor.....                                   | 11          |
| 8.2 Modification by Franchisee .....                                  | 11          |
| 9. OBLIGATIONS OF FRANCHISEE .....                                    | 12          |
| 9.1 Specific Obligations of Franchisee .....                          | 12          |
| 9.2 Franchisor's Right to Impose Fines for Non-compliance.....        | 15          |
| 10. TECHNOLOGY SYSTEMS AND WEBSITE .....                              | 15          |
| 10.1 Point of Sale System .....                                       | 15          |
| 10.2 Website .....                                                    | 16          |
| 10.3 Technology Fee.....                                              | 16          |
| 11. ADVERTISING.....                                                  | 17          |
| 11.1 Grand Opening.....                                               | 17          |
| 11.2 Advertising Fund .....                                           | 17          |
| 11.3 Local Advertising.....                                           | 18          |
| 11.4 Advertising Cooperatives.....                                    | 18          |
| 11.5 Approval of Advertising .....                                    | 19          |
| 12. COUNSELING AND ADVISORY SERVICES AND ONSITE ASSISTANCE .....      | 19          |
| 13. OPENING ASSISTANCE .....                                          | 20          |
| 14. TRAINING .....                                                    | 20          |
| 14.1 Initial Training .....                                           | 20          |
| 14.2 Training of Employees.....                                       | 21          |

|      |                                                       |    |
|------|-------------------------------------------------------|----|
| 14.3 | Additional Training.....                              | 21 |
| 14.4 | Conferences.....                                      | 21 |
| 14.5 | Requirements to Attend Training.....                  | 21 |
| 15.  | MARKS .....                                           | 21 |
| 15.1 | Ownership of the Marks.....                           | 21 |
| 15.2 | Use of the Marks .....                                | 22 |
| 15.3 | Infringement.....                                     | 22 |
| 15.4 | Substitute Marks .....                                | 23 |
| 16.  | RELATIONSHIP OF THE PARTIES .....                     | 23 |
| 17.  | MAINTENANCE OF CREDIT STANDING .....                  | 23 |
| 18.  | INDEMNIFICATION, INSURANCE AND TAXES .....            | 23 |
| 18.1 | Indemnification .....                                 | 23 |
| 18.2 | Insurance .....                                       | 24 |
| 18.3 | Taxes .....                                           | 25 |
| 19.  | ASSIGNMENT.....                                       | 25 |
| 19.1 | Assignment by Franchisor .....                        | 25 |
| 19.2 | Assignment by Franchisee .....                        | 26 |
| 19.3 | Death or Disability of Franchisee .....               | 26 |
| 19.4 | Approval of Assignment .....                          | 26 |
| 19.5 | Removal of General Partner.....                       | 27 |
| 20.  | RESTRICTIVE COVENANTS.....                            | 27 |
| 20.1 | Covenants Not to Compete. ....                        | 27 |
| 20.2 | Non-Solicitation of Employees.....                    | 28 |
| 20.3 | Trade Secrets and Confidential Information.....       | 28 |
| 20.4 | Personal Covenants of Certain Bound Parties .....     | 29 |
| 20.5 | Agreements by Other Third Parties .....               | 29 |
| 20.6 | Reasonable Restrictive Covenants.....                 | 29 |
| 21.  | TERMINATION.....                                      | 29 |
| 21.1 | Termination by Franchisee .....                       | 29 |
| 21.2 | Termination by Franchisor without a Cure Period ..... | 29 |
| 21.3 | Termination by Franchisor with a Cure Period.....     | 31 |
| 21.4 | Management of Restaurant by Franchisor .....          | 32 |
| 22.  | EFFECT OF AND OBLIGATIONS UPON TERMINATION .....      | 32 |
| 22.1 | Liquidated Damages .....                              | 32 |
| 22.2 | Obligations upon Termination or Expiration.....       | 33 |
| 22.3 | Sale upon Expiration or Termination.....              | 34 |
| 22.4 | Effect of Expiration or Termination .....             | 34 |
| 23.  | RIGHT OF FIRST REFUSAL.....                           | 35 |
| 24.  | RESTAURANT CLASSIFICATION.....                        | 35 |
| 25.  | OTHER BUSINESS .....                                  | 35 |
| 26.  | OWNERSHIP OF FRANCHISEE .....                         | 35 |
| 27.  | SUCCESSORS AND THIRD PARTY BENEFICIARIES .....        | 36 |
| 28.  | CONSTRUCTION.....                                     | 36 |
| 29.  | INTERPRETATION AND HEADINGS.....                      | 36 |
| 30.  | NOTICES.....                                          | 36 |
| 31.  | GOVERNING LAW AND ENFORCEMENT.....                    | 36 |
| 31.1 | Governing Law .....                                   | 36 |

### Exhibit C-3

|      |                                           |    |
|------|-------------------------------------------|----|
| 31.2 | Arbitration.....                          | 37 |
| 31.3 | <b>Damages And Timing Of Claims</b> ..... | 38 |
| 32.  | COSTS AND ATTORNEYS' FEES .....           | 38 |
| 33.  | WAIVER .....                              | 39 |
| 34.  | SEVERABILITY .....                        | 39 |
| 35.  | FORCE MAJEURE .....                       | 39 |
| 36.  | DELEGATION BY FRANCHISOR .....            | 39 |
| 37.  | REVIEW OF AGREEMENT .....                 | 39 |
| 38.  | NO RIGHT TO SET OFF .....                 | 39 |
| 39.  | CUMULATIVE RIGHTS.....                    | 40 |
| 40.  | ENTIRE AGREEMENT.....                     | 40 |
| 41.  | COUNTERPARTS .....                        | 40 |
| 42.  | FRANCHISEE'S ACKNOWLEDGMENTS .....        | 40 |
| 42.1 | Anti-Terrorism Laws. ....                 | 40 |

## EXHIBITS

- A. FRANCHISE SITE, FRANCHISE TERRITORY AND FRANCHISE FEE
- B. PERSONAL COVENANTS
- C. INTERNET WEB SITES AND LISTINGS AGREEMENT
- D. TELEPHONE LISTING AGREEMENT
- E. FRANCHISE INFORMATION
- F. GUARANTY AGREEMENT
- G. STATE SPECIFIC ADDENDA

**FLYING BISCUIT FRANCHISING, INC.**

**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this “Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between FLYING BISCUIT FRANCHISING, INC., a Georgia corporation with its principal office at 6090 Roswell Road, Atlanta, Georgia 30328 (“Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_, with (its principal office) (his/her residence) at \_\_\_\_\_ (“Franchisee”).

**W I T N E S S E T H:**

WHEREAS, Franchisor at a substantial expenditure of time, effort and money has established a system of developing, opening, operating and promoting casual restaurants offering breakfast, brunch, and lunch and other food products, and alcoholic beverages and related restaurant services under the name “THE FLYING BISCUIT” (“Flying Biscuit Restaurants” or “Restaurants”) (the “Flying Biscuit System”); and

WHEREAS, the distinguishing features of the Flying Biscuit System, include, but are not limited to, the name “THE FLYING BISCUIT” and all such other trade names, trademarks, service marks, logos, emblems, insignia and signs developed for use with the Flying Biscuit System from time to time (collectively, the “Marks”); specially designed fixtures, equipment, facilities, containers, and other items used in serving and dispensing food products; products, methods, procedures, recipes, distinctive food products and the formula and quality standards therefor; and instructional materials and training courses; all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor has acquired knowledge and experience in the composition, distribution, advertising and sale of food products by Restaurants using the Flying Biscuit System and with respect to the style of the facilities and signs used by said Restaurants and has successfully established a reputation, demand and goodwill for the products sold by such Restaurants; and

WHEREAS, Flying Biscuit Restaurants and the products sold therein have a reputation for quality that has been acquired and is being maintained by requiring all franchisees of the Flying Biscuit System to maintain high standards of quality and service; and

WHEREAS, Franchisee recognizes the value and benefits to be derived from utilizing the Flying Biscuit System and being associated with Franchisor, the Marks and other distinctive features of the Flying Biscuit System, and now desires to obtain a franchise from Franchisor to use the Flying Biscuit System and to operate a Flying Biscuit Restaurant at an approved location, and Franchisor is willing to grant Franchisee the right to operate a Flying Biscuit Restaurant, all subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter set forth, it is mutually understood, agreed and covenanted as follows:

**1. GRANT OF FRANCHISE**

During the term of this Agreement, Franchisor hereby grants to Franchisee the non-exclusive right and license, and Franchisee undertakes the obligation, to develop and operate a Flying Biscuit Restaurant and to use solely in connection therewith, the Marks and the Flying Biscuit System in accordance with the terms and conditions of this Agreement only at the Franchised Site, as such term is hereinafter defined. Franchisee agrees to use the Marks and Flying Biscuit System, as they are changed, improved and further

Exhibit C-5

developed by Franchisor from time to time. Unless otherwise agreed to by Franchisor, Franchisee has 14 months from the Effective Date to complete the initial training as required by Section 14.1 and to commence operation of the Restaurant. Franchisee must obtain Franchisor's written approval before commencing operation of the Restaurant.

## **2. TERM AND RENEWAL**

2.1 Initial Term. Unless terminated earlier in accordance with the terms and conditions set forth herein, this Agreement and the franchise granted hereunder shall have an initial term of 10 years commencing as of the Effective Date (the "Initial Term").

2.2 Renewal. Upon the expiration of the Initial Term, Franchisee shall have the right to renew the franchise granted hereunder for an additional 10 year period provided that all of the following conditions are met:

(i) Franchisee gives Franchisor written notice of its election to renew the franchise not less than six months before the expiration of the Initial Term;

(ii) Franchisee is not, when notice is given, and does not become before the expiration of the Initial Term, in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor or its subsidiaries or affiliates or with any other creditor or supplier of the Restaurant or lessor or sublessor of the Franchised Site, and Franchisee shall have fully and faithfully performed all of its obligations under this Agreement and all such other agreements throughout their terms;

(iii) Franchisee shall execute, at Franchisor's option, Franchisor's then-current form of Franchise Agreement, which Franchise Agreement shall supersede in all respects the terms and conditions of this Agreement and may contain terms and conditions substantially different from those set forth herein, including, without limitation, an increase in Royalty Fees or Advertising Fees (as such terms are hereinafter defined); provided, however, the renewal Franchise Agreement shall not provide for any additional renewal rights;

(iv) Franchisee shall pay a renewal fee equal to the then-current Franchise Fee (as such term is hereinafter defined) charged by Franchisor;

(v) Franchisee shall complete, at its own expense and to Franchisor's satisfaction, all maintenance, refurbishing, renovation, modernizing and remodeling of the Restaurant as Franchisor shall reasonably require so as to reflect the current image and standards of Flying Biscuit Restaurants;

(vi) Franchisee shall be current in the payment of all obligations to Franchisor and to any of its affiliates and subsidiaries as well as lessors, vendors and suppliers of the Restaurant;

(vii) Before renewal, Franchisee and/or Franchisee's supervisory and operational manager(s) shall at Franchisee's expense, attend and successfully complete to Franchisor's reasonable satisfaction any retraining program Franchisor may require;

(viii) Franchisee and its owners execute a general release, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor, including any affiliates or subsidiaries, and its and their officers, directors, shareholders, managers, members, partners, employees and agents; and

(ix) Franchisee provides Franchisor with evidence that Franchisee has the right to remain in possession of the Franchised Site or to secure and develop a suitable alternative site acceptable to Franchisee for the renewal term.

### **3. FRANCHISED SITE AND TERRITORY**

3.1 Franchised Site. The rights granted to Franchisee hereunder shall be non-exclusive and shall be restricted to the operation of a single Flying Biscuit Restaurant to be located at the address and location set forth on Exhibit A attached hereto (the “Franchised Site”). During the term of this Agreement, the Franchised Site shall be used exclusively to operate a Restaurant. In connection with the execution of any lease or sublease for the Franchised Site, Franchisee must execute, and cause the lessor and/or sublessor of the Franchised Site to execute, the Collateral Assignment of Lease attached to the Market Development Agreement entered into between Franchisor and Franchisee (the “Development Agreement”), in addition to complying with any other obligations and conditions contained in the Development Agreement relating to the lease or sublease of the Franchised Site and the development and construction of the Restaurant. The rights granted to Franchisee are for the specific Franchised Site and cannot be transferred to any other location, except with Franchisor’s prior written approval.

3.2 Territorial Protection. Franchisor will not establish for itself or grant a franchise to any other party to establish a Restaurant within the territory specified on Exhibit A attached hereto (the “Franchise Territory”). Notwithstanding anything herein to the contrary, if any disagreement arises regarding the area comprising the Franchise Territory, then Franchisor’s decision as to the definition of the Franchise Territory shall be final and binding. Except as expressly provided in the first sentence of this Section 3.2, Franchisee acknowledges that the franchise granted under this Agreement is non-exclusive and Franchisee has no territorial protection and Franchisee has no right to exclude, control or impose conditions on the location or development of other or future franchises under the Marks, or on any sales or distribution of products under the Marks or other business activities of Franchisor or any other party licensed to use the Marks.

3.3 Reservation of Rights. Franchisor retains the right, in its sole discretion, to:

(i) Establish and operate, and grant to other franchisees or licensees the right to establish and operate, a Flying Biscuit Restaurant or any other business using the Marks, the Flying Biscuit System or any variation of the Marks and the Flying Biscuit System, in any location outside the Franchise Territory, on any terms and conditions that Franchisor deems appropriate;

(ii) Develop, use and franchise anywhere (including within the Franchise Territory) the rights to any trade names, trademarks, service marks, commercial symbols, emblems, signs, slogans, insignia, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the Flying Biscuit System, without granting Franchisee any rights therein;

(iii) Offer, ship, sell and provide products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Franchise Territory through any distribution channel or method, including grocery stores, convenience stores, Internet (or any other existing or future form of electronic commerce), and delivery services, irrespective of the proximity to the Restaurant without compensation to Franchisee; provided, however, that any such sales will not be made from a Flying Biscuit Restaurant located in the Franchise Territory;



(iv) Own, operate, franchise or license anywhere, even in close proximity to the Restaurant licensed hereunder, restaurants of any other type whatsoever operating under marks other than the Marks; and

(v) Engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement.

3.4 Catering and Delivery Services. Franchisor acknowledges and agrees that Franchisee may provide catering and delivery services within a reasonable distance from the Franchised Site not to exceed 5 miles, within or without the Franchise Territory, but solely in connection with providing such catering and delivery services and provided such services are made by ground transportation. Subject to the foregoing maximum mileage restriction, Franchisee may provide catering and delivery services in the exclusive territories of other Flying Biscuit franchisees, and other Flying Biscuit franchisees may provide the same services in the Franchise Territory.

#### **4. INITIAL FRANCHISE FEE**

Upon the execution of this Agreement, Franchisee shall pay to Franchisor an initial franchise fee in an amount set forth on Exhibit A (the "Franchise Fee"). In the event the Development Agreement requires the payment of a development fee by Franchisee to Franchisor, there shall be credited toward the payment of the Franchise Fee all or a portion of those development fees in the manner and to the extent provided for in the Development Agreement. Franchisee acknowledges and agrees that the Franchise Fee is paid as consideration for Franchisor granting Franchisee the right to develop, open and operate the Restaurant using the Marks and the Flying Biscuit System and that the Franchise Fee is fully earned by Franchisor at the time this Agreement is executed, and the Franchise Fee shall not be refundable for any reason.

#### **5. ROYALTY FEE; METHOD OF PAYMENT; LATE PAYMENT**

5.1 Royalty Fee. In addition to all other amounts required to be paid hereunder, during the term hereof, Franchisee agrees to pay to Franchisor for the rights granted hereunder a royalty fee equal to 5% of the Gross Sales (as such term is hereinafter defined) of the Restaurant (the "Royalty Fee"). Payment of the Royalty Fee shall be made on or before Tuesday of each week for Gross Sales of the Restaurant for the preceding week. Franchisee acknowledges and agrees that in the event Franchisee is in default of this Agreement for failure to comply with any of the operational standards or specifications set forth in the Operations Manual (as defined in Section 7 of this Agreement) or failure to adhere to the obligations set forth in Section 9 of this Agreement, Franchisor may increase the Royalty Fee to 10% of Gross Sales and impose a surcharge of \$250 per week or pro rata portion of the week until such time as the defaults are cured.

5.2 Definition of Gross Sales. Gross Sales shall mean the amount of sales of all products and services sold in, on, about or from the Restaurant, together with any other revenues derived from the operation of the Restaurant, whether by Franchisee or by any other person, whether or not in accordance with the terms hereof, and whether for cash or on a charge, credit, barter or time basis, including, but not limited to, all such sales and services (i) where orders originate and/or are accepted by Franchisee in the Restaurant but delivery or performance thereof is made from or at any place other than the Restaurant or (ii) pursuant to telephone or other similar orders received or filled at or in the Restaurant. For purposes of determining the Royalty Fee and Advertising Fee, there shall be deducted from Gross Sales: (a) the amount of refunds, allowances or discounts to customers (including coupon sales) up to 10% of the Gross Sales,

provided the related sales have previously been included in Gross Sales; and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority.

5.3 Automated Bank Draft. Franchisee understands and agrees that Franchisor reserves the right and may require, in its sole discretion, that all Royalty Fees, Advertising Fees, Advertising Cooperative (as defined below) contributions and other fees or contributions required to be paid to Franchisor or any Advertising Cooperative hereunder must be paid by automated bank draft or other reasonable means necessary to ensure payment of such fees are received by Franchisor or the appropriate Advertising Cooperative. Franchisee agrees to comply with Franchisor's payment instructions.

5.4 Late Payments and Insufficient Funds. All overdue payments for Royalty Fees, Advertising Fees and other fees required to be paid hereunder shall bear interest from the date due at the rate specified by Franchisor from time to time, up to the highest rate permitted by the law, but in no event shall such rate exceed 18% per annum. Interest shall accrue on all late payments regardless of whether Franchisor exercises its right to terminate this Agreement as provided for herein. In addition to its right to charge interest as provided herein, Franchisor may charge Franchisee a \$100.00 late payment fee for all such overdue payments and a \$100.00 insufficient funds fee for each check, automated bank draft payment, or other payment method that is not honored by Franchisee's financial institution. Franchisee acknowledges that Franchisor has the right to set-off amounts Franchisee owes Franchisor against any amounts Franchisor may owe Franchisee.

5.5 Application of Payments. Notwithstanding designation by Franchisee to the contrary, all payments made by Franchisee hereunder will be applied by Franchisor at its discretion to any of Franchisee's past due indebtedness.

## **6. RECORDS, REPORTS AND AUDITS**

6.1 Bookkeeping and Recordkeeping. Franchisee agrees to establish a bookkeeping and recordkeeping system conforming to the requirements prescribed from time to time by Franchisor, relating, without limitation, to the use and retention of daily sales slips, coupons, purchase orders, purchase invoices, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, payroll records, journals and general ledgers. In establishing and maintaining Franchisee's bookkeeping and recordkeeping system, Franchisee shall use all form documents established by Franchisor in the Operations Manual (as defined below) or otherwise. Franchisee acknowledges and agrees that if Franchisor is required or permitted by statute, rule, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Restaurant, including, without limitation, earnings or other financial information, Franchisor shall be entitled to disclose such information. In addition, Franchisee hereby expressly permits Franchisor to disclose any such information to potential purchasers (and their employees, agents, and representatives) of Franchisor in connection with the sale or transfer of any equity interests or assets of Franchisor or any merger, reorganization or similar restructuring of Franchisor.

6.2 Reporting. Franchisee must provide Franchisor with those financial reports required by Franchisor from time to time. All such reports shall be prepared (i) using any form documents established by Franchisor as set forth in the Operations Manual or otherwise and (ii) in accordance with the generally accepted accounting principles of the United States, to the extent applicable. Franchisee's current reporting obligations include the following:

(i) A statement of relevant Gross Sales in the form required by Franchisor to be delivered with each payment of the Royalty Fee and Advertising Fee no later than 5:00 p.m. on each Tuesday;

(ii) A monthly unaudited balance sheet and profit and loss statement in a form satisfactory to Franchisor covering Franchisee's business for the prior month and fiscal year to date, all of which shall be certified by Franchisee as true and correct and delivered to Franchisor no later than the 21st day of each month;

(iii) Annual financial statements compiled or reviewed by an independent certified public accountant in a form satisfactory to Franchisor, which shall include a statement of income and retained earnings, a statement of cash flows, and a balance sheet of Franchisee, all for the fiscal year then ended. If Franchisee does not, in the ordinary course, obtain financial statements compiled or reviewed by an independent certified public accountant, then Franchisee may provide internally prepared financial statements which shall be certified as true and correct by Franchisee or Franchisee's principal executive officer or chief financial officer if Franchisee is a partnership, corporation or limited liability company. Franchisor shall have the right at any time to require audited annual statements to be provided to it, at Franchisee's expense;

(iv) An annual copy of Franchisee's signed 1120 or 1120S tax form (including all supporting schedules) as filed with the Internal Revenue Service (or any forms which take the place of those forms), and all other federal, state and local sales and use and income tax reports Franchisee is required to file, all to be delivered within 30 days after filing;

(v) A statement of local advertising expenditures made pursuant to Section 11.3 below for each calendar quarter and fiscal year to date, in a form satisfactory to Franchisor, along with invoices documenting such expenditures (if required by Franchisor), to be delivered within 15 days after the end of each calendar quarter;

(vi) Insurance certificates upon the annual renewal of the policies and all health and safety inspection reports; and

(vii) Any other data, information and supporting records reasonably requested by Franchisor.

All reports or other information required to be submitted under this Section 6.2 shall be submitted to the attention of Franchisor's franchise department. If any of the reports or other information required to be given to Franchisor in accordance with this Section are not received by Franchisor by the required deadline, Franchisor may charge Franchisee a late submission fee equal to \$100.00.

6.3 Audit. Franchisee shall allow representatives of Franchisor to inspect Franchisee's books and records at all reasonable times in order to verify Gross Sales that Franchisee reports as well as to verify Franchisee's advertising expenditures required by Section 11.3 below and any other matters relating to this Agreement and the operation of the Restaurant. Franchisor may require Franchisee to submit to Franchisor, or Franchisor's representatives, copies of Franchisee's books and records for any offsite inspection that Franchisor or Franchisor's representatives conduct to audit the Restaurant. If an inspection reveals that Gross Sales of Franchisee have been understated, Franchisee shall immediately pay to Franchisor the amount of Royalty Fees and Advertising Fees overdue, unreported or understated, together with interest as prescribed in Section 5.4 above. All inspections shall be at the expense of Franchisor; provided, however, if the inspection results in a discovery of a discrepancy in the Gross Sales reported by Franchisee of 5% or

more, then Franchisee shall pay or reimburse Franchisor for any and all reasonable expenses incurred by Franchisor in connection with the inspection, including, but not limited to, attorneys' and accounting fees and travel expenses, room and board and compensation of Franchisor's employees, as well as interest on the amounts owed at the highest legal rates allowed from the date payment was due.

## **7. OPERATIONS MANUAL**

During the term of this Agreement, Franchisor will loan to Franchisee one copy of, or provide Franchisee with electronic access to, Franchisor's confidential operations manual (the "Operations Manual"), which may consist of printed manuals, computerized documents or software, information provided on the internet or an extranet, audiotapes, videotapes, or any other medium Franchisor adopts periodically for use with the Flying Biscuit System and designates as part of the Operations Manual. The Operations Manual will contain information and specifications concerning the standards and specifications of the Flying Biscuit System, the development and operation of the Restaurant and any other information and advice Franchisor may periodically provide to its franchisees. Franchisor may update and change the Operations Manual periodically to reflect changes in the Flying Biscuit System and the operating requirements applicable to Flying Biscuit Restaurants, and Franchisee expressly agrees to comply with each requirement within such reasonable time as Franchisor may require, or if no time is specified, within 30 days after receiving notification of the requirement. Franchisee shall at all times ensure that its copy of the Operations Manual and any other confidential materials supplied by Franchisor to Franchisee are kept current and up to date. Franchisee must keep any printed Operations Manual in a secure location at the Restaurant, and must restrict employee access to the Operations Manual on a need to know basis, and take reasonable steps to prevent unauthorized disclosure or copying of any information in any printed or computerized Operations Manual. If Franchisor and Franchisee have any disagreement about the most current contents of the Operations Manual, Franchisor's master copy of the Operations Manual will control. Upon the expiration or termination of this Agreement for any reason, Franchisee must return all copies of the Operations Manual to Franchisor, and upon Franchisor's request, certify to Franchisor that Franchisee has not kept any copies in any medium. The Operations Manual is confidential, copyrighted and Franchisor's exclusive property.

## **8. MODIFICATION AND IMPROVEMENTS TO THE FLYING BISCUIT SYSTEM**

8.1 Modification by Franchisor. Franchisee recognizes and agrees that from time to time hereafter, Franchisor may change, modify or improve the Flying Biscuit System, including, without limitation, modifications to the Operations Manual, the menu and format, the processes and systems to support the business, the menu items and other product ingredients, the products offered for sale, the required equipment, the signage, the presentation and usage of the Marks, and the adoption and use of new, modified or substituted Marks or other proprietary materials. Franchisee agrees to accept, use and/or display for the purposes of this Agreement any such changes, modifications or improvements to the Flying Biscuit System, including, without limitation the adoption of new, modified or substituted Marks, as if they were part of the Flying Biscuit System as of the Effective Date, and Franchisee agrees to make such expenditures as such changes, modifications or improvements to the Flying Biscuit System may require. For purposes of this Agreement, all references to the Flying Biscuit System shall include such future changes, modifications and improvements.

8.2 Modification by Franchisee. If Franchisee develops any new modification, concept, process, improvement or slogan in the operation or promotion of the Restaurant or to the Flying Biscuit System, the same shall be deemed a work made for hire, and Franchisee shall promptly notify Franchisor of, and provide Franchisor with all necessary information, regarding such modification, concept, process, improvement or slogan, without compensation to Franchisee. Franchisee acknowledges that any such

modification, concept, process, improvement or slogan shall become Franchisor's sole and exclusive property and that Franchisor may use or allow other franchisees to use the same in connection with the Flying Biscuit System or the operation of Flying Biscuit Restaurants, without compensation to Franchisee.

## **9. OBLIGATIONS OF FRANCHISEE**

9.1 Specific Obligations of Franchisee. Franchisee recognizes the mutual benefit to Franchisee, Franchisor and other franchisees of the Flying Biscuit System of the uniformity of the appearance, services, products and advertising of the Flying Biscuit System and acknowledges and agrees that such uniformities are necessary for the successful operation of Flying Biscuit Restaurants. Franchisee also acknowledges and agrees that products and services sold under the Marks and at Flying Biscuit Restaurants have a reputation for excellence. This reputation has been developed and maintained by Franchisor, and Franchisee acknowledges and agrees that it is of the utmost importance to Franchisor, Franchisee, and all other franchisees of the Flying Biscuit System that such reputation be maintained. To this end, Franchisee covenants and warrants with respect to the operation of the Restaurant that Franchisee and its employees and agents will comply with all of the requirements of the Flying Biscuit System and the Operations Manual and will throughout the term of this Agreement:

(i) Operate the Restaurant and prepare and sell all products and services sold therein in accordance with the specifications, standards, business practices and policies of Franchisor now in effect or hereafter promulgated, and comply with all requirements of Franchisor, the Flying Biscuit System and the Operations Manual as they are now or hereafter established, including, without limitation, any health, sanitation and cleanliness standards and specifications. Franchisor and its duly authorized representatives shall have the right, if they so elect, at all reasonable times, to enter and inspect the Restaurant to ensure that Franchisee is complying with such specifications, standards, business practices, policies and requirements and to test any and all equipment, systems, products and ingredients used in connection with the operation of the Restaurant. If Franchisee in any way shall fail to maintain the standards of quality for the products and services as established by Franchisor from time to time, Franchisor shall notify Franchisee in writing of the failure and give Franchisee 10 days in which to cure such failure. If Franchisee fails to cure such failure within such 10 day period, Franchisor shall, in addition to any other remedy available to it, have the right to assign to the Restaurant such persons as it deems necessary for the training of Franchisee's employees to ensure that the standards of quality for the products and services are maintained. Franchisee shall reimburse Franchisor for all costs associated with providing such personnel, including costs of transportation, meals, lodging, salaries, wages and other compensation (including fringe benefits).

(ii) Maintain at all times, at its expense, the Restaurant and its machinery, equipment, fixtures, furnishings, furniture, décor, premises, parking areas, landscape areas, if any, and interior and exterior signs in an excellent, clean, attractive and safe condition in conformity with the Operations Manual and Franchisor's high standards and public image. Franchisee shall promptly make all repairs and replacements thereto as may be required to keep the Restaurant in the highest degree of sanitation, repair and condition and to maintain maximum efficiency and productivity. However, Franchisee shall not undertake any alterations or additions (but may perform maintenance and make repairs) to the buildings, equipment, premises or parking areas associated with the Restaurant without the prior written approval of Franchisor. If Franchisor changes its image or standards of operation with respect to the Restaurant, Franchisee expressly agrees to comply with each change within such reasonable time as Franchisor may require, or if no time is specified, within 30 days after receiving notification of the change. Franchisee shall also maintain maintenance contracts and/or service contracts on all equipment and machinery designated by Franchisor and Franchisor shall have the right to designate the vendor(s) for such contracts and the requirements for the contracts.

(iii) Comply with all applicable laws, rules, ordinances and regulations that affect or otherwise concern the Restaurant or the Franchised Site, including, without limitation, zoning, disability access, signage, fire and safety, fictitious name registrations, sales tax registration, and health and sanitation. Franchisee will be solely responsible for obtaining any and all licenses and permits required to operate the Restaurant. Franchisee must keep copies of all health, fire, building occupancy and similar inspection reports on file and available for Franchisor to review. Franchisee must immediately forward to Franchisor any inspection reports or correspondence stating that Franchisee is not in compliance with any such laws, rules, ordinances and regulations.

(iv) Maintain sufficient inventories and employ sufficient employees to operate the Restaurant at its maximum capacity and efficiency at such hours or days as Franchisor shall designate or approve in the Operations Manual or otherwise, and operate the Restaurant for such hours or days so designated or approved by Franchisor.

(v) Require all employees of the Restaurant to wear uniforms and abide by the dress guidelines conforming to the specifications and standards Franchisor may from time to time designate in the Operations Manual or otherwise.

(vi) Require all employees of the Restaurant to conduct themselves at all times in a competent and courteous manner and use best efforts to ensure that its employees maintain a neat and clean appearance and render competent, sober and courteous service to patrons of the Restaurant. Franchisor shall have no control over Franchisee's employees, including, without limitation, work hours, wages, hiring or firing.

(vii) Use only those ingredients, products, supplies, furnishings and equipment that (a) conform to the standards and specifications designated by Franchisor in the Operations Manual or otherwise, and (b) are purchased from suppliers designated or approved in writing by Franchisor. Franchisor may designate at any time and for any reason, a single or multiple suppliers for ingredients, products, supplies, furnishings and equipment and require Franchisee to purchase exclusively from such designated supplier or suppliers, which exclusive designated supplier(s) may be Franchisor or an affiliate of Franchisor. If Franchisor designates itself as a supplier, Franchisor has the right to earn a profit on any items it supplies. Franchisor and its affiliates may receive payments, discounts or other consideration from suppliers in consideration of such suppliers' dealings with Franchisee and/or the system of Flying Biscuit franchisees, and may use all amounts received by it without restriction. Franchisor is not required to give Franchisee an accounting of supplier payments or to share the benefit of supplier payments with Franchisee or other Flying Biscuit franchisees.

(viii) If Franchisee desires to purchase any ingredients, products, supplies, furnishings and equipment from suppliers other than those previously approved by Franchisor and such items have not been designated by Franchisor to be exclusively supplied by a designated supplier(s), Franchisee shall first submit to Franchisor a written request for authorization to purchase such items, together with such information and samples as Franchisor may require. Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or suppliers' facilities, and that samples from the proposed suppliers, or of the proposed items, be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. Permission for such inspections shall be a condition of the initial and continuing approval of such supplier, manufacturer or distributor. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Franchisor shall, within 90 days after its receipt of such request and completion of such evaluation and testing (if required by Franchisor), notify Franchisee in writing of its approval or disapproval. Franchisor may deny such

approval for any reason, including its determination to limit the number of approved suppliers. The provisions above shall only apply if Franchisor has not designated a supplier or suppliers.

(ix) Prominently display at the Restaurant and the Franchised Site signs using the name “THE FLYING BISCUIT,” and/or other signs, of such nature, form, color, number, location and size, and containing such material as Franchisor may from time to time reasonably direct or approve in writing; and not display in the Restaurant or on the Franchised Site or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects. Franchisor or its authorized representatives may at any time during normal business hours enter the Restaurant or the Franchised Site and remove any objectionable signs or advertising media.

(x) Use Franchisee’s best and continuing efforts to fully promote and develop the Restaurant and use the Franchised Site only for the purposes designated in this Agreement and avoid any activities that would conflict or interfere with or be detrimental to such purposes.

(xi) Sell only those products and services from the Restaurant specified by Franchisor from time to time in the Operations Manual or otherwise, and refrain from maintaining or using vending machines, video game machines, telephone booths, or entertainment devices not included in the Flying Biscuit System, unless approved in writing by Franchisor.

(xii) Refrain from deviating from the formulas, recipes or specifications of materials and ingredients of food as specified by Franchisor, without the prior written consent of Franchisor, and adhere to the menu and all changes, alterations, additions and subtractions thereof, thereto or therefrom as specified by Franchisor from time to time and follow all specifications of Franchisor as to the uniformity of products and weight, quality and quantity of unit products served and sold, and serve and sell only such menu items as are designated by Franchisor. Franchisee shall not sell any additional food and/or drink items or any other merchandise of any kind without the prior written approval of Franchisor.

(xiii) For carry-out orders, serve all products in such printed paper containers, boxes, wrappers, trays, soft drink cups and carry-out bags that conform to the standards and specifications designated by Franchisor in the Operations Manual or otherwise.

(xiv) Make no physical changes from blueprint specifications or approved remodeling plans in connection with the premises constituting the Restaurant on the Franchised Site, or the design thereof, or any of the materials used therein, or their colors, without the express written approval of Franchisor, except that Franchisee will, upon request of the Franchisor, make such reasonable alterations to the Restaurant or premises as may be necessary to conform to the then-current marketing and operating standards and specifications of the Flying Biscuit System. Franchisee will paint the Restaurant (interior or exterior) at such intervals as Franchisor may reasonably determine to be advisable, which determination shall in no event be more than once in any calendar year, using paints which will be in accordance with specifications given by Franchisor.

(xv) Ensure that an individual who has completed the initial training program described in Section 14.1 below is at the Restaurant at all times during normal business hours as established by Franchisor from time to time.

(xvi) Participate in all national, regional or local advertising and promotional activities Franchisor requires. Franchisee understands that Franchisor implements promotions such as discount coupons, certificates, frequent customer cards, special menu promotions, gift cards and other activities intended to enhance customer awareness and build traffic at Flying Biscuit Restaurants on a national,

regional or local level. Franchisor may establish procedures and regulations related to these promotions in the Operations Manual and Franchisee agrees to honor and participate in these programs in accordance with such procedures and regulations specified by Franchisor in the Operations Manual or otherwise in writing. Franchisee understands that its participation in these programs is essential to its success and that its participation may entail some cost to Franchisee. Franchisee agrees that Franchisor has no obligation to reimburse Franchisee for any costs it incurs due to its mandatory participation in these special promotional programs.

(xvii) Without limiting any of Franchisee's other obligations under this Agreement, at the request of Franchisor, but not more often than once every 5 years, unless sooner required by Franchisee's lease, Franchisee shall refurbish the premises of the Restaurant at its expense, to conform to the restaurant, trade dress, color schemes, plateware, and presentation of the Marks in a manner consistent with the then-current image for new Restaurants ("Refurbishments"). Refurbishments may include structural changes, installation of new equipment and signs, remodeling, redecoration, replacement or upgrading of plateware and other service items, and modifications to existing improvements. Refurbishments are intended to be large-scale re-equipping, refurbishing and remodeling of the Restaurant, and nothing contained in this Subsection (xvii) of this Agreement will limit Franchisee's other obligations under this Agreement or the Operations Manual.

(xviii) Become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s) designated by Franchisor and/or established by Franchisor for the Flying Biscuit System, remain a member in good standing thereof throughout the term of this Agreement and pay all membership fees or fees on purchases that are assessed by such purchasing and/or distribution cooperative(s)/association(s)/program(s).

(xix) As required by Franchisor, maintain a contract(s) with, or participate in any Franchisor contract(s), with any third-party(ies) offering customer service, shopper experience, food safety or other service programs designed to audit, survey, evaluate or inspect business operations. Franchisee understands that Franchisor has the right to specify the third party(ies) and the required level of participation in such programs and Franchisee will bear the cost.

9.2 Franchisor's Right to Impose Fines for Non-compliance. Recognizing the importance of system-wide uniformity of system-wide uniformity and excellence, and with that goal in mind, Franchisor may establish and impose a fine system which fines Franchisee as specified in the Operations Manual for Franchisee's failure, after notice and an opportunity to correct any failure or deficiency by Franchisee. Fines may range from \$100 to \$1,000 per violation, per day, and may be increased for repeated violations by Franchisee. Franchisor may seek input or consultation from any Franchisee Advisory Council or Board, formal or informal, on when and how to impose such fines generally. We have the right to appoint the Franchise Advisory Council or Board.

## **10. TECHNOLOGY SYSTEMS AND WEBSITE**

10.1 Point of Sale System. Franchisee, at its expense, must purchase and use a computerized cash collection and data processing system (the "POS System") that meets the standards and specifications provided by Franchisor from time to time in the Operations Manual or otherwise. Franchisee must enter all sales and other information Franchisor requires in the POS System. Franchisor may periodically require Franchisee, at its expense, to upgrade or update the POS System to remain in compliance with the standards and specifications required by Franchisor. Franchisee, at its expense, must maintain the POS System in good working order and connected to any telephone system or computer network that Franchisor requires. Franchisor may require Franchisee, at its expense, to configure and connect the POS System to Franchisor's



systems to provide Franchisor with continuous real-time access to all information and data stored on the POS System. Franchisor may require Franchisee to pay Franchisor or its designated third parties reasonable fees to support and upgrade the POS System and a reasonable fee to Franchisor or its designated third party for polling or collecting data from the POS System. In addition to the POS System, Franchisee, at its expense, must equip the Restaurant with the computer hardware and software that Franchisor specifies periodically and maintain access to the Internet or other computer network(s) that Franchisor specifies. In addition, Franchisee, at its expense, must also apply for and maintain other credit card, debit card or other non-cash payment systems that Franchisor periodically requires. Franchisor may require Franchisee to maintain support service contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS System, computer hardware and software, and credit card, debit card or other non-cash payment systems. Franchisor shall have the right to designate the vendor(s) for such support service contracts and maintenance service contracts.

10.2 Website. Franchisor currently operates a website related to the Flying Biscuit System at [www.flyingbiscuit.com](http://www.flyingbiscuit.com) (the “Website”). Franchisor shall have the right to designate a successor Website. We have the right to designate a successor Website. Subject to the terms of the Franchise Agreement and Operations Manual, we may make available to you a sub-page on the Website that will be located at a sub-domain of the Website to be specified by us (the “Subpage”). for the purpose of providing customers with information related to your Restaurant. You will not have the ability to upload, publish, modify, remove, or otherwise change any content on the Subpage. All requests for additions, edits, or modifications to the Subpage must be submitted to us in writing, and we may approve, deny, or modify any such request in our sole discretion.. The Subpage may not contain content which references any other Restaurants other than your Restaurant. We may, at any time, cease to make the Subpage available to you or the public. Upon the termination or expiration of the Franchise Agreement for any reason or a default under the Franchise Agreement for any reason, you may not upload, content, onto, or otherwise use, the Subpage shall immediately cease, and we may cease to make the Subpage available to you.

Franchisee acknowledges and understands that the registration for the Website domain name is and shall be maintained exclusively in the name of Franchisor or its designee. Franchisee acknowledges Franchisor’s or its designee’s exclusive right, title and interest in and to the domain name for the Website and further acknowledges that nothing herein shall give it any right, title or interest in such domain name. Franchisee will not, at any time, challenge Franchisor’s or its designee’s ownership of the Website domain name, challenge the validity of the Website domain name, or impair any right, title or interest of Franchisor or its designee in the Website domain name. Franchisee will assist Franchisor in preserving and protecting Franchisor’s or its designee’s rights in and to the Website domain name.

ADDITIONALLY, TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF THE WEBSITE AND THE SUBPAGE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NONINFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFIT OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF THE WEBSITE OR SUBPAGE.

10.3 Technology Fee. Franchisor may, in its discretion, establish and charge a technology fee (the “**Technology Fee**”) in connection with Franchisor’s development, expansion, operation, maintenance, and support of its technology systems and infrastructure. These technology systems may include, without

limitation, proprietary or third-party technology platforms, software, subscription-based services, resources, management portals, and other technology tools used in connection with the Franchise System. The Technology Fee shall be payable to Franchisor for the ongoing subscription, maintenance, and support of such technology systems and services. Franchisor reserves the right to modify the amount of the Technology Fee from time to time upon notice to Franchisee, as Franchisor deems appropriate. Franchisor may require Franchisee to enter into one or more separate written agreements with Franchisor or its affiliates as a condition to accessing or receiving certain technology services, and such agreements shall be subject to terms and conditions approved by Franchisor. Certain technology services may be offered separately and may be subject to additional fees.

## **11. ADVERTISING**

11.1 Grand Opening. Franchisee, at its sole expense, must develop and implement a grand opening promotion approved by Franchisor to introduce or (if Franchisee is purchasing an existing Restaurant) to re-introduce the Restaurant to the public during the period that is 30 days prior and 60 days after the opening of the Restaurant or 60 days after the transfer of the Restaurant (if Franchisee is purchasing an existing Restaurant). Franchisee is required to spend a minimum of \$10,000 for the grand opening promotion. To the extent Franchisor has developed or approved marketing or advertising programs and materials for the Restaurant's grand opening, Franchisee must use such programs and materials. Part of Franchisee's grand opening promotion will include obtaining pre and/or post opening coaching by a vendor designated by Franchisor and the cost of such coaching will count toward Franchisee's required grand opening promotion expenditures required under this Section. Price discounts during this period will not count toward the \$10,000 minimum spend. For items provided free of charge — for example, at grand opening friends and family events or influencer events — you may count 30% of the retail price (representing the approximate cost of goods sold) toward the minimum spend. Gift card redemptions will not count toward the minimum spend.

### 11.2 Advertising Fund

**. In addition to all other amounts required to be paid hereunder, during the term hereof, Franchisee must pay to Franchisor, or such other entity designated by Franchisor, an amount based upon Gross Sales to be designated by Franchisor from time to time, in its sole discretion, provided such amount shall not exceed 2% of Gross Sales (the "Advertising Fee"), which amount shall be used by the Advertising Fund (as such term is hereinafter defined). The Advertising Fee shall be the same for all Flying Biscuit franchisees. Payment of the Advertising Fee shall be made on or before Tuesday of each week and be based upon Gross Sales of the Restaurant for the preceding week. Advertising Fees shall be paid concurrently with the payment of the Royalty Fees.**

The Advertising Fee will be expended for the benefit of Franchisor, Franchisee and all other franchisees or users of the Flying Biscuit System for the production or purchase of such radio, television, print and/or other advertising materials or services as Franchisor deems necessary or appropriate, in its sole discretion, on a national, regional or local basis (the "Advertising Fund"). The expenditure of such funds for advertising is to be under the control of, and in the discretion of, Franchisor at all times, or such other entities designated by Franchisor. Franchisee understands and acknowledges that the Advertising Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of Flying Biscuit Restaurants for the benefit of all Flying Biscuit Restaurants and that Franchisor undertakes no obligation to ensure that the Advertising Fund benefits each Flying Biscuit Restaurant in proportion to its respective contributions. Franchisor agrees that all funds contributed to the Advertising Fund may be used to meet any and all costs (including, without limitation, reasonable salaries and overhead incurred by Franchisor) of maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities including, without limitation, the costs of preparing and

conducting television, radio, magazine, billboard, newspaper, direct response literature, direct mailings, brochures, collateral advertising material, implementing websites for Franchisor and/or its franchises, surveys of advertising effectiveness and other media programs and activities, employing advertising agencies to assist therewith and providing promotional brochures, decals and other marketing materials.

The Advertising Fund shall be established as a separate banking account and monies received shall be accounted for separately from Franchisor's other funds and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration or direction of the Advertising Fund and its advertising programs (including, without limitation, conducting market research, preparing advertising and promotional materials, collecting and accounting for contributions to the Advertising Fund, paying for the preparation and distribution of financial statements, legal and accounting fees and expenses, taxes, and other reasonable direct and indirect expenses incurred by Franchisor or its authorized representatives in connection with programs funded by the Advertising Fund). The Advertising Fund will not be Franchisor's asset. A financial statement of the operations of the Advertising Fund shall be prepared annually, and shall be made available to Franchisee upon request. Franchisor may spend in any fiscal year more or less than the aggregate contribution of all Flying Biscuit Restaurants to the Advertising Fund in that year, and the Advertising Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. Any lender loaning money to the Advertising Fund shall receive interest at a reasonable rate. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended. Franchisor may cause the Advertising Fund to be incorporated or operated through a separate entity at such time as Franchisor may deem appropriate, and such successor entity, if established, will have all rights and duties specified in this Section. Franchisor will not be liable for any act or omission with respect to the Advertising Fund that is consistent with this Agreement and done in good faith. Except as expressly provided in this Section 11.2, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund. Franchisee acknowledges and agrees that Franchisor is not operating or acting as a trustee or fiduciary with respect to the Advertising Fees collected. Franchisee agrees to participate in any promotion, marketing or advertising campaigns created by the Advertising Fund. Franchisor may reduce contributions of franchises to the Advertising Fund and upon notice to Franchisee, reduce the Advertising Fund's operation or terminate the Advertising Fund and distribute unspent monies to those contributing franchisees in proportion to their contributions in the past.

11.3 Local Advertising. Franchisee agrees that, in addition to the payment of the Advertising Fee and any amounts required under Section 11.1 hereof, it will spend a reasonable amount each calendar quarter for local market advertising but in no event less than 2% of Gross Sales per calendar quarter. The amount of advertising funds expended by Franchisee for individual local market advertising shall be determined by Franchisee, subject to the foregoing minimum requirement. Local advertising expenditures shall not include incentive programs, including, without limitation, costs of honoring coupons, food costs incurred in honoring sales promotions, salaries, contributions, donations, press parties, in-store fixtures or equipment, menus, serving guides and nutritional facts, yellow page advertising and exterior or interior signage. If Franchisee fails to make advertising expenditures in accordance with this Section, Franchisor shall have the right to spend an amount not to exceed 2% of the Gross Sales of the Restaurant on local advertising on behalf of Franchisee, and Franchisee must reimburse Franchisor for such expenses. Failure to comply with this Section shall be deemed a material breach of this Agreement.

11.4 Advertising Cooperatives. In connection with the Restaurant and any and all other Flying Biscuit Restaurants owned or operated by Franchisee, Franchisee shall participate, if required by Franchisor, in any local, regional or national cooperative advertising group, consisting of other franchisees of Flying Biscuit Restaurants, when and if any such groups are created (each, an "Advertising

Cooperative”). The particular Advertising Cooperative(s) in which Franchisee may be required to participate shall be designated by Franchisor in its sole discretion (which designations may be based upon, without limitation, the particular Designated Market Area or the Area of Dominant Influence, as those terms are used in the advertising industry, where the Flying Biscuit Restaurants operated by Franchisee are located). Franchisee’s payments to any Advertising Cooperative shall be determined by Franchisee and those other franchisees of the Flying Biscuit System and/or Franchisor, as the case may be, who are participants in such Advertising Cooperative, as set forth in the by-laws of that Advertising Cooperative or membership, dues, participation or other payment agreements of such Advertising Cooperative. Franchisee, however, may not be required to spend more than 2% of Gross Sales per annum in connection with any Advertising Cooperative. Amounts paid to an Advertising Cooperative shall be credited against payments Franchisee is otherwise required to make for local advertising as required by Section 11.3 above. Any payments to an Advertising Cooperative shall be in addition to the amounts required to be paid or spent under Sections 11.1 and 11.2 hereof. Franchisee shall enter into such formal agreements with such other franchisees of the Flying Biscuit System and/or Franchisor, as the case may be, as shall be necessary or appropriate to accomplish the foregoing and Franchisee shall abide by such formal agreements and decisions that the Advertising Cooperative is authorized by Franchisor to make related to advertising and marketing in the area covered by the Advertising Cooperative. If Franchisee becomes delinquent in its dues or other payments to the Advertising Cooperative or fails to abide by any formal agreements or authorized decisions of the Advertising Cooperative, such delinquency or failure shall be deemed a failure to participate in the Advertising Cooperative and a material breach of this Agreement. Franchisor may upon 30 days’ written notice to Franchisee suspend or terminate an Advertising Cooperative’s program or operations. As a member, officer or director of an Advertising Cooperative, at the request of Franchisor, Franchisee shall provide to Franchisor all information requested by Franchisor related to such Advertising Cooperative and Franchisee shall have the obligation to provide such information within 10 days after Franchisor’s request to Franchisee.

11.5 Approval of Advertising. Any and all advertising and marketing materials (whether developed in connection with an Advertising Cooperative or otherwise) not prepared or previously approved by Franchisor shall be submitted to Franchisor at least two weeks before any publication or run date for approval, which may be arbitrarily withheld. Franchisor may grant or withhold its approval, in its sole discretion. Franchisor will provide Franchisee with written notification of its approval or disapproval within a reasonable time. In the event Franchisor does not notify Franchisee of its approval or disapproval within 10 days of Franchisor’s receipt of the materials, the materials shall be deemed approved. Franchisee must discontinue the use of any approved advertising within five days of Franchisee’s receipt of Franchisor’s request to do so. No advertising or promotion by Franchisee shall be conducted on or through the Internet/world wide web or other electronic transmission via computer without express prior written approval by Franchisor including all social media sites, Franchisee shall monitor and control its employees so they make no social media postings using the Marks without obtaining Franchisor’s prior written approval. Without limiting the generality of the foregoing, Franchisee, without the express prior written approval of Franchisor, shall not operate, or permit to be operated on its behalf, any internet or world wide web site or page which incorporates any of the Marks or otherwise promotes the Restaurant. All advertising and promotion by Franchisee must be factually accurate and shall not detrimentally affect the Marks or the Flying Biscuit System, as determined in Franchisor’s sole discretion.

## **12. COUNSELING AND ADVISORY SERVICES AND ONSITE ASSISTANCE**

During the term of this Agreement, Franchisor may, in its sole discretion, upon the request of Franchisee, furnish counseling and advisory services to Franchisee with respect to the opening and operation of the Restaurant, including consultation and advice regarding the following: (i) equipment selection and layout; (ii) employee selection and training; (iii) advertising and promotion; (iv) recipes,

food, formulas and specifications; (v) bookkeeping and accounting; (vi) purchasing and inventory control; (vii) operational problems and procedures; (viii) periodic inspections; and (ix) new developments and improvements to the Flying Biscuit System. These counseling and advisory services shall occur at Franchisor's offices or via telephone or e-mail. Franchisor shall provide such assistance at no expense to Franchisee; provided, however, Franchisor reserves the right, in its sole discretion, to charge Franchisee a reasonable fee for unusual, extensive or extraordinary assistance requested by Franchisee and/or require Franchisee to reimburse Franchisor for expenses incurred by it in connection with providing such counseling and advisory services. In addition, if requested by Franchisee and Franchisor's personnel are available, Franchisor may provide onsite assistance and training at the Restaurant, however, Franchisor reserves the right to charge a reasonable fee for this onsite assistance plus expenses and costs incurred by Franchisor in rendering such assistance. In no event shall Franchisor be liable to Franchisee in connection with providing or failing to provide such services.

### **13. OPENING ASSISTANCE**

Before opening the Restaurant, Franchisee shall comply with (i) all of Franchisor's pre-opening, development, construction and training requirements and checklists, and (ii) all other opening requirements set forth in this Agreement, the Operations Manual and/or elsewhere in writing by Franchisor ("Opening Requirements"). Upon satisfactory completion of the Opening Requirements, Franchisor shall provide Franchisee with an opening person(s) to assist in the opening of the Restaurant and the initial training of Franchisee's employees. While Franchisor may provide initial training of Franchisee's employees in conjunction with the opening of the Facility, thereafter training and supervision of Franchisee's employees shall be solely Franchisee's responsibility. The opening person(s) will remain at the Restaurant for such length of time as Franchisor shall deem necessary. Franchisor shall provide such opening person(s) at no charge to Franchisee; provided, however, Franchisor reserves the right, in its sole discretion, to charge Franchisee for extraordinary travel and living expenses incurred by such opening person(s) in connection with providing such opening assistance. In the event Franchisee needs and requests additional opening assistance from Franchisor's personnel, and Franchisor approves such request, Franchisee will pay all costs and expenses of such personnel, for as long as any such additional personnel assist at the Restaurant. The costs and expenses associated with this assistance include, but are not limited to, wages, salary, transportation, meals, lodging and fringe benefits. All personnel provided under this Section shall be selected by Franchisor and is subject to change or removal by Franchisor in its sole discretion. Franchisee must obtain written approval by Franchisor before opening the Restaurant. Franchisor shall have no obligation to approve the opening of the Restaurant if (a) Franchisee has not satisfied, as determined by Franchisor, all the Opening Requirements and other requirements under this Agreement, or (b) Franchisee or any of its affiliates are in default under any agreement with Franchisor.

### **14. TRAINING**

14.1 Initial Training. The Restaurant must have three persons that (i) are designated by Franchisee to assume primary responsibility for managing the Restaurant and (ii) will devote full time and best efforts to the management and operation of the Restaurant (the "Managers"). Franchisee will inform Franchisor in writing as to the identity of the Managers, including all additions to and successors. As and when required by Franchisor, the Managers must attend and successfully complete to the satisfaction of Franchisor an initial management training program specified by Franchisor or a comparable training program approved in advance by Franchisor in its sole discretion. Each Manager required to complete the initial training program must successfully complete it before the Restaurant may open for business. No fee will be charged by Franchisor for the participation of the three Managers in the training program, however, the Franchisee shall be responsible for the costs and expenses (such as transportation, lodging, meals and compensation) of each person who attends the training. During operations hours, a Manager who has

successfully completed the initial training program must at all times be at the Restaurant. In the event that a Manager ceases active employment at the Restaurant, Franchisee must notify Franchisor within 5 days of cessation of the Manager's employment at the Restaurant and enroll a qualified replacement in the initial management training program within 30 days of cessation of such Manager's employment. Franchisor, in its sole discretion, reserves the right to waive all or a portion of the training program required under this Section.

14.2 Training of Employees. Franchisee shall implement a training program approved by Franchisor for employees of the Restaurant and shall be solely responsible for the proper training of its employees. Franchisee agrees not to employ any person who fails or refuses to complete Franchisee's training program or is unqualified to perform his or her duties at the Restaurant in accordance with the requirements established for the operation of a Flying Biscuit Restaurant.

14.3 Additional Training. Franchisee and its Managers and employees shall attend and conduct such additional training programs as Franchisor may from time to time reasonably require relating to the operation of the Restaurant and the Flying Biscuit System. Franchisee also may be required to purchase training films or other instructional materials as specified by Franchisor from time to time in the Operations Manual or otherwise.

14.4 Conferences. Franchisor may require Franchisee and/or one or more of the operating managers of the Restaurant to attend conferences which may be offered by Franchisor from time to time. Franchisee will be responsible for the travel and living expenses of such persons, and Franchisor may charge a reasonable fee sufficient to cover the costs and expenses of such conferences.

14.5 Requirements to Attend Training. All individuals participating in training programs offered by Franchisor must (i) behave in a professional, non-disruptive, non-harassing and non-discriminatory manner during training, (ii) not be under the influence of any stimulant during training, and (iii) satisfy any other training pre-requisites set forth in the Operations Manual or otherwise. Franchisor has a right to terminate training for any individual that, in Franchisor's judgment, does not satisfy the requirements in this Section and Franchisee must immediately designate a replacement.

## **15. MARKS**

15.1 Ownership of the Marks. Franchisee acknowledges and agrees that nothing herein contained shall give Franchisee any right, title or interest in and to the Marks, except the non-exclusive right to use the Marks in connection with the operation of the Restaurant under the Flying Biscuit System in accordance with the terms of this Agreement. Franchisee also acknowledges and agrees that the Marks and all goodwill now or in the future pertaining to the Marks are the sole and exclusive property of Franchisor and that it shall not raise or cause to be raised any questions concerning, or objections to, the validity or ownership of such Marks on any grounds whatsoever. Franchisee will not seek to register, reregister or assert claim to or ownership of, or otherwise appropriate to itself, any of the Marks or any marks or names confusingly similar to the Marks, or the goodwill symbolized by the Marks except insofar as such action inures to the benefit of and has the prior written approval of Franchisor. Upon the expiration, termination or cancellation of this Agreement, whether by lapse of time, default or otherwise, Franchisee agrees immediately to discontinue all use of the Marks and to remove all copies, replicas, reproductions or simulations thereof from the Restaurant and to take all necessary steps to assign, transfer or surrender to Franchisor or otherwise place in Franchisor or its designee title to all such names or marks (other than the Marks) which Franchisee may have used during the term of this Agreement or any renewal or extension thereof in connection with the operation of the Restaurant. Franchisee hereby acknowledges that Franchisor owns and controls the Flying Biscuit System and all of its components.

15.2 Use of the Marks. In order to protect the Marks, the Flying Biscuit System, and the goodwill associated therewith, Franchisee shall, unless Franchisor otherwise consents in writing:

(i) Only use the Marks designated by Franchisor, and only in the manner authorized and permitted by Franchisor. Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

(ii) Only use the Marks for the operation of the Restaurant and only at the Franchised Site, or in advertising for the business conducted at or from the Franchised Site. Franchisee may not use any of the Marks in any part of any domain name or electronic address or any similar proprietary or common carrier electronic delivery system. Franchisee will not seek to register, or assert any claim of ownership or usage rights to, any domain name or electronic address incorporating any of the Marks or any names confusingly similar to the Marks. Franchisee agrees, at the request of Franchisor, to take all necessary steps to assign to Franchisor all rights in or to such domain names and electronic addresses (and any registrations for the foregoing) that Franchisee may acquire.

(iii) Operate and advertise the Restaurant only under the name "THE FLYING BISCUIT" or such other Marks as Franchisor may designate from time to time, without prefix or suffix, except to describe the location of the Restaurant.

(iv) If Franchisee is a corporation, limited liability company, partnership or other type of entity, not use any of the Marks, including, without limitation, the name "THE FLYING BISCUIT" in its corporate or other legal name without the prior express written consent of Franchisor.

(v) Not permit the use of any trade names, trademarks or service marks at the Restaurant or the Franchised Site other than the Marks.

(vi) If state or local laws or ordinances require that Franchisee file an affidavit of doing business under an assumed name or otherwise file a report or other certificate indicating that THE FLYING BISCUIT or any similar name is being used as a fictitious or assumed name, include in such filing or application therefor an indication that the filing is made as a franchisee of Flying Biscuit Franchise, Inc., a Georgia corporation, Atlanta, Georgia.

(vii) Have the symbol TM, SM or R enclosed in a circle or such other symbols or words as Franchisor may designate to protect the Marks on all surfaces where the Marks appear.

15.3 Infringement. Franchisee shall promptly inform Franchisor in writing of any infringement or imitations of any Marks, the Flying Biscuit System, or any act of unfair competition against Franchisor or Franchisee as to which Franchisee has knowledge. Franchisee shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement or unfair competition without first obtaining Franchisor's written consent. Franchisor shall have the exclusive right to institute, negotiate, compromise, settle, dismiss, appeal or otherwise handle any such action and take such steps as it may deem advisable to prevent any such action and to join Franchisee and any other franchisees as a party to any such action to which Franchisor may be a party and to which Franchisee is or would be a necessary or proper party, but nothing herein shall be construed to obligate Franchisor to seek recovery of costs or damages of any kind in any such litigation, the assertion or waiver of such claims being within the sole discretion of Franchisor. The costs of any such action shall be paid by Franchisor and any recovery obtained from such infringers shall be paid to Franchisor.

15.4 Substitute Marks. If Franchisor decides to change, add or discontinue use of any Mark, or to introduce additional or substitute Marks, Franchisee, upon a reasonable period of time after receipt of written notice, shall take such action, at its sole expense, as is necessary to comply with such changes, alteration, discontinuation, addition or substitution. Franchisor shall have no liability for any loss of revenue or goodwill due to any new Mark or discontinued Mark.

## **16. RELATIONSHIP OF THE PARTIES**

It is the express intention of the parties hereto that Franchisee is and shall be an independent contractor under this Agreement, and no partnership, joint venture, fiduciary relationship or other special relationship shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as the agent, legal representative or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, Franchisor or in any way to bind Franchisor. Franchisee agrees not to incur or contract for any debt or obligation on behalf of the Franchisor, or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor, or be detrimental to the good name and reputation of Franchisor or any other franchisees of Franchisor.

## **17. MAINTENANCE OF CREDIT STANDING**

The failure or repeated delay in making prompt payments in accordance with the terms of invoices and statements rendered to Franchisee for purchases of supplies, equipment and other items, whether purchased from Franchisor or others, or defaults in making payments due hereunder or under any other agreement entered into in connection with the operation of the Restaurant, will result in a loss of credit rating and standing which will be detrimental to Franchisor and other franchisees of the Flying Biscuit System. Franchisee agrees to pay when due all amounts which it owes to anyone for supplies, equipment and other items used in connection with the Restaurant and all payments owed hereunder or under any other agreement entered into in connection with the operation of the Restaurant. Franchisee must notify Franchisor immediately when and if Franchisee becomes more than 90 days delinquent in the payment of any of the obligations mentioned above.

## **18. INDEMNIFICATION, INSURANCE AND TAXES**

18.1 Indemnification. Franchisee agrees to indemnify, defend and hold harmless Franchisor and its affiliates, 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, obligations and damages described in this Section, any taxes described in Section 18.3 below and any claims and liabilities directly or indirectly arising out of the Restaurant's operation or Franchisee's breach of this Agreement, except to the extent they arise as a result of Franchisor's own gross negligence or willful misconduct. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigations and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. Franchisor has the exclusive right to defend any such claim. This indemnity will continue in effect after the expiration or termination of this Agreement. Under no circumstances will Franchisor or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate its or their losses and expenses, in order to maintain and recover fully a claim against Franchisee.



18.2 Insurance. Franchisee agrees to secure and maintain during the term of this Agreement, at its own cost, an insurance policy or policies protecting Franchisee and Franchisor and its affiliates against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Facility, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory workers' compensation insurance, and umbrella liability insurance. Such policy or policies shall reflect industry standards, shall be written by a responsible carrier or carriers acceptable to Franchisor, shall name Franchisor and its affiliates as additional insureds, and shall provide at least the types and minimum amounts of coverage as are specified in the Operations Manual as modified by Franchisor from time to time.

(i) Such insurance as may be required by the terms of any lease for the Franchised Site or, if there is no such lease, Franchisee agrees to carry fire and extended coverage insurance covering the building and all equipment, supplies, products, inventory, furniture, fixtures and other tangible property located in the Restaurant or on the Franchised Site in the amount of the full insurable value of such property.

(ii) Commercial General Liability Insurance, including coverages for products-completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, and dram shop/liquor liability, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate (except for fire damage and medical expense coverages, which may have different limits of not less than \$300,000 for one fire and \$5,000 for one person, respectively); plus (ii) non-owned automobile liability insurance and, if Franchisee owns, rents or identifies any vehicles with any Mark or vehicles are used in connection with the operation of the Restaurant, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having a combined single limit of \$1,000,000 per occurrence; plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverages in an amount of not less than \$1,000,000 per occurrence and aggregate. All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation.

(iii) Workers' compensation insurance with the Employers Liability limit of \$1000,000/\$1,000,000/\$1,000,000, or a similar policy if the Restaurant is located in a non-subscriber state, covering all of its employees as is required by law.

(iv) If alcohol is sold, Liquor Legal Liability coverage of \$1,000,000.

(v) Adequate limits for comprehensive crime and blanket employee dishonesty insurance.

(vi) Business interruption and extra expense insurance for a minimum of six months to cover net profits and continuing expenses (including Royalty Fees).

(vii) Cyber liability and data breach insurance, including coverages for breach notification and response costs, forensic investigation, system restoration, cyber extortion and ransomware, business interruption arising from a cyber event, regulatory fines and penalties (including PCI-DSS assessments), and third-party claims arising out of the unauthorized access to, or disclosure of, customer, employee, or other protected information, having a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

(viii) Media liability insurance covering claims arising out of your advertising, social media, digital marketing, and other published content, including coverages for defamation, libel, slander,

copyright and trademark infringement, and invasion of privacy, having a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

Franchisee agrees that Franchisor shall be named as an additional insured under each of the foregoing insurance policies. Before the opening of the Restaurant and, thereafter, at least 30 days before the expiration of any such policy or policies, Franchisee shall deliver to Franchisor certificates of insurance evidencing the proper coverage with limits not less than those required hereunder, and all such certificates shall expressly contain endorsements requiring the insurance company to give Franchisor at least 30 days written notice in the event of material alteration to termination, non-renewal, or cancellation of, the coverages evidenced by such certificates and notice of any claim filed under such policy within 30 days after the filing of such claim. Franchisor may, from time to time, during the term of this Agreement, at its sole option, require that the minimum limits and types of insurance coverage, as specified above, be increased or changed as determined solely by Franchisor. If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee shall pay to Franchisor on demand any premiums incurred by Franchisor in connection therewith. Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 18.1 hereof. Notwithstanding the existence of such insurance, Franchisee, as agreed above, is and shall be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the franchised business and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom.

18.3 Taxes. Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement including, but not limited to, if applicable, state employment tax, state sales tax (including any sales or use tax on equipment purchased or leased) and all other taxes and expenses of operating the Restaurant. In no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant to occur against the Restaurant, the Franchised Site or any tangible personal property used in connection with the operation of the Restaurant.

## **19. ASSIGNMENT**

19.1 Assignment by Franchisor. This Agreement may be unilaterally assigned by the Franchisor and shall inure to the benefit of its successors and assigns. Franchisee agrees and affirms that Franchisor may sell itself, its assets, the Marks and/or the Flying Biscuit System to a third-party; may go public, may engage in private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. Franchisee further agrees and affirms that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Flying Biscuit Restaurants operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be proximate to any of its Restaurants. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the Flying Biscuit System and/or the loss of association with or identification of Flying Biscuit Franchising, Inc., under this Agreement. If

Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the Flying Biscuit business or to offer or sell any products or services to Franchisee.

19.2 Assignment by Franchisee. Franchisee shall not subfranchise, sell, assign, transfer, merge, convey or encumber (each, a “Transfer”), the Restaurant, the Franchised Site, this Agreement or any of its rights or obligations hereunder, or suffer or permit any such Transfer of the Restaurant, the Franchised Site, this Agreement or its rights or obligations hereunder to occur by operation of law or otherwise without the prior express written consent of Franchisor. In addition, if Franchisee is a corporation, limited liability company, partnership, business trust, or similar association or entity, the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, may not Transfer their equity interests in such corporation, limited liability company, partnership, business trust, or similar association or entity, without the prior written consent of Franchisor. Furthermore, in the event that any shareholder, member, partner, investor or other equity holder of Franchisee (the “Equity Holder”) is a corporation, limited liability company, partnership, business trust, or similar association or entity, the interests of the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, in such Equity Holder, may not be Transferred, without the prior written consent of Franchisor. Franchisor will not unreasonably withhold consent to a Transfer provided the requirements of Section 19.4 have been satisfied. Any Transfer in violation of this Section shall be void and of no force and effect. In the event Franchisee or an Equity Holder is a corporation, limited liability company, partnership, business trust, or similar association or entity with certificated equity interests, all stock or equity certificates of Franchisee or Equity Holder, as the case may be, shall have conspicuously endorsed upon them a legend in substantially the following form:

“A transfer of this stock is subject to the terms and conditions of FLYING BISCUIT FRANCHISING, INC. FRANCHISE AGREEMENT dated the\_\_\_\_ day of \_\_\_\_\_, 20\_\_.”

19.3 Death or Disability of Franchisee. Upon Franchisee’s death or Disability (as such term is hereinafter defined), this Agreement or the ownership interest of any deceased or disabled shareholder, partner, member or other equity holder of the Franchisee or an Equity Holder must be Transferred to a party approved by Franchisor. Any Transfer, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for Transfers set forth in Section 19.4. Franchisor shall not unreasonably withhold its consent to the Transfer of this Agreement or any ownership interest to the deceased or disabled Franchisee’s or Equity Holder’s spouse, heirs or members of his or her immediate family, provided all requirements of Section 19.4 have been complied with (except payment of the transfer fee, which shall not apply to such Transfers). A “Disability” shall have occurred with respect to Franchisee if Franchisee, or, if Franchisee is a corporation, partnership or limited liability company, its controlling shareholder, partner, member or other equity holder, is unable to actively participate in its activities as Franchisee hereunder for any reason for a continuous period of six months. As used in this Section 19.3, “Franchisee” may include a disabled or deceased controlling shareholder, partner or member where the context so requires.

19.4 Approval of Assignment. Franchisor’s approval of any Transfer is, in all cases, contingent upon the following:

(i) the purchaser and/or the controlling persons of the purchaser having a satisfactory credit rating, being of good moral character, having business qualifications satisfactory to Franchisor, being willing to comply with Franchisor’s training requirements and being willing to enter into an agreement in writing to assume and perform all of Franchisee’s duties and obligations hereunder and/or enter into a new Franchise Agreement, if so requested by Franchisor, and agreeing to enter into any and all agreements with

Franchisor that are being required of all new franchisees, including a guaranty agreement, or any other agreement which may require payment of different or increased fees from those paid under this Agreement; provided, however, the amount of the Royalty Fees paid hereunder shall not be increased upon an assignment;

(ii) the terms and conditions of the proposed transfer (including, without limitation, the purchase price) being satisfactory to Franchisor;

(iii) all monetary obligations (whether hereunder or not) of Franchisee to Franchisor or Franchisor's affiliates or subsidiaries being paid in full;

(iv) Franchisee not being in default hereunder or any other agreement between Franchisee and Franchisor, including the Development Agreement;

(v) Franchisee and its owners executing a general release of any and all claims against Franchisor and its affiliates, subsidiaries, members, managers, officers, directors, employees and agents, in a form satisfactory to Franchisor;

(vi) Franchisee paying to Franchisor a transfer fee equal to one-half of the then current Franchise Fee plus reimbursement for all legal, training and other expenses incurred by Franchisor in connection with the Transfer;

(vii) Franchisee first offering to sell such interest to Franchisor pursuant to Section 22.3 of this Agreement and the same having been declined in the manner therein set forth;

(viii) the Marks not being used in any advertising for any Transfer prohibited by Sections 19.2 and 19.3 hereof; and

(ix) at Franchisor's request, the proposed transferee or assignee refurbishes the Restaurant in the manner and subject to the provisions described in Section 2.2(v) hereof.

19.5 Removal of General Partner. If Franchisee is a limited partnership, Franchisee may not remove or appoint, or permit the limited partners to remove or appoint, a new or successor general partner without the prior written consent of Franchisor (even if such appointment is due to the resignation, death or disability of the General Partner).

## **20. RESTRICTIVE COVENANTS**

### **20.1 Covenants Not to Compete.**

(i) Non-Competition during Term. In addition to and not in limitation of any other restrictions on Franchisee contained herein, Franchisee and Franchisee's spouse, and, if Franchisee is not an individual, its shareholders, members, partners and managers, as applicable, and their spouses (each, a "Bound Party"), agree that they will not, during the term of this Agreement, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, during the term of this Agreement (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business (as defined below), regardless of location or (b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business, regardless of location.

(ii) Post-Term Non-Competition. In addition to and not in limitation of any other restrictions on Franchisee contained herein, Franchisee and the Bound Parties agree that they will not, for

Exhibit C-27

one year following the effective date of termination or expiration of this Agreement for any reason, or following the date of a Transfer by Franchisee, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, (a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business or (b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for a Competitive Business which, in either case, is located or operating within a three mile radius of any Flying Biscuit Restaurant.

(iii) General. For purposes of this Agreement, the term “Competitive Business” means any business operating, or granting franchises or licenses to others to operate, a restaurant or other food service business (a) engaged in the retail or wholesale production or sale of breakfast or brunch foods (including, but not limited to, all breakfast foods such as eggs, breakfast meats, potatoes, breakfast burritos, french toast, biscuits, pancakes, muffins and bread, and other baked goods) and (b) that derives more than 50% of its revenue from sales of breakfast and brunch foods (other than another Flying Biscuit Restaurant operated by Franchisee under license from Franchisor). Neither Franchisee nor the other Bound Parties will be prohibited from owning securities in a Competitive Business if they are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of the number of shares of that class of securities which are issued and outstanding. The parties acknowledge that the covenants contained in Section 20.1 are based on the reason and understanding that Franchisee and the Bound Parties will possess knowledge of Franchisor’s business and operating methods and confidential information, disclosure and use of which would prejudice the interest of Franchisor and its franchisees. Franchisee further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants. If any part of this restriction is found to be unreasonable in time or distance, such time or distance may be reduced by appropriate order of the court to that deemed reasonable. Franchisor shall, as a matter of course, receive injunctive relief to enforce such covenants in addition to any other relief to which it may be entitled at law or in equity. Franchisor shall receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived.

20.2 Non-Solicitation of Employees. Franchisee and the Bound Parties agree that while this Agreement is in effect and for one year after expiration or termination of this Agreement for any reason, or following the date of a Transfer by Franchisee, they will not, directly or indirectly, solicit or attempt to solicit, or otherwise interfere with or disrupt the employment relationship between Franchisor and any of its employees or between any other Flying Biscuit franchisee and its employees.

### 20.3 Trade Secrets and Confidential Information.

(i) Franchisee acknowledges and agrees that in connection with the operation of Flying Biscuit Restaurants and the Flying Biscuit System, Franchisor has developed at a great expense competitively sensitive proprietary and confidential information which are not commonly known by or available to the public. This proprietary and confidential information does not include any information that (a) is commonly known by or available to the public; (b) has been voluntarily disclosed to the public by Franchisor; (c) been independently developed or lawfully obtained by Franchisee; or (d) has otherwise entered the public domain through lawful means. All information which comprises the Flying Biscuit System including the information and data in the Operations Manual will be presumed to be confidential information of Franchisor.

(ii) Franchisee and each Bound Party agree that while this Agreement remains in effect such party will not, directly or indirectly, disclose or publish to any party, or copy or use for such party’s own benefit, or for the benefit of any other party, any of Franchisor’s proprietary or confidential information, except as required to carry out Franchisee’s obligations under this Agreement or as Franchisor has otherwise expressly approved in writing. All proprietary and confidential information of Franchisor is

the sole and exclusive property of Franchisor. Franchisee and each Bound Party agree that the restriction contained in the preceding sentence will remain in effect with respect to the confidential information for five years following termination or expiration of this Agreement for any reason; provided, however, if the confidential information rises to the level of a trade secret, then such restriction shall remain in effect until such time as the information does not constitute a trade secret. Franchisee also agrees that it and all of its employees and agents will take appropriate steps to protect Franchisor's confidential information from any unauthorized disclosure, copying or use. At any time upon Franchisor's request, and in any event upon termination or expiration of this Agreement, Franchisee will immediately return any copies of documents where there are materials containing confidential information and will take appropriate steps to permanently delete and render unusable any confidential information stored electronically.

20.4 Personal Covenants of Certain Bound Parties. As a condition to the effectiveness of this Agreement, and at the time Franchisee delivers this signed Agreement to Franchisor, each Bound Party of Franchisee must sign and deliver to Franchisor the Personal Covenants attached hereto as Exhibit B (the "Personal Covenants"), agreeing to be bound personally by all the provisions of Sections 20.1, 20.2 and 20.3 hereof. If there are any changes in the identity of any such Bound Party while this Agreement is in effect, Franchisee must notify Franchisor promptly and make sure the new Bound Party signs and delivers to Franchisor the Personal Covenants.

20.5 Agreements by Other Third Parties. As a condition to Franchisor's execution of this Agreement, Franchisee, if requested by Franchisor, shall cause each of its management and supervisory employees and other employees to whom disclosures of confidential information are made to execute a noncompetition, nonsolicitation and/or nondisclosure agreement in the form(s) prescribed by Franchisor from time to time.

20.6 Reasonable Restrictive Covenants. Franchisee acknowledges and agrees that (i) the covenants and restrictions in this Section 20 are reasonable, appropriate and necessary to protect the Flying Biscuit System, other Flying Biscuit franchisees and the legitimate interest of the Franchisor, and (ii) do not cause undue hardship on Franchisee or any of the other individuals required by this Section 20 to comply with the covenants and restrictions.

## **21. TERMINATION**

21.1 Termination by Franchisee. Franchisee may terminate this Agreement if Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such material breach within 90 days after written notice thereof is delivered to Franchisor. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured with such 90 day period and Franchisor has commenced and is continuing to make good faith efforts to cure such breach, Franchisor shall be given an additional 60 day period to cure the same, and this Agreement shall not terminate. In the event of termination by Franchisee, all post-termination obligations of Franchisee described herein shall not be waived but shall be strictly adhered to by Franchisee.

21.2 Termination by Franchisor without a Cure Period. Franchisor may immediately terminate this Agreement upon written notice to Franchisee, without opportunity to cure, if:

(i) Franchisee files a petition under any bankruptcy or reorganization law, becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of its property;

(ii) Following commencement of the operation of the Restaurant, Franchisee ceases to operate the Restaurant at the Franchised Site;

(iii) Franchisee seeks to effect a plan of liquidation, reorganization, composition or arrangement of its affairs, whether or not the same shall be subsequently approved by a court of competent jurisdiction; it being understood that in no event shall this Agreement or any right or interest hereunder be deemed an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding;

(iv) Franchisee has an involuntary proceeding filed against it under any bankruptcy, reorganization, or similar law and such proceeding is not dismissed within 60 days thereafter;

(v) Franchisee makes a general assignment for the benefit of its creditors;

(vi) Franchisee fails to pay when due any amount owed to Franchisor or its affiliates or subsidiaries, whether under this Agreement or not, and Franchisee does not correct such failure within 10 calendar days after written notice thereof is delivered to Franchisee;

(vii) Franchisee fails to pay when due any amount owed to any creditor, supplier or lessor of the Restaurant or the Franchised Site or any taxing authority for federal, state or local taxes (other than amounts being bona fide disputed through appropriate proceedings) and Franchisee does not correct such failure within 10 calendar days after written notice is delivered thereof to Franchisee;

(viii) Franchisee fails to commence operation of the Restaurant at the Franchised Site within 14 months after execution of this Agreement, except for any delay that is agreed to in writing by the Franchisor, in its sole discretion;

(ix) Franchisee or any of Franchisee's owners are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the Flying Biscuit System and the goodwill associated with the Marks;

(x) Franchisee operates the Restaurant or any phase of the franchised business in a manner that presents a health or safety hazard to Franchisee's customers, employees or the public;

(xi) Franchisee makes a material misrepresentation to Franchisor before or after being granted the franchise;

(xii) Franchisee makes an unauthorized Transfer of this Agreement, the franchise, the Restaurant, or an ownership interest in Franchisee;

(xiii) Franchisee or any Bound Party or any other employee of Franchisee breaches or fails to comply fully with Section 20 above;

(xiv) Franchisee (a) misuses or makes an unauthorized use of or misappropriates any Mark, (b) commits any act which can be reasonably expected to materially impair the goodwill associated with any Mark, (c) challenges Franchisor's ownership of the Marks, (d) files a lawsuit involving the Marks without Franchisor's consent, or (e) fails to cooperate with Franchisor in the defense of any Mark;

(xv) Franchisee makes or permits a third party to make any unauthorized use or disclosure of any confidential information or trade secret of Franchisor;

## Exhibit C-30

(xvi) Franchisee fails to comply with any federal, state or local law or regulation applicable to the operation of the franchise (including any failure to comply with the Anti-Terrorism Laws (as defined below) as set forth in Section 42.2 below);

(xvii) The franchised business or the Franchised Site is seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor, provided that a final judgment against Franchisor remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed), or a levy of execution has been made upon the license granted by this Agreement or any property used in the franchised business, and it is not discharged within five days of such levy;

(xviii) Franchisee loses for any cause whatsoever right of possession as owner or lessee of the real property on which the Restaurant is located. (However, if all or a substantial part of the real property on which the Restaurant is located is taken by eminent domain proceedings so as to make the Restaurant not in compliance with Franchisor's construction specifications or so as to make the Restaurant inoperable for the purpose of carrying out the requirements of this Agreement, then Franchisor and Franchisee will agree upon a new location for the Restaurant and Franchisee will construct and equip the new Restaurant in accordance with the then current construction specifications of Franchisor within 180 days after the designation of such location. All of the terms of this Agreement not specifically modified herein shall apply to the construction, maintenance and operation of such new Restaurant);

(xix) Franchisee knowingly maintains false books or records or denies Franchisor's authorized representatives immediate access to Franchisee's books and records during an audit or inspection;

(xx) Franchisee submits to Franchisor a financial report or other data, information or supporting records which understate by more than 5% the Royalty Fees and/or Advertising Fees due for any reporting period and is unable to demonstrate that such understatements resulted from an inadvertent error;

(xxi) Franchisee has received at least three default notices from Franchisor within a 12 month period, even if such default is subject to a right to cure or is cured after notice is delivered to Franchisee; or

(xxii) Franchisee is dissolved either voluntarily or involuntarily.

21.3 Termination by Franchisor with a Cure Period. Franchisor shall have the right to terminate this Agreement upon 30 days written notice if defaults remain uncured in Franchisor's sole discretion for the following reasons. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such 30 day period and Franchisee has commenced and is continuing to make good faith efforts to cure such breach, Franchisee shall be given an additional 30 day period to cure the same, and this Agreement shall not terminate.

(i) Franchisee fails or refuses to submit financial statements, reports or other operating data, information or supporting records when due;

(ii) Franchisee fails to relocate or commits a default (other than a monetary default which shall be subject to Section 21.2(vii) above) under the lease, sublease, purchase contract or other contract for the Franchised Site, the Restaurant or any equipment or supplies utilized in the operation thereof;



- (iii) Franchisee fails to provide or maintain required insurance coverage;
- (iv) Franchisee fails to restore the Restaurant to full operation within a reasonable period of time (not to exceed 90 days) after the Restaurant is rendered inoperable by any casualty; or
- (v) Franchisee fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by Franchisor.

21.4 Management of Restaurant by Franchisor. In addition to Franchisor's right to terminate this Agreement, and not in lieu thereof, Franchisor may enter into the Restaurant and exercise complete authority with respect to the management thereof until such time as Franchisor shall determine that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take control and manage the Restaurant in the event of any such default. If Franchisor assumes the management of the Restaurant, Franchisee must pay Franchisor (in lieu of the Royalty Fee) a management fee equal to ten percent (10%) of the Restaurant's Gross Sales (the "Management Fee") plus reimburse Franchisor for the full compensation paid to such representative, including the cost of all fringe benefits plus any and all expenses reasonably incurred by such representative so long as such representative shall be necessary and in any event until the default has been cured and Franchisee is complying with the terms of this Agreement. Franchisee acknowledges that the Management Fee shall be in addition to the Advertising Fee and any other fees (except the Royalty Fee) required under this Agreement and shall be paid in accordance with the methods of payment set forth in Section 5. If Franchisor assumes the Restaurant's management, Franchisee acknowledges that Franchisor will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses, or obligations the Restaurant incurs, or to any of Franchisee's creditors for any supplies or services the Restaurant purchases, while Franchisor manages it.

## **22. EFFECT OF AND OBLIGATIONS UPON TERMINATION**

22.1 Liquidated Damages. Franchisee acknowledges and confirms that by granting Franchisee the license to operate the Restaurant in the Franchise Territory, Franchisor lost the opportunity to grant a franchise for the Franchise Territory to another person or entity or to itself to own and operate a Restaurant within the Franchise Territory. Additionally, Franchisee confirms that Franchisor will suffer substantial damages by virtue of the termination of this Agreement, including, without limitation, lost Royalty Fees, lost market penetration and goodwill in the Franchise Territory, lost opportunity costs and the expense Franchisor will incur in developing another franchise for the Franchise Territory, which damages are impractical and extremely difficult to ascertain and/or calculate accurately, and the proof of which would be burdensome and costly, although such damages are real and meaningful to Franchisor and the Flying Biscuit System. Accordingly, in the event that Franchisor terminates this Agreement for Franchisee's default hereunder, Franchisee agrees to pay to Franchisor in a lump sum on the effective date of termination, liquidated damages, which represents a fair and reasonable estimate of Franchisor's foreseeable losses as a result of such termination, and which are not in any way intended to be a penalty, in an amount determined as follows:

- (i) the greater of (a) the average monthly amount of Royalty Fees payable by Franchisee to Franchisor for the one year immediately preceding the date of termination provided, however, if the Restaurant has not been open for at least 12 months, the average monthly amount of Royalty Fees payable by Franchisee to Franchisor for the months in which the Restaurant has been open;
- (ii) multiplied by twenty-four, or the number of months then remaining in the Franchise Agreement term, whichever is less.

Franchisee acknowledges that its obligation to pay Franchisor liquidated damages is in addition to, not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement up to the date of termination and to strictly comply with any other post-termination obligations required hereunder. Should any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement limit Franchisee's ability to pay, and Franchisor's ability to receive, such liquidated damages, Franchisee shall be liable to Franchisor for any and all damages which it incurs, now or in the future, as a result of Franchisee's default under this Agreement.

22.2 Obligations upon Termination or Expiration. Upon the termination or expiration of this Agreement, whether by reason of lapse of time, default in performance, abandonment of the Restaurant or other cause or contingency, Franchisee shall:

(i) forthwith return to Franchisor all material furnished by Franchisor containing confidential information, operating instructions, business practices, or methods or procedures, including, without limitation, the Operations Manual;

(ii) discontinue at the Franchised Site all use of the Marks, and the use of any and all signs, products, paper goods and other items bearing the Marks. Any signs containing the Marks which Franchisee is unable to remove within one day of the termination or expiration of this Agreement shall be completely covered by Franchisee until the time of their removal which shall be within 10 days of termination or expiration of this Agreement;

(iii) if Franchisee retains possession of the Franchised Site, at Franchisee's expense, make such reasonable modifications to the exterior and interior décor of the Restaurant and the Franchised Site as Franchisor requires to eliminate its identification as a Flying Biscuit Restaurant and to avoid violation of the non-compete provision;

(iv) refrain from operating or doing business under any name or in any manner that may give the general public the impression that this Agreement is still in force or that Franchisee is connected in any way with Franchisor or that Franchisee has the right to use the Flying Biscuit System or the Marks;

(v) refrain from making use of or availing itself to any of the confidential information, Operations Manual or other information received from Franchisor or disclosing or revealing any the same in violation of Section 20.3 hereof;

(vi) take such action as may be required to cancel all assumed names or equivalent registrations relating to the use of any Mark;

(vii) assign to Franchisor or its designee all of Franchisee's rights, title, and interest in the telephone numbers, telephone directory listings and advertisements, website URLs (whether acquired by Franchisee in accordance with or in violation of Section 15.2 hereof), e-mail addresses, store leases and governmental licenses or permits used for the operation of the Restaurant. Simultaneously with Franchisee's execution of this Agreement, Franchisee will execute the Internet Web Sites and Listings Agreement attached hereto as Exhibit C and the Telephone Listing Agreement attached hereto as Exhibit D; and

(viii) strictly comply with the terms and conditions of Section 20 above and any other procedures in the Operations Manual that are established by Franchisor related to discontinuing operations of the Restaurant.

If Franchisee fails to modify the exterior and interior décor of the Restaurant and the Franchised Site as Franchisor requires to eliminate its identification as a Flying Biscuit Restaurant (including the removal of all signs bearing the Marks), Franchisor may take such action to modify the exterior and interior décor of the Restaurant and the Franchised Site and charge Franchisee for cost of such action. Franchisee shall immediately pay Franchisor for the cost of any action taken by Franchisor to modify the exterior and interior décor of the Restaurant and the Franchised Site.

22.3 Sale upon Expiration or Termination. Except in the case of a renewal under Section 2, if this Agreement expires or is terminated or canceled for any reason, Franchisor shall have the option to purchase the Restaurant, or a portion of the assets of the Restaurant (including fixtures, furniture, equipment and improvements), and which may include at Franchisor's option, all of Franchisee's leasehold interest in and to the real estate upon which the Restaurant is located, but not including real property (collectively, the "Assets"), to Franchisor. If Franchisor desires to purchase the Assets but the parties are unable to agree as to a purchase price and terms of such sale, the fair market value of the Assets (to be determined without goodwill or going concern value) shall be determined by three appraisers. Franchisee and Franchisor shall each select one appraiser, and the two appraisers so chosen shall select the third appraiser. The three appraisals shall be averaged to determine the purchase price. Franchisor shall have the right, at any time within 15 days after being advised in writing of the decision of the appraisers as aforesaid, to purchase the Assets at the purchase price as determined above. Each party shall be responsible for the costs and expenses of the appraiser it selected and the cost of the third appraiser shall be shared equally by the parties. Nothing contained in this Section shall be deemed to be a waiver by Franchisor of any default by Franchisee under this Agreement nor shall the exercise of the option to purchase the Assets contained in this Section affect any other rights or remedies granted to Franchisor hereunder or otherwise available to it.

(i) Notwithstanding the provisions set forth in Section 22.3(i) above, if, within 45 days following the expiration of this Agreement, Franchisee shall receive a bona fide offer for the purchase of the Assets, Franchisee shall offer the same in writing to Franchisor at the same price and on the same terms or the monetary equivalent; which offer Franchisor may accept at any time within 15 days after receipt thereof. If Franchisor declines, or does not within such 15 day period accept, such offer, then Franchisee may sell the Assets to such purchaser, but not at a lower price nor on more favorable terms than have been offered to Franchisor.

(ii) Any sale of the Assets hereunder shall close no later than 60 days after delivery of written notice of Franchisor's exercise of its option is given to Franchisee. Franchisor has the right to assign its option hereunder and Franchisee must sign all documents of transfer reasonably necessary for the purchase of the Assets. All Assets transferred shall be free and clear of all liens and encumbrances, with all sales and transfer taxes paid by the Franchisee. At the closing, Franchisee and its owners shall execute general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its owner, officers, employees, directors, agents, successors and assigns.

22.4 Effect of Expiration or Termination. Upon the expiration or termination of this Agreement for any reason, any and all rights granted to Franchisee hereunder shall be extinguished immediately, and Franchisee shall not be relieved of any of its obligations, debts or liabilities hereunder. The expiration or termination of this Agreement for any reason will be without prejudice to the rights of Franchisor against Franchisee and will not destroy or diminish the binding force and effect of any of the provisions of this Agreement that expressly, or by reasonable implication, come into or continue in effect on or after the expiration or termination hereof.

## **23. RIGHT OF FIRST REFUSAL**

If during the term of this Agreement, Franchisee shall receive a bona fide offer from a prospective purchaser for any interest in Franchisee or the Restaurant (whether by sale of assets, sale of equity interest, merger, consolidation or otherwise), it shall offer the same to Franchisor in writing at the same price and on the same terms or the monetary equivalent; which offer Franchisor may accept at any time within 30 days after receipt thereof. If the parties cannot agree on a reasonable monetary equivalent, an independent appraiser designated by Franchisor shall determine the monetary equivalent and the appraiser's determination will be final. If Franchisor declines, or does not within such 30 day period accept, such offer, then Franchisee may make such Transfer to such purchaser (provided Franchisor approves of such purchaser in accordance with Section 19.2 and subject to compliance with Section 19.4), but not at a lower price nor on more favorable terms than have been offered to Franchisor. If Franchisee fails to complete such Transfer within 90 days following the refusal or failure to act by Franchisor, then Franchisee may not complete such Transfer without first offering the same to Franchisor again as provided above. The parties recognize that the terms of this Section 23 do not apply to a sale and subsequent leaseback of the Franchised Site or any furnishings or equipment used thereon, or any other Transfer of the Franchised Site or the furnishings or equipment thereon in connection with any bona fide financing plan. In no event shall Franchisee offer any interest in this Agreement, or such premises or any interest therein, or any interest in the business conducted thereon, or in the equipment or furnishings located thereon, or in any interest of Franchisee or an Equity Holder for Transfer at public auction, nor at any time shall an offer be made to the public to Transfer the same, through the medium of advertisement, either in the newspapers or otherwise, without having first obtained the written consent of Franchisor to such advertisement or publication.

## **24. RESTAURANT CLASSIFICATION**

Franchisee shall operate and maintain the Restaurant in a manner which will ensure that the Restaurant will obtain the highest classification possible for restaurants of like kind from the governmental authorities that inspect restaurants in the area where the Restaurant is operated. If Franchisee is not able to obtain such classification, or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by Franchisor, then Franchisor may, at its option, place such trained personnel in the Restaurant as Franchisor deems necessary to train the managerial and operating personnel of the Restaurant until the Restaurant can obtain the highest classification or meet such general standards. Franchisor's personnel shall remain at the Restaurant until the required classification is obtained or until Franchisor, in its sole discretion, decides to remove them. Franchisee shall pay all costs associated with providing such personnel, including costs of transportation, meals, lodging, wages or other compensation, including fringe benefits.

## **25. OTHER BUSINESS**

Franchisee agrees not to carry on or conduct or permit others to carry on or conduct any other business, activity or operation at the Restaurant (other than the operation of the Restaurant in conformity with this Agreement and the Operations Manual) without first obtaining the written consent of Franchisor.

## **26. OWNERSHIP OF FRANCHISEE**

Attached hereto as Exhibit E is a description of the legal organization of Franchisee (whether a corporation, limited, liability company, partnership or otherwise), the names and addresses of each person or entity owning a 10% or greater interest in Franchisee (the "Principal Owners") and the percentage of such interest owned by such person or entity. Franchisee agrees to notify Franchisor in writing whenever there is any change in the organizational structure or ownership interest of Franchisee as set forth on Exhibit

E. At Franchisor's request, Franchisee shall provide to Franchisor a copy of all Franchisee's governing and/or organizational documents and any amendments thereto. Franchisor may require each Principal Owner to execute the Guaranty Agreement attached hereto as Exhibit F.

## **27. SUCCESSORS AND THIRD PARTY BENEFICIARIES**

This Agreement and the covenants, restrictions and limitations contained herein shall be binding upon and shall inure to the benefit of Franchisor and its successors and assigns and shall be binding upon and shall inure to the benefit of Franchisee and its permitted heirs, successors and assigns. Except as contemplated by Section 18.1, 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 is, however, intended to bind the Bound Parties to the extent set forth in this Agreement.

## **28. CONSTRUCTION**

All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named. Except where this Agreement expressly obligates Franchisor not to unreasonably withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right, in its sole and arbitrary discretion, to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed or effected actions that require Franchisor's approval.

## **29. INTERPRETATION AND HEADINGS**

The parties agree that this Agreement should be interpreted according to its fair meaning. Franchisee waives to the fullest extent possible the application of any rule which would construe ambiguous language against Franchisor as the drafter of this Agreement. The words "include," "includes" and "including" when used in this Agreement will be interpreted as if they were followed by the words "without limitation". References to section numbers and headings will refer to sections of this Agreement unless the context indicates otherwise. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

## **30. NOTICES**

Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, by certified, express or registered mail, or by an overnight delivery service (e.g., Federal or Airborne Express), postage prepaid, addressed to the party to be notified at the respective address first above written, or at such other address or addresses as the parties may from time to time designate in writing. Notices shall be deemed delivered on the date shown on the return receipt or in the delivery service's records as the date of delivery or on the date of first attempted delivery, if actual delivery cannot for any reason be made.

## **31. GOVERNING LAW AND ENFORCEMENT**

**31.1 Governing Law.** ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ ET SEQ.) EXCEPT TO THE EXTENT PROVIDED BY THE FEDERAL ARBITRATION ACT AS REQUIRED HEREBY, THE

Exhibit C-36

UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 ET SEQ.) OR OTHER APPLICABLE FEDERAL LAW, THE TERMS OF THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA WITHOUT REGARD TO ITS CONFLICTS OF LAWS PROVISIONS; PROVIDED, HOWEVER, THAT THE LAW OF THE STATE IN WHICH THE RESTAURANT IS LOCATED SHALL APPLY TO THE CONSTRUCTION AND ENFORCEMENT OF THE OBLIGATIONS SET FORTH IN SECTIONS 20.1 AND 20.2 HEREOF, WITHOUT REGARD TO ITS CONFLICTS OF LAWS. FOR ACTIONS THAT ARE NOT SUBJECT TO MANDATORY ARBITRATION UNDER SECTION 31.2, FRANCHISEE HEREBY SUBMITS AND IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS FOR THE DISTRICT WHERE FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE IS LOCATED ON THE DATE OF THE FILING OF THE ACTION, AND AGREES NOT TO RAISE AND HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION BASED UPON *FORUM NON CONVENIENS* OR ANY OTHER OBJECTION IT MAY NOW HAVE OR HEREAFTER HAVE TO SUCH JURISDICTION OR VENUE. FURTHER, NOTHING HEREIN CONTAINED SHALL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IRREPARABLE HARM, UNDER THE USUAL EQUITY RULES INCLUDING THE APPLICABLE RULES FOR OBTAINING SPECIFIC PERFORMANCE, RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

31.2 Arbitration. EXCEPT TO THE EXTENT FRANCHISOR SEEKS INJUNCTIVE OR OTHER EQUITABLE RELIEF TO ENFORCE PROVISIONS OF THIS AGREEMENT, AND EXCEPT FOR CONTROVERSIES, CLAIMS OR DISPUTES BASED ON FRANCHISEE'S FAILURE TO PAY ANY FEES DUE HEREUNDER WHEN DUE; FRANCHISEE'S VIOLATION OF ANY HEALTH OR SAFETY LAW; OR FRANCHISEE'S USE OF THE MARKS, ALL CONTROVERSIES, CLAIMS OR DISPUTES BETWEEN FRANCHISOR AND FRANCHISEE ARISING OUT OF OR RELATING TO (I) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE, (II) THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR, OR (III) THE SCOPE AND VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE (INCLUDING THE SCOPE AND VALIDITY OF THE ARBITRATION OBLIGATIONS UNDER THIS SECTION, WHICH FRANCHISOR AND FRANCHISEE ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR AND NOT A COURT) SHALL BE DETERMINED BY ARBITRATION WITH THE AMERICAN ARBITRATION ASSOCIATION ("AAA") AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA. SUCH ARBITRATION SHALL BE CONDUCTED BEFORE THREE ARBITRATORS (UNLESS THE PARTIES AGREE TO ONE ARBITRATOR) CHOSEN AS FOLLOWS: FRANCHISOR AND FRANCHISEE SHALL EACH SELECT ONE ARBITRATOR. THESE TWO ARBITRATORS SHALL MUTUALLY AGREE ON ONE OTHER ARBITRATOR TO ACT AS THE THIRD ARBITRATOR. THE DECISION OF THE ARBITRATORS SHALL BE FINAL AND BINDING UPON ALL PARTIES CONCERNED. SUCH DECISION SHALL BE RENDERED WITHIN 30 DAYS OF THE CLOSE OF THE ARBITRATION HEARING RECORD. THE ARBITRATION PROCEEDING SHALL BE CONDUCTED AT THE OFFICE OF THE AAA CLOSEST TO FRANCHISOR'S PRINCIPAL EXECUTIVE OFFICE ON THE DATE OF SUBMISSION OF THE MATTER TO THE AAA. IN ANY ARBITRATION PROCEEDING, FRANCHISOR AND FRANCHISEE AGREE THAT EACH MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY THE THEN CURRENT RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY CLAIM NOT SUBMITTED OR FILED AS REQUIRED IS FOREVER BARRED. THE ARBITRATOR MAY NOT CONSIDER ANY SETTLEMENT DISCUSSIONS OR OFFERS THAT

MIGHT HAVE BEEN MADE BY EITHER PARTY. FRANCHISOR RESERVES THE RIGHT, BUT HAS NO OBLIGATION, TO ADVANCE FRANCHISEE'S SHARE OF THE COSTS OF ANY ARBITRATION PROCEEDING IN ORDER FOR SUCH ARBITRATION PROCEEDINGS TO TAKE PLACE AND BY DOING SO WILL NOT BE DEEMED TO HAVE WAIVED OR RELINQUISHED FRANCHISOR'S RIGHT TO SEEK THE RECOVERY OF THOSE COSTS IN ACCORDANCE WITH SECTION 32. THE ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THE ARBITRATION PROCEEDING MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY IN THIS SECTION OR SECTION 34, IF ANY COURT OR ARBITRATOR DETERMINES THAT ALL OR ANY PART OF THE PRECEDING SENTENCE IS UNENFORCEABLE WITH RESPECT TO A DISPUTE THAT OTHERWISE WOULD BE SUBJECT TO ARBITRATION UNDER THIS SECTION 31.2, THEN ALL PARTIES AGREE THAT THIS ARBITRATION CLAUSE SHALL NOT APPLY TO THAT DISPUTE AND THAT SUCH DISPUTE SHALL BE RESOLVED IN A JUDICIAL PROCEEDING IN ACCORDANCE WITH THIS SECTION 31 (EXCLUDING THIS SECTION 31.2). THE FEDERAL RULES OF CIVIL PROCEDURE, AS THEY RELATE TO PRETRIAL DISCOVERY, AND THE FEDERAL RULES OF EVIDENCE SHALL APPLY TO THE ARBITRATION. IN ALL OTHER RESPECTS, THE RULES OF THE AAA AND THE UNITED STATES ARBITRATION ACT SHALL CONTROL. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATION MAY BE ENTERED IN ANY COURT HAVING COMPETENT JURISDICTION THEREOF.

**31.3 Damages And Timing Of Claims. THE PARTIES AGREE THAT NEITHER PARTY SHALL HAVE THE RIGHT TO RECEIVE OR COLLECT PUNITIVE OR EXEMPLARY DAMAGES FROM THE OTHER PARTY. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR, OR THE OPERATION OF THE FRANCHISE AND THE RESTAURANT BROUGHT BY ANY PARTY TO THIS AGREEMENT AGAINST ANOTHER PARTY TO THIS AGREEMENT, SHALL BE COMMENCED WITHIN ONE YEAR FROM THE DISCOVERY OF THE FACTS GIVING RISE TO ANY SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED; PROVIDED, HOWEVER, THAT THIS TIME LIMITATION SHALL NOT APPLY TO ANY UNPERFORMED FINANCIAL OBLIGATION OF FRANCHISEE TO FRANCHISOR. THE PARTIES UNDERSTAND THAT SUCH TIME LIMIT MAY BE SHORTER THAN OTHERWISE ALLOWED BY LAW. FRANCHISEE AND THE BOUND PARTIES AGREE THAT THEIR SOLE RECOURSE FOR CLAIMS ARISING BETWEEN THE PARTIES SHALL BE AGAINST FRANCHISOR AND ITS SUCCESSORS AND ASSIGNS. FRANCHISEE AND THE BOUND PARTIES AGREE THAT THE OWNERS, DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS OF FRANCHISOR AND ITS AFFILIATES SHALL NOT BE PERSONALLY LIABLE NOR NAMED AS A PARTY IN ANY ACTION BETWEEN FRANCHISOR AND FRANCHISEE AND ANY BOUND PARTY.**

## **32. COSTS AND ATTORNEYS' FEES**

If Franchisor incurs any expenses in connection with Franchisee's failure to pay any amounts it owes when due, submit any required reports when due or otherwise comply with this Agreement, Franchisee agrees to reimburse Franchisor for any of the costs and expenses which Franchisor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.

### **33. WAIVER**

No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or a different kind; nor shall any delay or omission of Franchisor to exercise any right arising from any such default affect or impair Franchisor's rights as to such default or any future default.

### **34. SEVERABILITY**

If any term, restriction or covenant of this Agreement is deemed invalid or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law; and if any application of any term, restriction or covenant to any person or circumstance is deemed invalid or unenforceable, the application of such terms, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law.

### **35. FORCE MAJEURE**

Neither Franchisor nor Franchisee will be liable for loss or damage or deemed to be in breach of this Agreement if Franchisor's or Franchisee's failure to perform any obligation results from: (i) transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (ii) acts of God; (iii) fires, strikes, embargoes, wars or riots; or (iv) any other similar event or cause beyond the control of the affected party. Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed by Franchisee to Franchisor hereunder.

### **36. DELEGATION BY FRANCHISOR**

Franchisor shall have the right to delegate performance of any or all of its obligations and duties hereunder. Franchisee hereby agrees to such delegation.

### **37. REVIEW OF AGREEMENT**

Franchisee acknowledges that it has had a copy of the Franchisor's franchise disclosure document for at least 14 calendar days before signing any franchise or related agreement; or at least 14 calendar days before the payment of any consideration to Franchisor.

### **38. NO RIGHT TO SET OFF**

Franchisee agrees that it will not set off or withhold payment of any amounts it owes Franchisor on the grounds of Franchisor's alleged nonperformance of any of Franchisor's obligations under this Agreement or for any other reason. Franchisee agrees that all such claims will, if not otherwise resolved, be submitted to arbitration as provided in Section 31.2.



### **39. CUMULATIVE RIGHTS**

The rights granted hereunder are cumulative, and no exercise or enforcement by either party of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy to which either Franchisor or Franchisee are entitled.

### **40. ENTIRE AGREEMENT**

This Agreement and any addendum, schedule or exhibit attached hereto contains the entire agreement between the parties hereto relating to the operation of the Restaurant and the franchised business and no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, have been made or relied upon by the parties other than those set forth herein. No agreement altering, changing, waiving or modifying any of the terms and conditions of this Agreement shall be binding upon either party unless and until the same is made in writing and executed by all interested parties. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in its most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or Franchisee's representative.

### **41. COUNTERPARTS**

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

### **42. FRANCHISEE'S ACKNOWLEDGMENTS**

#### **42.1 Anti-Terrorism Laws.**

(i) Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws. In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(ii) "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States ("Executive Order 13224"), the Terrorism Sanctions Regulation (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), 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 (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war.

(iii) Franchisee and its owners certify that none of them, their respective employees, agents, bankers, affiliates or anyone associated with them is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex. (A copy of the Annex can be accessed on the internet at the following address: <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.)

(iv) Franchisee certifies that it has no knowledge or information that, if generally known, would result in (a) Franchisee, (b) Franchisee's owners, employees, agents, bankers or affiliates or (c) anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(v) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities set forth in Section 18 above of this Agreement pertain to Franchisee's obligations under this Section 42.2.

(vi) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners, agents, bankers, employees and affiliates shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or an affiliate of Franchisor, in accordance with Section 21.2(xvi) above.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

FLYING BISCUIT FRANCHISING, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

If other than an Individual:

[INSERT ENTITY NAME]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Exhibit C-41

Exhibit A

Franchised Site, Franchise Territory and Franchise Fee

Franchised Site: \_\_\_\_\_

Franchise Territory: \_\_\_\_\_

Franchise Fee (Section 4):     \$«Franchise Fee» (Franchise Fee written out)

Exhibit B

Personal Covenants

(See Attached)

## PERSONAL COVENANTS

Each of the undersigned (“you”) agrees that:

1. All capitalized terms used but not defined in this Personal Covenants shall have the meaning set forth in that certain FLYING BISCUIT FRANCHISING, INC. FRANCHISE AGREEMENT, dated as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”), by and between FLYING BISCUIT FRANCHISING, INC. (“Franchisor”), and «Corporate Name» (“Franchisee”).
2. You are a Bound Party.
3. As an inducement to Franchisor to enter into the Franchise Agreement, and in consideration of the direct and personal benefits you will derive from the Franchise Agreement, you agree that: (i) you have read and understand all the provisions of Sections 20.1, 20.2, 20.3 and 31.3 of the Franchise Agreement; (ii) you will be personally bound by all of the obligations and covenants of Franchisee contained in Sections 20.1, 20.2, 20.3 and 31.3 as if such obligations and covenants were made and given personally by you directly to Franchisor; and (iii) such obligations and covenants are fair and reasonable and will not deprive you of your livelihood.
4. If any sentence, clause, paragraph, or combination of any of them in Sections 20.1, 20.2, 20.3 or 31.3 of the Franchise Agreement is held by a court of competent jurisdiction to be unenforceable as applied to you, then such unenforceable sentence, clause, paragraph, or combination may be modified by such court to the extent necessary to render it enforceable, and if it cannot be so modified, it shall be severed and the remainder of Sections 20.1, 20.2, 20.3 and 31.3 shall remain in full force and effect.
5. These personal covenants shall be governed by the internal laws of the State of Georgia, unless the law of your jurisdiction applies as provided for in Section 31.1 of the Franchise Agreement.

The undersigned hereby execute and deliver this instrument effective as of the Effective Date of the Franchise Agreement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

Date: \_\_\_\_\_, 20\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

Date: \_\_\_\_\_, 20\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date: \_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date: \_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date: \_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date: \_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date: \_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date: \_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date: \_\_\_\_\_, 20\_\_\_\_

---

Signature

---

Print Name

Date: \_\_\_\_\_, 20\_\_\_\_

Exhibit C

Internet Web Sites and Listings Agreement

(See Attached)

## INTERNET WEB SITES AND LISTINGS AGREEMENT

THIS INTERNET WEB SITES AND LISTINGS AGREEMENT (the “Internet Listing Agreement”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_ 20\_\_ (the “Effective Date”), by and between FLYING BISCUIT FRANCHISING, INC., a Georgia corporation (the “Franchisor”), and \_\_\_\_\_ (the “Franchisee”).

### W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Flying Biscuit Franchising, Inc. Franchise Agreement (the “Franchise Agreement”); and

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

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

### **1. DEFINITIONS**

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

### **2. TRANSFER; APPOINTMENT**

2.1 Interest in Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of Section 15.2 of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the “Internet Web Sites and Listings”) related to the Restaurant or the Marks (all of which right, title, and interest is referred to herein as “Franchisee’s Interest”).

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Internet Web Sites and Listings: (i) to transfer all of Franchisee’s Interest in such Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites and Listings or will take such other actions with respect to the Internet Web Sites and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Internet Listing Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s



name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Internet Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

- (i) Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites and Listings to Franchisor;
- (ii) Direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings; and
- (iii) Execute the Internet Companies' standard assignment forms or other documents in order to effect such transfer or termination of Franchisee's Interest.

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

2.5 Cessation of Obligations. After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

### **3. MISCELLANEOUS**

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

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

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

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

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

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

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

3.8        Joint and Several Obligations. All Franchisee's obligations under this Internet Listing Agreement shall be joint and several.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

FLYING BISCUIT FRANCHISING, INC.

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature:\_\_\_\_\_

Printed Name:\_\_\_\_\_

If other than an Individual:

[INSERT ENTITY NAME]

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Exhibit D

Telephone Listing Agreement

(See Attached)

## **TELEPHONE LISTING AGREEMENT**

THIS TELEPHONE LISTING AGREEMENT (the "Telephone Listing Agreement") is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_ 20\_\_ (the "Effective Date"), by and between FLYING BISCUIT FRANCHISING, INC., a Georgia corporation (hereinafter the "Franchisor"), and \_\_\_\_\_ (the "Franchisee").

### **W I T N E S S E T H:**

WHEREAS, Franchisee desires to enter into a Flying Biscuit Franchising, Inc. Franchise Agreement (the "Franchise Agreement"); and

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

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

### **1. DEFINITIONS**

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

### **2. TRANSFER; APPOINTMENT**

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings") related to the Restaurant or the Marks (all of which right, title, and interest is referred to herein as Franchisee's "Interest").

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

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all

documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

(i) Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;

(ii) Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

(iii) Execute the Telephone Companies' standard assignment forms or other documents in order to effect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

### **3. MISCELLANEOUS**

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

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

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to

exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

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

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

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

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

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

FRANCHISOR:

FLYING BISCUIT FRANCHISING, INC.

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature:\_\_\_\_\_

Printed Name:\_\_\_\_\_

If other than an Individual:

[INSERT ENTITY NAME]

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_



Exhibit E

Franchisee Information

1. Franchisee's legal organization (circle one): (a) sole proprietorship; (b) partnership; (c) corporation; (d) limited liability company; or (e) other.
2. If Franchisee is not a sole proprietor, list of all its partners, members or shareholders or others holding any ownership interest in Franchisee:

|     | Name and address                 | % interest | Active in Operation of<br>Business?<br>(yes/no) |
|-----|----------------------------------|------------|-------------------------------------------------|
| (a) | «Owner_1»<br>«Corporate Address» | _____      | _____                                           |
| (b) | _____<br>_____<br>_____          | _____      | _____                                           |
| (c) | _____<br>_____<br>_____          | _____      | _____                                           |
| (d) | _____<br>_____<br>_____          | _____      | _____                                           |

3. If Franchisee is not a sole proprietor, list of Franchisee's officers, directors, managers and/or general partners:

|     | <u>Name</u> | <u>Title</u> |
|-----|-------------|--------------|
| (a) | _____       | _____        |
| (b) | _____       | _____        |
| (c) | _____       | _____        |
| (d) | _____       | _____        |

[Signature Appears on Following Page]

The undersigned certifies that all information contained in this Exhibit E is accurate and complete, and agrees to notify Franchisor promptly (and in any case within 15 days) upon any change in the information required to be disclosed in this Exhibit E.

FRANCHISEE:

If an Individual:

Signature:\_\_\_\_\_

Printed Name:\_\_\_\_\_

If other than an Individual:

[INSERT ENTITY NAME]

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Exhibit F

Guaranty Agreement

(See Attached)

## GUARANTY AGREEMENT

In consideration of, and as an inducement to, the execution by Flying Biscuit Franchising, Inc. ("Franchisor") of that certain Flying Biscuit Franchising, Inc. Franchise Agreement, dated \_\_\_\_\_, 20\_\_\_\_ (as the same from time to time may be amended, modified, extended or renewed, the "Franchise Agreement"), by and between \_\_\_\_\_ ("Franchisee") and Franchisor, the undersigned, for the term of the Franchise Agreement and any extension or renewal thereof, and thereafter until all obligations of Franchisee to Franchisor have been satisfied, jointly and severally, do hereby personally, absolutely, and unconditionally guarantee that Franchisee shall punctually pay and perform each and every undertaking, condition, and covenant set forth in the Franchise Agreement.

Each of the undersigned further waives acceptance and notice of acceptance of the foregoing obligations of Franchisee, notice of demand for payment of any indebtedness or for performance of any obligations hereby guaranteed, and any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition to the liability of the undersigned.

This Guaranty is a guarantee of payment and performance not merely one of collection. Each of the undersigned further consents and agrees that its liability under this Guaranty shall be direct and immediate and joint and several; that the undersigned shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; that such liability shall not be contingent or conditioned upon the pursuit of any remedies against Franchisee or any other person; and that such liability shall not be diminished, relieved or otherwise affected by the extension of time, credit or any other indulgence which Franchisor, its affiliates, successors or assigns may, from time to time, grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, or the release of any one or more of the undersigned hereunder, or the consent to assignment of the Franchise Agreement or any interest in Franchisee, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable throughout the term of the Franchise Agreement and any extension or renewal thereof and thereafter until all obligations of Franchisee to Franchisor have been satisfied.

Until all obligations of Franchisee to Franchisor have been satisfied, the obligations of the undersigned under this Guaranty shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or affected by, any circumstance or condition (whether or not the undersigned shall have any knowledge or notice thereof), including, without limitation, any bankruptcy, insolvency, reorganization, composition, liquidation or similar proceeding, with respect to Franchisee or its properties or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding. Each of the undersigned specifically waives any rights that may be conferred upon the undersigned as a guarantor or surety under the applicable law of any state. The remedies provided herein shall be nonexclusive and cumulative of all other rights, powers and remedies provided under the Franchise Agreement or by law or in equity.

The undersigned hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder, any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and the Franchisee and the undersigned do guarantee and promise to perform all of the obligations of the Franchisee under the Franchise Agreement as so amended, compromised, released or altered.

Upon notice from Franchisor that Franchisee has failed to pay monies due and owing to Franchisor under the Franchise Agreement, any and each of the undersigned agrees to cure the monetary default within five business days from such notice.

Upon the death of an undersigned, the estate of such undersigned shall be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death. The obligations of the surviving undersigned shall continue in full force and effect.

The undersigned expressly acknowledge that the obligations hereunder survive the termination of the Franchise Agreement.

Franchisor's failure to enforce all or any portion of its rights under this Guaranty shall not constitute a waiver of its ability to do so at any point in the future.

No delay or failure of Franchisor in the exercise of any right, power, or remedy shall operate as a waiver thereof, and no partial exercise by Franchisor shall preclude any further exercise thereof or the exercise of any other right, power or remedy.

This Guaranty shall be governed by and construed in accordance with the internal laws of the State of Georgia without recourse to Georgia (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guaranty would not be enforceable under the laws of Georgia, and if the business franchised under the Franchise Agreement is located outside of Georgia and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guaranty is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or other doctrine of law of the State of Georgia or any other state, which would not otherwise apply. Any litigation initiated under this Guaranty shall be instituted exclusively at Franchisor's discretion in the most immediate state judicial district and court encompassing Franchisor's headquarters and having subject matter jurisdiction thereof or the United States District Court encompassing Franchisor's headquarters. Each of the undersigned expressly agrees that the undersigned is subject to the jurisdiction and venue of those courts for purposes of such litigation. Each of the undersigned hereby waives and covenants never to assert any claim that the undersigned is not subject to personal jurisdiction in those courts or that venue in those courts is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*).

If Franchisor chooses to proceed against the undersigned under this Guaranty, and Franchisor prevails, the undersigned shall reimburse Franchisor its costs and expenses associated with the proceeding, including its reasonable attorneys' fees, court costs and expenses.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed its signature this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

GUARANTORS:

Agreed:

FLYING BISCUIT FRANCHISING, INC.

\_\_\_\_\_(SEAL)  
Signature

By: \_\_\_\_\_

Address:

Name: \_\_\_\_\_

Its: \_\_\_\_\_

\_\_\_\_\_  
Social Security No.:\_\_\_\_\_

\_\_\_\_\_(SEAL)  
Signature

Address:  
\_\_\_\_\_

\_\_\_\_\_  
Social Security No.:\_\_\_\_\_

\_\_\_\_\_(SEAL)  
Signature

Address:  
\_\_\_\_\_

\_\_\_\_\_  
Social Security No.:\_\_\_\_\_

\_\_\_\_\_(SEAL)  
Signature

Address:  
\_\_\_\_\_

\_\_\_\_\_  
Social Security No.:\_\_\_\_\_

Exhibit G

State Specific Addenda

(See Attached)

FLYING BISCUIT FRANCHISING, INC.  
ADDENDUM TO FRANCHISE AGREEMENT  
(Illinois)

**TO BE EXECUTED SIMULTANEOUSLY WITH ILLINOIS FRANCHISE AGREEMENT**

Illinois law governs the Franchise Agreement.

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

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

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

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.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

FLYING BISCUIT FRANCHISING, INC.

By:\_\_\_\_\_

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature\_\_\_\_\_

Print Name:\_\_\_\_\_

If other than an Individual:

\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_



FLYING BISCUIT FRANCHISING, INC.  
ADDENDUM TO FRANCHISE AGREEMENT  
(Maryland)

The following Addendum modifies and supersedes the Flying Biscuit Franchising, Inc. Franchise Agreement (the “Agreement”) with respect to Flying Biscuit franchises offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a Flying Biscuit franchise in the State of Maryland pursuant to the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, as follows:

1. The first sentence of Section 4 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. The general release language required as a condition of renewal, sale and/or assignment or transfer shall apply except for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Under certain circumstances, the Agreement requires Franchisee to submit to a court proceeding in the State where Franchisor's principal executive office is located. These provisions may run contrary to the Maryland Franchise Registration and Disclosure Law. Therefore, nothing will preclude Franchisee from being able to enter into litigation with Franchisor in Maryland.

4. Any claims arising under the Maryland Franchisor Registration and Disclosure Law must be brought within three years after the grant of the franchise.

5. Attached to this Addendum as Schedule 1 is the form of the general release that Franchisee and its owners will sign, as, and if, required by Section 2.2 or Section 19.4 of the Agreement.

6. 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.

7. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

8. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

[Signatures Appear on Following Page]

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

FLYING BISCUIT FRANCHISING, INC.

By:\_\_\_\_\_

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

FRANCHISEE:

If an Individual:

Signature:\_\_\_\_\_

\_\_\_\_\_  
Print

Name:\_\_\_\_\_

If other than an Individual:

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

Schedule 1

General Release

(See Attached)

## GENERAL RELEASE

This General Release is made effective this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. In consideration for the grant by Flying Biscuit Franchising, Inc., a Georgia corporation ("Flying Biscuit"), to the undersigned of certain rights in connection with the operation of a Flying Biscuit restaurant and/or the transfer or renewal thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally release, discharge, and acquit Flying Biscuit, its past and present subsidiaries and affiliates, and its and their shareholders, owners, directors, officers, managers, members, partners, employees, agents, representatives, successors and assigns, from any and all liabilities, damages, claims, demands, costs, expenses, debts, indemnities, suits, disputes, controversies, actions and causes of action of any kind whatsoever, whether known or unknown, fixed or contingent, regarding or arising out of any prior or existing franchise relationship, development agreement, franchise agreement or any other agreement executed by any of the undersigned and Flying Biscuit (or any subsidiary or affiliate of Flying Biscuit), any Flying Biscuit restaurant (whether currently or previously owned or operated by the undersigned or any of them), or any other prior or existing business relationship between any of the undersigned and Flying Biscuit (or any subsidiary or affiliate of Flying Biscuit), which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against Flying Biscuit (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims arising from contract, written or oral communications, alleged misrepresentations, and acts of negligence, whether active or passive. This General Release shall survive the assignment or termination of any of the franchise agreements or other documents entered into by and between Flying Biscuit and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve Flying Biscuit or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law. This General Release shall be governed by and construed in accordance with the laws of the State of Georgia without regard to its conflicts of law provisions.

WITNESS:

\_\_\_\_\_  
  
\_\_\_\_\_

«Corporate Name»

By: \_\_\_\_\_

Name: «  »

Title: \_\_\_\_\_

FLYING BISCUIT FRANCHISING, INC.  
ADDENDUM TO FRANCHISE AGREEMENT  
(Virginia)

The following Addendum modifies and supersedes the Flying Biscuit Franchising, Inc. Franchise Agreement (the “Agreement”) with respect to Flying Biscuit franchises offered or sold to either a resident of the State of Virginia or a non-resident who will be operating a Flying Biscuit franchise in the State of Virginia pursuant to the Virginia State Corporation Commission’s Division of Securities and Retail Franchising requirement for us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement, as follows:

1. The first sentence of Section 4 of the Agreement is deleted in its entirety and replaced with the following:

Fifteen days after the Franchisee’s Flying Biscuit Restaurant opens for business, Franchisee shall pay to Franchisor an initial franchise fee in an amount set forth on Exhibit A to this Agreement (the “Franchise Fee”).

2. Any franchise agreement entered into pursuant to the Virginia Retail Franchising Act shall be governed by the laws of the Commonwealth.

3. Any restriction in the Franchise Agreement or any other agreement entered into between Franchisor and Franchisee shall not be deemed to restrict the right of Franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the Franchise Agreement. Notwithstanding the above sentence, in the event that Franchisee sells the franchise at mutually agreed upon price to a third party or back to Franchisor, such sale may include a term restricting the right of Franchisee to engage in the business of offering, selling or distributing goods or services at retail for a period of no more than two years after such sale.

4. 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.

To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Addendum shall govern.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

FRANCHISEE:

FLYING BISCUIT FRANCHISING, INC.

If an Individual:

By:\_\_\_\_\_

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

---

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

**EXHIBIT D**

**OPERATIONS MANUAL TABLE OF CONTENTS**

**[SEE ATTACHED]**

Exhibit D-1

# ***Table of Contents***

## ***Introduction***

## ***Section 1***

|                                                                       |      |
|-----------------------------------------------------------------------|------|
| SOP Manual Overview and Disclosure .....                              | 1-2  |
| Training Requirements .....                                           | 1-3  |
| Fair Employment Practices .....                                       | 1-4  |
| Hours of Operation .....                                              | 1-5  |
| Flying Biscuit Café The Flying Biscuit Cafe Website File Storage..... | 1-6  |
| Smoking Guidelines .....                                              | 1-7  |
| Flying Biscuit Café Company History .....                             | 1-8  |
| People Policy Guidelines .....                                        | 1-9  |
| Financial Reporting .....                                             | 1-10 |
| Inventory Requirements .....                                          | 1-11 |
| Corporate Support for Franchisees.....                                | 1-12 |

## ***Restaurant Hospitality***

## ***Section 2***

|                                                             |            |
|-------------------------------------------------------------|------------|
| Greeting Guests .....                                       | 2-2        |
| Taking Drink Orders .....                                   | 2-3        |
| Taking Food Orders .....                                    | 2-4        |
| Delivering Food Orders .....                                | 2-5, 2-6   |
| Checking Back for Re-Orders .....                           | 2-7        |
| Maintaining Tables .....                                    | 2-8        |
| Aggressive Hospitality/ Anticipation of Guests' Needs ..... | 2-9        |
| Hands Full Rule.....                                        | 2-10       |
| Bringing Dessert.....                                       | 2-11       |
| Check Presentation.....                                     | 2-12       |
| Payment of Check.....                                       | 2-13, 2-14 |
| Making Espresso Drinks .....                                | 2-15       |
| Making Cappuccino Drinks .....                              | 2-16       |
| Wine Service .....                                          | 2-17, 2-18 |
| Beer Service.....                                           | 2-19       |
| Alcohol Awareness– Proper Carding Procedures .....          | 2-20, 2-21 |
| Alcohol Awareness– What to do When Identifying .....        | 2-22       |
| Sale of Merchandise .....                                   | 2-23       |
| Running Side-Work .....                                     | 2-24       |
| Opening Duties: Table/Section Cleanliness.....              | 2-25       |
| Neat, Clean & Organized (NCO) & Clean as you Go .....       | 2-26       |
| Server Cash Outs.....                                       | 2-27       |
| Tip Policy.....                                             | 2-28       |
| Answering The Phone ( <i>Refer to Section 3</i> ) .....     | 2-29       |

## ***Support Team Standards***

## ***Section 3***

|                                 |     |
|---------------------------------|-----|
| Busser Responsibilities .....   | 3-2 |
| How to Bus a Table .....        | 3-3 |
| Cashier Responsibilities.....   | 3-4 |
| Food Running Procedure .....    | 3-5 |
| Hostess Opening Duties .....    | 3-6 |
| Hostess: During Your Shift..... | 3-7 |



|                                             |      |
|---------------------------------------------|------|
| Greeting Guests .....                       | 3-8  |
| Hostess: Wait List and On Deck System ..... | 3-9  |
| Answering the Phone .....                   | 3-10 |
| Hostess: Closing Duties .....               | 3-11 |

## ***B.O.H. Prep Standards***

## ***Section 4***

|                                                 |            |
|-------------------------------------------------|------------|
| Sanitation ( <i>Refer to section 10</i> ) ..... | 10-5, 10-6 |
| General Prep Responsibilities .....             | 4-2        |
| The Prep Sheet .....                            | 4-3        |
| Weighing and Portioning of Food .....           | 4-4        |
| Prevention of Cross Contamination .....         | 4-5        |

## ***Kitchen: Equip. Ops, Maintenance***

## ***Section 5***

|                                     |          |
|-------------------------------------|----------|
| Operating the Mixer .....           | 5-2, 5-3 |
| Operating the Convection Oven ..... | 5-4, 5-5 |
| Operating The Stove .....           | 5-6      |

## ***Kitchen: Charts, Line QC Standards***

## ***Section 6***

|                                                                       |            |
|-----------------------------------------------------------------------|------------|
| *Clean Work Area Clean As you Go ( <i>Refer to section 10</i> ) ..... | 10-10      |
| *See sanitation/cleanliness ( <i>Refer to section 10</i> ) .....      | 10-5, 10-6 |
| Food Quality, Plate Presentation .....                                | 6-2        |
| Food tickets, Food Quality complaints and re-cooking .....            | 6-3        |
| Line Check procedure and form .....                                   | 6-4        |

## ***B.O.H. Shift Change Responsibilities***

## ***Section 7***

|                                                            |      |
|------------------------------------------------------------|------|
| Closing B.O.H. ....                                        | 7-2  |
| *Sanitation ( <i>Refer to section 10</i> ) .....           | 10-9 |
| *Storage and Clean Up ( <i>Refer to section 10</i> ) ..... | 10-6 |
| Shift Change B.O.H. ....                                   | 7-3  |
| Ordering Product Using Order Sheets .....                  | 7-4  |

## ***B.O.H. Ordering, Receiving & Storage***

## ***Section 8***

|                                                            |          |
|------------------------------------------------------------|----------|
| Receiving Product: Checking condition of the product ..... | 8-2, 8-3 |
| Storage of Product in the Walk-in Cooler .....             | 8-4, 8-5 |
| Storage of Product in the Freezer .....                    | 8-6      |
| Storage of Product in Dry Storage .....                    | 8-7, 8-8 |

## ***B.O.H. Cooking Responsibilities***

## ***Section 9***

|                                                          |          |
|----------------------------------------------------------|----------|
| Proper Thawing Procedures .....                          | 9-2      |
| Proper Heating, Cooling, and Re-Heating Procedures ..... | 9-3, 9-4 |

## ***B.O.H. Sanitation/Cleanliness***

## ***Section 10***

|                                                         |            |
|---------------------------------------------------------|------------|
| Preparing for Washing .....                             | 10-2       |
| Set up of Dish Machine .....                            | 10-3       |
| Dish Machine Operation.....                             | 10-4       |
| B.O.H. Sanitation .....                                 | 10-5, 10-6 |
| Sanitation of Mops/ Buckets.....                        | 10-7       |
| Linens and Laundry.....                                 | 10-8       |
| Sanitizing Solution.....                                | 10-9       |
| Neat, Clean, & Organized (NCO), & Clean as you Go ..... | 10-10      |

## ***B.O.H. Personal Hygiene/ Uniform***

## ***Section 11***

|                        |      |
|------------------------|------|
| Personal Hygiene ..... | 11-2 |
|------------------------|------|

## ***B.O.H. Food Safety***

## ***Section 12***

|                                                                  |      |
|------------------------------------------------------------------|------|
| Prevention of Cross Contamination .....                          | 12-2 |
| Avoiding Time & Temperature Abuse .....                          | 12-3 |
| Proper Way to take Temperatures .....                            | 12-4 |
| Avoiding Chemical Contamination of Food .....                    | 12-5 |
| Avoiding Chemical Contamination of Food By Physical Objects..... | 12-6 |
| *Sanitation (Refer to section 10) .....                          | 10-9 |

## ***B.O.H. Safety***

## ***Section 13***

|                                                |      |
|------------------------------------------------|------|
| Hygiene (Refer to section 11) .....            | 11-2 |
| Working with chemicals.....                    | 13-2 |
| Avoiding Burns .....                           | 13-3 |
| Avoiding Slips, Falls, and Back Injuries ..... | 13-4 |
| Avoid Cuts, Lacerations/ Knife Handling.....   | 13-5 |

## ***Manager/ Financial Tools***

## ***Section 14***

|                                        |                        |
|----------------------------------------|------------------------|
| Management Standards.....              | 14-2, 14-3, 14-4, 14-5 |
| Opening Procedures .....               | 14-6, 14-7, 14-8       |
| Mid Day Procedures.....                | 14-9, 14-10            |
| Closing Procedures.....                | 14-11, 14-12           |
| Additional Routine Procedures .....    | 14-3                   |
| Conducting a Line Check .....          | 14-14, 14-15           |
| Cash Management.....                   | 14-16, 14-17           |
| Inventory Requirements .....           | 14-18                  |
| Food Cost Control .....                | 14-19                  |
| Effective Beer & Wine Management ..... | 14-20, 14-21           |
| Labor Costs Control .....              | 14-22, 14-23           |
| Conducting Payroll .....               | 14-24                  |
| Analyzing Staffing Needs .....         | 14-25                  |
| Understanding Labor Laws .....         | 14-26                  |
| Recruiting Methods .....               | 14-27, 14-28, 14-29    |
| Objectives of the Interview .....      | 14-30                  |

|                                                        |              |
|--------------------------------------------------------|--------------|
| Preparing for the Interview .....                      | 14-31        |
| Evaluating Potential Candidates .....                  | 14-32, 14-33 |
| Concluding the Interview .....                         | 14-34        |
| Checking References .....                              | 14-35        |
| Training Processes .....                               | 14-36        |
| Coaching, Counseling and Discipline .....              | 14-37        |
| Steps Of Discipline .....                              | 14-38, 14-39 |
| Employee Record Standards .....                        | 14-40        |
| I-9 Forms .....                                        | 14-41, 42    |
| Personnel Safety Guidelines .....                      | 14-43        |
| Security Guidelines .....                              | 14-44        |
| Where to Find Job Descriptions .....                   | 14-45        |
| Where to Find People Policy Guidelines and Forms ..... | 14-46        |
| Where to Find Operations Forms .....                   | 14-47        |

**EXHIBIT E**  
**STATE SPECIFIC ADDENDA**  
**[SEE ATTACHED]**

## **ADDENDUM REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement(s).

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

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

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

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.

## **ADDENDUM REQUIRED BY THE STATE OF INDIANA**

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the franchise agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the franchisee. If any of the provisions of the Franchise Agreement conflicts with this law, this law will control.

Any provisions requiring you to sign a general release of claims against us, including upon execution of a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Indiana Deceptive Franchise Practices Law.

The Franchise Agreement provides that suit must be brought in Georgia. These provisions may not be enforceable under Indiana law.

Indiana franchise laws will govern the Franchise Agreement and any and all other related documents.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Law are met independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

## **ADDENDUM REQUIRED BY THE STATE OF MARYLAND**

Item 5 of this Disclosure Document is amended as follows:

The Franchise Agreement provides for deferral of payment of all initial fees and payments (including the initial franchise fee) until 15 days after the opening of the Flying Biscuit Restaurant covered by the Franchise Agreement.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Item 17 of this Disclosure Document is modified as follows:

The general release language required as a condition of renewal, sale and/or assignment or transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

Although the Franchise Agreement and the Development Agreement each require litigation to be instituted in a court in close proximity to our principal executive office, you must institute litigation for violations of Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction located in the State of Maryland, subject to the arbitration provisions of the Franchise Agreement and the Development Agreement.

The Franchise Agreement and Development Agreement each provide for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11. U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor, franchise seller or other person acting on behalf of a Franchisor. This provision supersedes any other term of any document executed in connection with the franchise. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of your franchise.

To the extent that any provisions of the Development Agreement, Franchise Agreement require you to assent to any release, estoppel or waiver of liability as a condition to your purchasing a Flying Biscuit franchise, such provisions are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

## **ADDENDUM REQUIRED BY THE STATE OF VIRGINIA**

Item 5 of this Disclosure Document is amended as follows:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. The Development Agreement provides for deferral of payment of initial franchise fees until 15 days after the opening of your first Flying Biscuit Restaurant. The Franchise Agreement provides for deferral of payment of initial franchise fees until 15 days after the opening of the Flying Biscuit Restaurant covered by the Agreement.

Any franchise agreement entered into pursuant to the Virginia Retail Franchising Act shall be governed by the laws of the Commonwealth.

Any restriction in the Franchise Agreement or any other agreement entered into between Franchisor and Franchisee shall not be deemed to restrict the right of Franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the Franchise Agreement. Notwithstanding the above sentence, in the event that Franchisee sells the franchise at mutually agreed upon price to a third party or back to Franchisor, such sale may include a term restricting the right of Franchisee to engage in the business of offering, selling or distributing goods or services at retail for a period of no more than two years after such sale.

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 F**

**OPEN FRANCHISED RESTAURANTS**

**(As of December 28, 2025)**

| Last Name              | First Name   | Address                   | Suite       | City         | State | Zip Code | Store Phone    |
|------------------------|--------------|---------------------------|-------------|--------------|-------|----------|----------------|
| Yund**                 | Joseph       | 3407 Colonnade Pkwy       | 100         | Birmingham   | AL    | 35243    | (205) 438-6857 |
| Hicks                  | Jeannie Lynn | 3800 Governors Dr. SW     | Ste. A      | Huntsville   | AL    | 35805    | (256) 945-7252 |
| Scott                  | Steven       | 4356 Old Shell Rd.        |             | Mobile       | AL    | 36608    | (251) 725-1342 |
| Yund**                 | Joseph       | 2524 Enterprise Dr.       |             | Opelika      | AL    | 36801    | (334) 752-7060 |
| Given                  | Stanley      | 4150 NW 16th Blvd.        |             | Gainesville  | FL    | 32606    | (352) 373-9500 |
| Kelly**                | Bryce        | 1101 Canal St             |             | The Villages | FL    | 32162    | (352) 633-7704 |
| Chaudary**             | Shahzad      | 705 Town Boulevard        | Suite R-480 | Atlanta      | GA    | 30319    | (404) 963-7744 |
| Patel                  | Umesh        | 1180 Prince Ave.          |             | Athens       | GA    | 30606    | (706) 850-5656 |
| Patel                  | Umesh        | 1850 Epps Bridge Pkwy     | Ste 115     | Athens       | GA    | 30606    | (706) 850-5656 |
| Dehbozorgi*<br>*       | Koorosh      | 857 Collier Rd. NW        | Suite 16    | Atlanta      | GA    | 30318    | (404) 816-3152 |
| Dehbozorgi*<br>*       | Koorosh      | 3280 Peachtree Rd., NE    | Ste. 145    | Atlanta      | GA    | 30305    | (404) 477-0013 |
| Hsiao**                | Joseph       | 1001 Piedmont Ave.        |             | Atlanta      | GA    | 30309    | (404) 874-8887 |
| Hsiao**                | Joseph       | 1655 McLendon Ave.        |             | Atlanta      | GA    | 30307    | (404) 687-8888 |
| Dehbozorgi*<br>*       | Koorosh      | 5975 Roswell Rd.          | Suite G-25  | Atlanta      | GA    | 30328    | (404) 252-1182 |
| Rubenstein             | Bradley      | 2660 Mall of Georgia Blvd | Suite 100C  | Buford       | GA    | 30519    | (470) 326-3695 |
| Esteves                | Jason        | 211 13 <sup>th</sup> St.  |             | Columbus     | GA    | 31901    | (706) 955-0303 |
| Rubenstein, Manager*** | Bradley      | 1450 Ernest Barrett Pkwy  | Suite 410   | Kennesaw     | GA    | 30162    | (470) 809-0017 |
| Esteves**              | Jason        | 588 Mulberry St.          |             | Macon        | GA    | 31201    | (706) 955-0303 |
| Rubenstein, Manager*** | Bradley      | 5270 Peachtree Parkway    | Suite 120   | Norcross     | GA    | 30092    | (770) 407-5885 |

Exhibit F-1

|                         |             |                          |           |                |    |       |                |
|-------------------------|-------------|--------------------------|-----------|----------------|----|-------|----------------|
| Chaudary**              | Shahzad     | 2874 Highway 54 West     |           | Peachtree City | GA | 30269 | (770) 631-7077 |
| Rubenstein, Manager***, | Bradley     | 10779 Alpharetta Highway | Ste. 210  | Roswell        | GA | 30076 | (770) 594-9522 |
| Rafiq                   | Muhammad    | 1103 Parkside Main St.   | Ste. 1103 | Cary           | NC | 27519 | (919) 234-6890 |
| Rafiq**                 | Muhammad    | 201S Estes Dr            | Unit E2   | Chapel Hill    | NC | 27514 | (919) 537-8974 |
| Bigham**                | Hugh        | 4241 Park Rd.            |           | Charlotte      | NC | 28209 | (704) 714-3400 |
| Bigham**                | Hugh        | 7930 A Rea Rd.           |           | Charlotte      | NC | 28277 | (704) 295-4440 |
| Bigham                  | Hugh        | 110 Matthews Station St. |           | Matthews       | NC | 28105 | (704) 814-0231 |
| White                   | John        | 9400 Brier Creek Pkwy    |           | Raleigh        | NC | 27617 | (984) 219-2323 |
| Rafiq                   | Muhammad    | 12646 Capital Blvd.      | Ste 168   | Wake Forest    | NC | 27587 | (919) 537-8974 |
| Lee                     | Summer      | 2245 Ashley Crossing Dr. | Unit 16   | Charleston     | SC | 29414 | (843) 640-3774 |
| White                   | Kevin       | 936 Harden St.           |           | Columbia       | SC | 29205 | (803) 828-9458 |
| Lee**                   | Summer E.   | 656 S. Main St.          |           | Greenville,    | SC | 29601 | (864) 900-3003 |
| Atchison                | Chirstopher | 121 W, Main St.          |           | Spartanburg    | SC | 29302 | (864) 913-1002 |
| Compton                 | Christopher | 11683 Parkside Dr.       |           | Knoxville      | TN | 37934 | (865) 288-0513 |

**\*\* Denotes a developer**

**\*\*\*Each of the above units is owned in a separate legal entity, with the principal owner being the Estate of Herman. Each unit is now being managed on behalf of the Estate by Mr. Rubenstein, who is also a franchisee in another unit.**

## **FRANCHISE AGREEMENTS SIGNED BUT RESTAURANTS NOT IN OPERATION AS OF DECEMBER 28, 2025**

Wanda Robinson  
Broward Co. FL  
201-905-4130

John Terranova  
Orlando, FL  
863-258-5057

Rudra Patel  
Tallahassee, FL  
229-310-6429

Koorosh Dehbozorgi\*\*  
Newnan Crossing Bypass  
Newnan, GA  
770-486-1549

Exhibit F-2

Keisha Carter  
Stockbridge/McDonough, GA  
678-469-5909

Cheetara Cobb  
Warner Robbins, GA  
229-561-1967

Latrell Hayes  
St. Louis, Missouri  
314-324-8709

Varun Ayanala  
Apex/Cary, NC  
909-223-5858

Ghulam Fani  
Collierville, TN  
646-919-6323

Lawrence Bell  
Johnson City, TN  
423-340-1827

Christopher Compton  
Knoxville, TN  
404-303-1042  
Pareshkumar Patel  
Murfreesboro, TN  
630-965-2489

Nitant Patel  
Richmond, VA  
804-691-6130  
**\*\* Denotes a developer**

## EXHIBIT G

### FRANCHISEES WHO HAVE LEFT THE SYSTEM

#### Restaurants Terminated/Closed or Development Rights Terminated as of December 28, 2025

| Franchisee Name | Address | City | State | Zip Code | Phone |
|-----------------|---------|------|-------|----------|-------|
| None.           |         |      |       |          |       |

\*\*\* Denotes development rights terminated

#### Restaurants Transferred as of December 28, 2025

| Former Franchisee Name | Address | City | State | Zip Code | Phone |
|------------------------|---------|------|-------|----------|-------|
| None                   |         |      |       |          |       |

#### Franchisees that have not communicated with us within 10 week of the date of this Disclosure Document

| Franchisee Name | Address                | City       | State | Zip Code | Phone        |
|-----------------|------------------------|------------|-------|----------|--------------|
| Cheetara Cobb   | 120 Caleb Way          | Byron      | GA    | 31008    | 229-561-1967 |
| Vibhav Bansal   | 600 Reserve Blvd       | Evansville | IN    | 47701    | 312-550-6689 |
| Abby Husband    | 3301 Mallard Pointe LN | Jonesboro  | AR    | 72404    | 662-871-4660 |

**EXHIBIT H**  
**FINANCIAL STATEMENTS**

Exhibit H-1

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

# Flying Biscuit Franchising, LLC

Balance Sheet  
As of Mar 31, 2026

|                                       | Total               |
|---------------------------------------|---------------------|
| <b>Assets</b>                         |                     |
| Current Assets                        |                     |
| Bank Accounts                         |                     |
| Bank of America                       | 70,101.86           |
| <b>Total for Bank Accounts</b>        | <b>\$70,101.86</b>  |
| Accounts Receivable                   |                     |
| Accounts Receivable                   | 90,000.00           |
| <b>Total for Accounts Receivable</b>  | <b>\$90,000.00</b>  |
| Other Current Assets                  |                     |
| Deferred Franchise Cost               | 3,000.00            |
| Due from Evans GA                     | 0.00                |
| Due from Memorial City                | 36,500.09           |
| Due from Toco Hills                   | 7,071.59            |
| Due to FB NMF                         | 25,574.77           |
| RESTRICTED FUNDS                      |                     |
| Gift Card Account Balance             | 52,582.32           |
| NMF Fund Balance Account              | 69,343.67           |
| <b>Total for RESTRICTED FUNDS</b>     | <b>\$121,925.99</b> |
| Royalty Receivable                    | 174,622.93          |
| Undeposited Funds                     | 0.00                |
| <b>Total for Other Current Assets</b> | <b>\$368,695.37</b> |
| <b>Total for Current Assets</b>       | <b>\$528,797.23</b> |
| Other Assets                          |                     |
| Due from Big Game Brands              | 3,455.67            |
| <b>Total for Other Assets</b>         | <b>\$3,455.67</b>   |
| <b>Total for Assets</b>               | <b>\$532,252.90</b> |
| <b>Liabilities and Equity</b>         |                     |
| Liabilities                           |                     |
| Current Liabilities                   |                     |
| Accounts Payable                      |                     |
| Accounts Payable                      | 23,950.78           |

1/3

Accrual Basis Tuesday, June 02, 2026 04:07 PM GMT-04:00

Exhibit H-2

# Flying Biscuit Franchising, LLC

Balance Sheet  
As of Mar 31, 2026

|                                                | Total                  |
|------------------------------------------------|------------------------|
| <b>Total for Accounts Payable</b>              | <b>\$23,950.78</b>     |
| Other Current Liabilities                      |                        |
| Accrued Payroll                                | 8,243.41               |
| Due to/from Monkey Joes                        | 73,000.05              |
| Due to/from Raving Brands                      | 0.00                   |
| FRANCHISEES FUNDS LIABILITIES                  |                        |
| Gift Card Fund Balance                         | 52,532.32              |
| NMF Fund Liability                             | 69,343.67              |
| <b>Total for FRANCHISEES FUNDS LIABILITIES</b> | <b>\$121,875.99</b>    |
| MJ Gift Card Account                           | 0.00                   |
| Payroll Liabilities                            | 0.00                   |
| <b>Total for Other Current Liabilities</b>     | <b>\$203,119.45</b>    |
| <b>Total for Current Liabilities</b>           | <b>\$227,070.23</b>    |
| Long-term Liabilities                          |                        |
| Deferred Franchise Fees                        | 1,652,000.00           |
| <b>Total for Long-term Liabilities</b>         | <b>\$1,652,000.00</b>  |
| <b>Total for Liabilities</b>                   | <b>\$1,879,070.23</b>  |
| Equity                                         |                        |
| Additional Paid-In Capital                     | 727,127.00             |
| Dividends                                      | 0.00                   |
| Shareholder's Distributions                    | -\$2,401,035.97        |
| Big Game Brands - Distribution                 | -918,313.57            |
| Martin Sprock - Distribution                   | -\$933,967.51          |
| AirBnB                                         | -2,450.00              |
| CF CC - Distribution                           | -423,381.96            |
| FB CHS                                         | -50,000.02             |
| Florida Properties - Distribution              | -237,391.74            |
| Houston                                        | -78,000.16             |
| Monkey Joe's                                   | 12,000.02              |
| RuRu's Lake Worth                              | -360,881.59            |
| RuRu's Tequila                                 | -79,500.01             |
| Sugar Creek                                    | -75,862.13             |
| <b>Total for Martin Sprock - Distribution</b>  | <b>-\$2,229,435.10</b> |
| <b>Total for Shareholder's Distributions</b>   | <b>-\$5,548,784.64</b> |
| Retained Earnings                              | 2,910,438.23           |

2/3

Accrual Basis Tuesday, June 02, 2026 04:07 PM GMT-04:00

Exhibit H-3



## Flying Biscuit Franchising, LLC

Balance Sheet  
As of Mar 31, 2026

|                                         | Total                  |
|-----------------------------------------|------------------------|
| Net Income                              | 564,402.08             |
| <b>Total for Equity</b>                 | <b>-\$1,346,817.33</b> |
| <b>Total for Liabilities and Equity</b> | <b>\$532,252.90</b>    |

3/3

Accrual Basis Tuesday, June 02, 2026 04:07 PM GMT-04:00

Exhibit H-4

## Flying Biscuit Franchising, LLC

Profit and Loss  
January-March, 2026

|                                                 | Total               |
|-------------------------------------------------|---------------------|
| Income                                          |                     |
| Royalties                                       | \$775,756.49        |
| Royalties - Bounceback (Returned)               | -2,517.62           |
| <b>Total for Royalties</b>                      | <b>\$773,238.87</b> |
| Services                                        | 2,500.00            |
| <b>Total for Income</b>                         | <b>\$775,738.87</b> |
| <b>Gross Profit</b>                             | <b>\$775,738.87</b> |
| Expenses                                        |                     |
| Franchise Opening Consultation                  | 2,500.00            |
| FRANCHISE SALES RELATED                         |                     |
| Franchise Digital Marketing                     | 43,628.95           |
| <b>Total for FRANCHISE SALES RELATED</b>        | <b>\$43,628.95</b>  |
| GENERAL & ADMIN                                 |                     |
| Bank Service Charges                            | 5.00                |
| Consulting Fees                                 | 119,053.92          |
| Dues and Subscriptions                          | 490.75              |
| Miscellaneous                                   | -5,000.00           |
| Office Supplies                                 | 582.86              |
| Professional Fees                               |                     |
| Accounting                                      | 850.00              |
| Legal                                           | 1,448.00            |
| <b>Total for Professional Fees</b>              | <b>\$2,298.00</b>   |
| Uniforms                                        | 159.65              |
| <b>Total for GENERAL &amp; ADMIN</b>            | <b>\$117,590.18</b> |
| MARKETING& SUPPORT RELATED                      |                     |
| Contribution to NMF                             | 0.00                |
| <b>Total for MARKETING&amp; SUPPORT RELATED</b> | <b>\$0.00</b>       |
| Payroll Expenses                                | 54,260.66           |
| Software                                        | 185.99              |
| TRAVEL RELATED                                  |                     |
| Meals & Entertainment                           | 380.98              |
| Travel & Lodging                                | 14,263.85           |
| <b>Total for TRAVEL RELATED</b>                 | <b>\$14,644.83</b>  |
| <b>Total for Expenses</b>                       | <b>\$232,810.61</b> |
| <b>Net Operating Income</b>                     | <b>\$542,928.26</b> |

1/2

Accrual Basis Tuesday, June 02, 2026 04:07 PM GMT-04:00

Exhibit H-5

## Flying Biscuit Franchising, LLC

Profit and Loss  
January-March, 2026

|                               |  | Total               |
|-------------------------------|--|---------------------|
| Other Income                  |  |                     |
| Rebates                       |  | 21,473.82           |
| <b>Total for Other Income</b> |  | <b>\$21,473.82</b>  |
| <b>Net Other Income</b>       |  | <b>\$21,473.82</b>  |
| <b>Net Income</b>             |  | <b>\$564,402.08</b> |

2/2

Accrual Basis Tuesday, June 02, 2026 04:07 PM GMT-04:00

Exhibit H-6

FLYING BISCUIT FRANCHISING, INC.  
FINANCIAL STATEMENTS  
*(Audited)*  
FOR THE YEARS ENDED  
DECEMBER 31, 2025 AND DECEMBER 29, 2024



BURNS HERRING, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

Gainesville, Georgia

Exhibit H-7



BURNS HERRING, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

PO Box 3398  
Gainesville, GA 30503  
(770) 536-8204

**Form F – Consent of Accountant**

**CONSENT**

**Burns & Herring, LLC** consents to the use in the Franchise Disclosure Document issued by **Flying Biscuit Franchising, Inc.** ("Franchisor") on **May 7, 2026**, as it may be amended, of our report dated **May 7, 2026**, relating to the financial statements of Franchisor for the period ending December 31, 2025.

*Burns & Herring, LLC*

Exhibit H-8

**FLYING BISCUIT FRANCHISING, INC.**

**INDEX TO FINANCIAL STATEMENTS**

|                                              | Page No. |
|----------------------------------------------|----------|
| INDEPENDENT AUDITOR'S REPORT                 | 1        |
| FINANCIAL STATEMENTS                         |          |
| Balance Sheets                               | 3        |
| Statements of Income and Accumulated Deficit | 4        |
| Statements of Cash Flows                     | 5        |
| NOTES TO THE FINANCIAL STATEMENTS            | 6        |



BURNS HERRING, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDIT REPORT

To the Stockholder  
Flying Biscuit Franchising, Inc.

### **Opinion**

We have audited the accompanying financial statements of Flying Biscuit Franchising, Inc. (a Georgia corporation), which comprise the balance sheets as of December 31, 2025 and December 29, 2024 and the related statements of income and accumulated deficit and cash flows for the years then ended, 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 Flying Biscuit Franchising, Inc. as of December 31, 2025 and December 29, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those 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 Flying Biscuit Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the 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 Flying Biscuit Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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, including omissions, 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 Flying Biscuit Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Flying Biscuit Franchising, Inc.'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.



Burns & Herring, LLC  
Gainesville, GA  
May 7, 2026



**FLYING BISCUIT FRANCHISING, INC.**  
**BALANCE SHEETS**  
As at December 31, 2025 and December 29, 2024

**ASSETS**

| <b>Current Assets</b>                          | <b>Note</b> | <b>2025</b>       | <b>2024</b>       |
|------------------------------------------------|-------------|-------------------|-------------------|
| Cash                                           |             | \$ 103,786        | \$ 64,276         |
| Accounts receivable                            | 1           | 59,729            | 174,623           |
| National marketing fund - restricted           | 2           | 163,770           | 18,736            |
| Due from national marketing fund               |             | 27,208            | 27,208            |
| National gift card fund                        | 2, 3        | 151,256           | 147,760           |
| Deferred franchise costs, current portion      | 1           | 123,500           | 59,500            |
| Due from related parties                       | 3           | -                 | 528               |
| <b>Total Current Assets</b>                    |             | <u>629,249</u>    | <u>492,631</u>    |
| Franchise fee receivable                       | 1           | 135,000           | 90,000            |
| Deferred franchise costs, less current portion | 1           | <u>81,500</u>     | <u>86,501</u>     |
| <b>Total assets</b>                            |             | <u>\$ 845,749</u> | <u>\$ 669,132</u> |

**LIABILITIES AND STOCKHOLDER'S EQUITY**

|                                                   |   |                    |                    |
|---------------------------------------------------|---|--------------------|--------------------|
| <b>Current Liabilities</b>                        |   |                    |                    |
| Accounts payable                                  |   | 2,863              | 4,689              |
| Accrued expenses                                  |   | 7,082              | 12,063             |
| National marketing fund liabilities               | 2 | 163,770            | 18,736             |
| National gift card liabilities, net allowance     | 2 | 151,256            | 147,760            |
| Deferred franchise fees, current portion          | 1 | 497,433            | 302,900            |
| Due to related parties                            | 3 | 64,472             | -                  |
| <b>Total Current Liabilities</b>                  |   | <u>886,876</u>     | <u>486,148</u>     |
| Deferred franchise fees, less current portion     | 1 | <u>964,604</u>     | <u>872,767</u>     |
| <b>Total liabilities</b>                          |   | <u>1,851,480</u>   | <u>1,358,915</u>   |
| <b>Stockholder's Equity</b>                       |   |                    |                    |
| Additional paid in capital                        |   | 727,127            | 727,127            |
| Accumulated deficit                               |   | <u>(1,732,858)</u> | <u>(1,416,910)</u> |
| <b>Total Stockholder's Equity</b>                 |   | <u>(1,005,731)</u> | <u>(689,783)</u>   |
| <b>Total Liabilities and Stockholder's Equity</b> |   | <u>845,749</u>     | <u>\$ 669,132</u>  |

See accompanying notes to the financial statements.

- 3 -

Exhibit H-12

**FLYING BISCUIT FRANCHISING, INC.**  
**STATEMENT OF INCOME AND ACCUMULATED DEFICIT**  
For the Years Ended December 31, 2025 and December 29, 2024

| <b>Revenues</b>                    | <b>2025</b>        | <b>2024</b>        |
|------------------------------------|--------------------|--------------------|
| Franchise fees                     | \$ 148,629         | \$ 123,654         |
| Sales-based fees                   | 4,440,631          | 4,004,816          |
| Fees resulting from terminations   | 80,000             | 175,000            |
| Unredeemed gift cards              | 15,560             | 116,640            |
| Vendor Rebates                     | 39,490             | -                  |
| <b>Total Revenues</b>              | <u>4,724,310</u>   | <u>4,420,110</u>   |
| <b>Operating Expenses</b>          |                    |                    |
| General and administrative         | 1,335,975          | 1,289,646          |
| Marketing expenses                 | 1,451,911          | 1,272,295          |
| <b>Total Operating Expenses</b>    | <u>2,787,886</u>   | <u>2,561,941</u>   |
| <b>Net Income</b>                  | <u>1,936,424</u>   | <u>1,858,169</u>   |
| Accumulated deficit, beginning     | (1,416,910)        | (1,210,319)        |
| Stockholder's distributions        | <u>(2,252,372)</u> | <u>(2,064,760)</u> |
| <b>Accumulated deficit, ending</b> | <u>(1,732,858)</u> | <u>(1,416,910)</u> |

See accompanying notes to financial statements.

- 4 -

Exhibit H-13

**FLYING BISCUIT FRANCHISING, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2025 and December 29, 2024

|                                                                       | <u>2025</u>           | <u>2024</u>          |
|-----------------------------------------------------------------------|-----------------------|----------------------|
| <b>Cash Flows From Operating Activities</b>                           |                       |                      |
| Net income                                                            | \$ 1,936,424          | \$ 1,858,169         |
| (Increase) decrease in accounts receivable                            | 114,894               | (15,975)             |
| (Increase) decrease in other current assets                           | (148,530)             | 129,329              |
| (Increase) decrease in deferred franchise costs, current portion      | (64,000)              | (46,000)             |
| (Increase) decrease in amounts due from related parties               | 528                   | 2,500                |
| (Increase) decrease in franchise fees receivable                      | (45,000)              | -                    |
| (Increase) decrease in deferred franchise costs, less current portion | 5,001                 | 2,999                |
| Increase (decrease) in accounts payable and accrued expenses          | (6,807)               | (1,795)              |
| Increase (decrease) in deferred franchise fees, current portion       | 194,533               | 225,750              |
| Increase (decrease) in deferred franchise fees, less current portion  | 91,837                | (22,404)             |
| Increase (decrease) in other current liabilities                      | 148,530               | (129,329)            |
| Increase (decrease) in amounts due to related parties                 | 64,472                | -                    |
| <b>Total Cash Flows From Operating Activities</b>                     | <u>2,291,882</u>      | <u>2,003,244</u>     |
| <b>Cash Flows Used By Financing Activities</b>                        |                       |                      |
| Stockholder's distributions                                           | (2,252,372)           | (2,064,760)          |
| <b>Total Cash Flows Used By Financing Activities</b>                  | <u>(2,252,372)</u>    | <u>(2,064,760)</u>   |
| Net cash increase (decrease)                                          | 39,510                | (61,516)             |
| Cash at beginning of period                                           | <u>64,276</u>         | <u>125,792</u>       |
| <b>Cash At End of Period</b>                                          | <u><u>103,786</u></u> | <u><u>64,276</u></u> |

See accompanying notes to the financial statements.

- 5 -

Exhibit H-14

**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 29, 2024**

**1 Significant Accounting Policies**

**a. Nature of business/basis of preparation**

Flying Biscuit Franchising, Inc. (the "Company"), was incorporated in the state of Georgia on July 11, 2006. The Company is engaged in offering and selling franchises and area development rights for the operation of a casual, full-service restaurant which offers breakfast and brunch foods and other authorized food products and beverages.

A summary of the Company's significant accounting policies applied in the preparation of the accompanying financial statements follows.

Effective fiscal year 2025, the Company changed its reporting period to a calendar year, from a fifty-two/fifty-three fiscal year ending on the last Sunday of the year. Adoption of the change in fiscal year did not have a material impact on the Company's financial statements.

**b. Revenue recognition**

The Company's policy is in accordance with FASB Accounting Standards Codification (ASC) 606, Contracts with Customers. Five core principles are applied; Identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction prices, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the entity satisfies a performance obligation.

Initial franchise fees are allocated between distinct and non-distinct fees. Distinct fees are recognized as revenue when all of the initial services are substantially completed, all conditions related to the sale of the franchise have been substantially performed by the Company, and the franchise has commenced operations. Non-distinct fees are recognized over the term of the Franchise Agreement starting when the franchise has commenced operations.

Direct costs related to franchise sales for which revenue has not been recognized, ordinarily are deferred until the revenue has been recognized.

Fees from market development agreements are recognized as revenue on a pro-rata basis based on the number of stores opened to date to the total stores to be developed as stipulated in the agreement.

Franchise royalty revenues are based on franchisee sales and are recognized as earned.

**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 29, 2024**

**1 Significant Accounting Policies**

**b. Revenue recognition (continued)**

The following is a summary of franchise operations as of December 31, 2025:

|                                                        | <b>Franchises<br/>Sold</b> | <b>Franchises<br/>Open</b> |
|--------------------------------------------------------|----------------------------|----------------------------|
| Beginning of the year                                  | 58                         | 35                         |
| Franchises sold/opened during the year                 | 12                         | 6                          |
| Franchises terminated/closed as of the end of the year | 2                          | 0                          |
|                                                        | 68                         | 41                         |

Included in the aforementioned summary, there are eight locations wholly-owned and one location partially owned by the Stockholder of the Company.

Revenue is disaggregated by type which includes franchise fees and sales-based fees (royalty and advertising). Flying Biscuit Franchising, Inc. disaggregates revenue from contracts with franchisees into categories that depict the nature, amount, timing, and uncertainty of revenue and cash flows.

The following table presents information for the year ended December 31, 2025:

|                                             | <b>Distinct</b> | <b>Non-<br/>Distinct</b> | <b>Terminations</b> | <b>Sales<br/>Based<br/>Fees</b> | <b>Total</b> |
|---------------------------------------------|-----------------|--------------------------|---------------------|---------------------------------|--------------|
| <b><u>Segment</u></b>                       |                 |                          |                     |                                 |              |
| Franchise Fees                              | 93,000          | 55,629                   | 80,000              |                                 | 228,629      |
| Sales Based Fees                            |                 |                          |                     | 4,440,631                       | 4,440,631    |
| Total                                       | 93,000          | 55,629                   | 80,000              | 4,440,631                       | 4,669,260    |
| <b><u>Timing of Revenue Recognition</u></b> |                 |                          |                     |                                 |              |
| Transferred at a point in time              | 93,000          |                          | 80,000              | 4,440,631                       | 4,613,631    |
| Services performed over time                |                 | 55,629                   |                     |                                 | 55,629       |
| Total                                       | 93,000          | 55,629                   | 80,000              | 4,440,631                       | 4,669,260    |

Deferred franchise fees and costs represent payments and expenses in relation to franchisees prior to the satisfaction of the corresponding performance obligations. Deferred franchisee fees and costs are recognized as the corresponding performance obligations are satisfied.

**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 29, 2024**

**1 Significant Accounting Policies**

**c. Income taxes**

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

The Company accounts for income taxes in accordance with recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 740, Income Taxes. ASC 740 requires that deferred income taxes reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts. ASC 740 requires the Company to report information regarding its exposure to various tax positions taken by the Company and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold.

Management believes that the Company has adequately addressed all tax positions and that there are no unrecorded tax liabilities for the years ended December 31, 2025 and December 29, 2024. Furthermore, The Company's income tax returns for 2022 through 2024 are subject to examination (generally three years after filing) by the Internal Revenue Service.

**d. Financial instruments**

The Company has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

**e. Impairment of long-lived assets**

In the event that facts and circumstances indicate that the Company's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The Company considers that no circumstances exist that would require such an evaluation.

**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 29, 2024**

**1 Significant Accounting Policies**

**f. Use of estimates**

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

**g. Receivables**

The Company provides for doubtful accounts equal to the estimated collection losses that will be incurred in the collection of the receivables. The estimated losses are based upon historical collection experience along with a review of the current status of all existing receivables. In management's opinion, no allowance for doubtful accounts was necessary as of December 31, 2025 and December 29, 2024.

**h. Compensated absences**

The financial statements do not include an accrual of compensated absences liability as the amount cannot be reasonably estimated. Compensated absences are expensed as incurred. Management does not believe this accrual to be material to the financial statements.

**i. Advertising cost**

The Company follows the policy of charging the costs of advertising to expense as incurred.

**j. Concentrations**

Financial instruments which potentially subject the Company to concentrations of credit risk are principally receivables. Concentrations of credit risk with respect to receivables are limited due to the number of franchisees comprising the Company's franchisee base and their dispersion across different geographic regions. To reduce risk, the Company routinely assesses the financial strength of its franchisees and believes that its receivable credit risk exposure is limited.

The Company maintains its cash balances in a financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) to a limitation of \$250,000 per depositor, per insured bank, for each ownership category. Under this limitation, the Company had deposits in excess of the amount insured at December 31, 2025 of \$69,608 and December 29, 2024 of \$0.

**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 29, 2024**

**2 National marketing fund and national gift card fund**

The Company established a separate national marketing fund to administer funds collected from franchisees for advertising. The franchisees are required to contribute a bi-weekly fee of 1% of the net sales of the franchisee to the national marketing fund. The next incremental increases occur at the 20th and 25th locations, 1.5% and 2% respectively. The Company, as franchisor, administers the national marketing fund. The funds collected are used for advertising, marketing, public relations, and the purchase of promotional supplies and other related services and expenses. The unused balances in the fund are recorded as restricted funds with an offsetting liability. The balance in the fund at December 31, 2025 and December 29, 2024 was \$163,770 and \$18,736, respectively.

The Company established a separate national gift card fund to administer funds collected from franchisees for gift card settlements. The vendor collects or refunds the net gift card activity from each store into the corporate gift card bank account on a monthly basis. The balance in this account is reported as restricted funds with an offsetting liability. The balance in the fund at December 31, 2025 and December 29, 2024 was \$52,053 and \$102,944, respectively. The Company provides an allowance for unredeemed gift cards equal to the estimated amount of gift cards that will not be redeemed. The estimated allowances are based upon historical redemption experience along with a review of the current balances of all existing gift cards. In management's opinion, an allowance of \$132,200 and \$116,640, for unredeemed gift cards was appropriate as of December 31, 2025 and December 29, 2024, respectively.

**3 Related party transactions**

The Company entered into and executed a Shared Services Agreement with Big Game Brands, LLC, an affiliated company. Big Game Brands, LLC allocated costs and other expenses to the Company for the years ended December 31, 2025 and December 29, 2024 totaling \$564,352 and \$531,071, respectively.

The Company had receivables from an affiliated company of Flying Biscuit Franchising, Inc. The receivables balances at December 31, 2025 and December 29, 2024 were \$3,456 and \$3,456 respectively.

The Company had payables from an affiliated company of Flying Biscuit Franchising, Inc. The payables balances at December 31, 2025 and December 29, 2024 were \$67,928 and \$2,928, respectively.

The Company has a loan payable to the national gift card fund of \$99,203 at December 31, 2025. These funds will be repaid to the national gift card fund in \$5,000 payments any time the balance in the Flying Biscuit gift card account drops below \$50,000.



**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 29, 2024**

**4      Legal proceedings**

From time to time, the Company may have asserted or unasserted claims arising in the normal course of business. The Company does not expect losses, if any, arising from the asserted or unasserted claims to have a direct and material effect on the financial statements.

**5      Subsequent events**

Subsequent events have been evaluated through May 7, 2026, which is the date the financial statements were available to be issued.

**FLYING BISCUIT FRANCHISING, INC.**  
**FINANCIAL STATEMENTS**  
***(Audited)***  
**FOR THE YEARS ENDED**  
**DECEMBER 29, 2024 AND DECEMBER 31, 2023**



**BURNS HERRING, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**Gainesville, Georgia**

**Exhibit H-21**

**FLYING BISCUIT FRANCHISING, INC.**

**INDEX TO FINANCIAL STATEMENTS**

|                                              | Page No. |
|----------------------------------------------|----------|
| INDEPENDENT AUDITOR'S REPORT                 | 1        |
| FINANCIAL STATEMENTS                         |          |
| Balance Sheets                               | 3        |
| Statements of Income and Accumulated Deficit | 4        |
| Statements of Cash Flows                     | 5        |
| NOTES TO THE FINANCIAL STATEMENTS            | 6        |



**BURNS HERRING, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDIT REPORT

To the Stockholder  
Flying Biscuit Franchising, Inc.

### **Opinion**

We have audited the accompanying financial statements of Flying Biscuit Franchising, Inc. (a Georgia corporation), which comprise the balance sheets as of December 29, 2024 and December 31, 2023 and the related statements of income and accumulated deficit and cash flows for the years then ended, 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 Flying Biscuit Franchising, Inc. as of December 29, 2024 and December 31, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of 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 Flying Biscuit Franchising, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the 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 Flying Biscuit Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

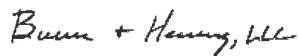
### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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, including omissions, 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 Flying Biscuit Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Flying Biscuit Franchising, Inc.'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.



Burns & Herring, LLC  
Gainesville, GA  
May 1, 2025

**FLYING BISCUIT FRANCHISING, INC.**  
**BALANCE SHEETS**  
As at December 29, 2024 and December 31, 2023

**ASSETS**

| <b>Current Assets</b>                          | <b>Note</b> | <b>2024</b>              | <b>2023</b>              |
|------------------------------------------------|-------------|--------------------------|--------------------------|
| Cash                                           |             | \$ 64,276                | \$ 125,792               |
| Accounts receivable                            | 1           | 174,623                  | 158,648                  |
| National marketing fund - restricted           | 2           | 18,736                   | 181,200                  |
| Due from national marketing fund               |             | 27,208                   | 27,208                   |
| National gift card fund - restricted           | 2           | 102,944                  | 114,625                  |
| National gift card fund - receivable           | 5           | 44,816                   | -                        |
| Deferred franchise costs, current portion      | 1           | 59,500                   | 13,500                   |
| Due from related parties                       | 3           | 528                      | 3,028                    |
| <b>Total Current Assets</b>                    |             | <u>492,631</u>           | <u>624,001</u>           |
| Franchise fee receivable                       | 1           | 90,000                   | 90,000                   |
| Deferred franchise costs, less current portion | 1           | <u>86,501</u>            | <u>89,500</u>            |
| <b>Total assets</b>                            |             | <u><u>\$ 669,132</u></u> | <u><u>\$ 803,501</u></u> |

**LIABILITIES AND STOCKHOLDER'S EQUITY**

|                                                   |   |                       |                          |
|---------------------------------------------------|---|-----------------------|--------------------------|
| <b>Current Liabilities</b>                        |   |                       |                          |
| Accounts payable                                  |   | 4,689                 | 8,205                    |
| Accrued expenses                                  |   | 12,063                | 10,342                   |
| National marketing fund liabilities               | 2 | 18,736                | 181,200                  |
| National gift card liabilities, net allowance     | 2 | 147,760               | 114,625                  |
| Deferred franchise fees, current portion          | 1 | <u>302,900</u>        | <u>77,150</u>            |
| <b>Total Current Liabilities</b>                  |   | <u>486,148</u>        | <u>391,522</u>           |
| Deferred franchise fees, less current portion     | 1 | <u>872,767</u>        | <u>895,171</u>           |
| <b>Total liabilities</b>                          |   | <u>1,358,915</u>      | <u>1,286,693</u>         |
| <b>Stockholder's Equity</b>                       |   |                       |                          |
| Additional paid in capital                        |   | 727,127               | 727,127                  |
| Accumulated deficit                               |   | <u>(1,416,910)</u>    | <u>(1,210,319)</u>       |
| <b>Total Stockholder's Equity</b>                 |   | <u>(689,783)</u>      | <u>(483,192)</u>         |
| <b>Total Liabilities and Stockholder's Equity</b> |   | <u><u>669,132</u></u> | <u><u>\$ 803,501</u></u> |

See accompanying notes to the financial statements.

- 3 -

Exhibit H-25

**FLYING BISCUIT FRANCHISING, INC.**  
**STATEMENT OF INCOME AND ACCUMULATED DEFICIT**  
**For the Years Ended December 29, 2024 and December 31, 2023**

| <b>Revenues</b>                    | <b>2024</b>        | <b>2023</b>        |
|------------------------------------|--------------------|--------------------|
| Franchise fees                     | \$ 123,654         | \$ 99,188          |
| Sales-based fees                   | 4,004,816          | 3,345,805          |
| Fees resulting from terminations   | 175,000            | 26,625             |
| Unredeemed gift cards              | 116,640            | -                  |
| <b>Total Revenues</b>              | <u>4,420,110</u>   | <u>3,471,618</u>   |
| <b>Operating Expenses</b>          |                    |                    |
| General and administrative         | 1,289,646          | 997,338            |
| Marketing expenses                 | 1,272,295          | 769,516            |
| <b>Total Operating Expenses</b>    | <u>2,561,941</u>   | <u>1,766,854</u>   |
| <b>Net Income</b>                  | <u>1,858,169</u>   | <u>1,704,764</u>   |
| Accumulated deficit, beginning     | (1,210,319)        | (1,407,277)        |
| Stockholder's distributions        | <u>(2,064,760)</u> | <u>(1,507,806)</u> |
| <b>Accumulated deficit, ending</b> | <u>(1,416,910)</u> | <u>(1,210,319)</u> |

See accompanying notes to financial statements.

- 4 -

Exhibit H-26

**FLYING BISCUIT FRANCHISING, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended December 29, 2024 and December 31, 2023**

|                                                                       | <b>2024</b>        | <b>2023</b>        |
|-----------------------------------------------------------------------|--------------------|--------------------|
| <b>Cash Flows From Operating Activities</b>                           |                    |                    |
| Net income                                                            | \$ 1,858,169       | \$ 1,704,764       |
| (Increase) decrease in accounts receivable                            | (15,975)           | (68,700)           |
| (Increase) decrease in other current assets                           | 174,145            | (85,241)           |
| (Increase) decrease in deferred franchise costs, current portion      | (46,000)           | -                  |
| (Increase) decrease in national gift card receivable                  | (44,816)           | -                  |
| (Increase) decrease in amounts due from related parties               | 2,500              | 741                |
| (Increase) decrease in deferred franchise costs, less current portion | 2,999              | 33,000             |
| Increase (decrease) in accounts payable and accrued expenses          | (1,795)            | 1,589              |
| Increase (decrease) in deferred franchise fees, current portion       | 225,750            | 2,800              |
| Increase (decrease) in deferred franchise fees, less current portion  | (22,404)           | (128,612)          |
| Increase (decrease) in other current liabilities                      | (129,329)          | 85,325             |
| <b>Total Cash Flows From Operating Activities</b>                     | <b>2,003,244</b>   | <b>1,545,666</b>   |
| <b>Cash Flows Used By Financing Activities</b>                        |                    |                    |
| Stockholder's distributions                                           | (2,064,760)        | (1,507,806)        |
| <b>Total Cash Flows Used By Financing Activities</b>                  | <b>(2,064,760)</b> | <b>(1,507,806)</b> |
| Net cash increase (decrease)                                          | (61,516)           | 37,860             |
| Cash at beginning of period                                           | 125,792            | 87,932             |
| <b>Cash At End of Period</b>                                          | <b>64,276</b>      | <b>125,792</b>     |

See accompanying notes to the financial statements.

- 5 -

Exhibit H-27



**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 29, 2024 AND DECEMBER 31, 2023**

**1 Significant Accounting Policies**

**a. Nature of business/basis of preparation**

Flying Biscuit Franchising, Inc. (the "Company"), was incorporated in the state of Georgia on July 11, 2006. The Company is engaged in offering and selling franchises and area development rights for the operation of a casual, full-service restaurant which offers breakfast and brunch foods and other authorized food products and beverages.

A summary of the Company's significant accounting policies applied in the preparation of the accompanying financial statements follows. The Company maintains its accounts on a 52–53 week fiscal year. Fiscal years 2024 and 2023, contained 52 and 53 weeks, respectively.

**b. Revenue recognition**

The Company's policy is in accordance with FASB Accounting Standards Codification (ASC) 606, Contracts with Customers. Five core principles are applied; Identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction prices, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the entity satisfies a performance obligation.

Initial franchise fees are allocated between distinct and non-distinct fees. Distinct fees are recognized as revenue when all of the initial services are substantially completed, all conditions related to the sale of the franchise have been substantially performed by the Company, and the franchise has commenced operations. Non-distinct fees are recognized over the term of the Franchise Agreement starting when the franchise has commenced operations.

Direct costs related to franchise sales for which revenue has not been recognized, ordinarily are deferred until the revenue has been recognized.

Fees from market development agreements are recognized as revenue on a pro-rata basis based on the number of stores opened to date to the total stores to be developed as stipulated in the agreement.

Franchise royalty revenues are based on franchisee sales and are recognized as earned.

**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 29, 2024 AND DECEMBER 31, 2023**

**1 Significant Accounting Policies**

**b. Revenue recognition (continued)**

The following is a summary of franchise operations as of December 31, 2024:

|                                                        | <b>Franchises<br/>Sold</b> | <b>Franchises<br/>Open</b> |
|--------------------------------------------------------|----------------------------|----------------------------|
| Beginning of the year                                  | 54                         | 31                         |
| Franchises sold/opened during the year                 | 10                         | 5                          |
| Franchises terminated/closed as of the end of the year | 6                          | 1                          |
|                                                        | 58                         | 35                         |

Included in the aforementioned summary, there are eight locations wholly-owned and one location partially owned by the Stockholder of the Company.

Revenue is disaggregated by type which includes franchise fees and sales-based fees (royalty and advertising). Flying Biscuit Franchising, Inc. disaggregates revenue from contracts with franchisees into categories that depict the nature, amount, timing, and uncertainty of revenue and cash flows.

The following table presents information for the year ended December 31, 2024:

|                                             | <b>Distinct</b> | <b>Non-<br/>Distinct</b> | <b>Terminations</b> | <b>Sales<br/>Based<br/>Fees</b> | <b>Total</b> |
|---------------------------------------------|-----------------|--------------------------|---------------------|---------------------------------|--------------|
| <b><u>Segment</u></b>                       |                 |                          |                     |                                 |              |
| Franchise Fees                              | 77,500          | 46,154                   | 175,000             |                                 | 298,654      |
| Sales Based Fees                            |                 |                          |                     | 4,004,816                       | 4,004,816    |
| Total                                       | 77,500          | 46,154                   | 175,000             | 4,004,816                       | 4,303,470    |
| <b><u>Timing of Revenue Recognition</u></b> |                 |                          |                     |                                 |              |
| Transferred at a point in time              | 77,500          |                          | 175,000             | 4,004,816                       | 4,257,316    |
| Services performed over time                |                 | 46,154                   |                     |                                 | 46,154       |
| Total                                       | 77,500          | 46,154                   | 175,000             | 4,004,816                       | 4,303,470    |

Deferred franchise fees and costs represent payments and expenses in relation to franchisees prior to the satisfaction of the corresponding performance obligations. Deferred franchisee fees and costs are recognized as the corresponding performance obligations are satisfied.

**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 29, 2024 AND DECEMBER 31, 2023**

**1 Significant Accounting Policies**

**c. Income taxes**

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

The Company accounts for income taxes in accordance with recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 740, Income Taxes. ASC 740 requires that deferred income taxes reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts. ASC 740 requires the Company to report information regarding its exposure to various tax positions taken by the Company and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold.

Management believes that the Company has adequately addressed all tax positions and that there are no unrecorded tax liabilities for the years ended December 29, 2024 and December 31, 2023. Furthermore, The Company's income tax returns for 2021 through 2023 are subject to examination (generally three years after filing) by the Internal Revenue Service.

**d. Financial instruments**

The Company has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

**e. Impairment of long-lived assets**

In the event that facts and circumstances indicate that the Company's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The Company considers that no circumstances exist that would require such an evaluation.

**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 29, 2024 AND DECEMBER 31, 2023**

**1 Significant Accounting Policies**

**f. Use of estimates**

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

**g. Receivables**

The Company provides for doubtful accounts equal to the estimated collection losses that will be incurred in the collection of the receivables. The estimated losses are based upon historical collection experience along with a review of the current status of all existing receivables. In management's opinion, no allowance for doubtful accounts was necessary as of December 29, 2024 and December 31, 2023.

**h. Compensated absences**

The financial statements do not include an accrual of compensated absences liability as the amount cannot be reasonably estimated. Compensated absences are expensed as incurred. Management does not believe this accrual to be material to the financial statements.

**i. Advertising cost**

The Company follows the policy of charging the costs of advertising to expense as incurred.

**j. Concentrations**

Financial instruments which potentially subject the Company to concentrations of credit risk are principally receivables. Concentrations of credit risk with respect to receivables are limited due to the number of franchisees comprising the Company's franchisee base and their dispersion across different geographic regions. To reduce risk, the Company routinely assesses the financial strength of its franchisees and believes that its receivable credit risk exposure is limited.

The Company maintains its cash balances in a financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) to a limitation of \$250,000 per depositor, per insured bank, for each ownership category. Under this limitation, the Company had deposits in excess of the amount insured at December 29, 2024 of \$0 and December 31, 2023 of \$171,617.

**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 29, 2024 AND DECEMBER 31, 2023**

**2 National marketing fund and national gift card fund**

The Company established a separate national marketing fund to administer funds collected from franchisees for advertising. The franchisees are required to contribute a bi-weekly fee of 1% of the net sales of the franchisee to the national marketing fund. The next incremental increases occur at the 20th and 25th locations, 1.5% and 2% respectively. The Company, as franchisor, administers the national marketing fund. The funds collected are used for advertising, marketing, public relations, and the purchase of promotional supplies and other related services and expenses. The unused balances in the fund are recorded as restricted funds with an offsetting liability. The balance in the fund at December 29, 2024 and December 31, 2023 was \$18,736 and \$181,200, respectively.

The Company established a separate national gift card fund to administer funds collected from franchisees for gift card settlements. The vendor collects or refunds the net gift card activity from each store into the corporate gift card bank account on a monthly basis. The balance in this account is reported as restricted funds with an offsetting liability. The balance in the fund at December 29, 2024 and December 31, 2023 was \$102,944 and \$114,625, respectively. The Company provides an allowance for unredeemed gift cards equal to the estimated amount of gift cards that will not be redeemed. The estimated allowances are based upon historical redemption experience along with a review of the current balances of all existing gift cards. In management's opinion, an allowance of \$116,640, for unredeemed gift cards was appropriate as of December 29, 2024.

**3 Related party transactions**

The Company entered into and executed a Shared Services Agreement with Big Game Brands, LLC, an affiliated company. Big Game Brands, LLC allocated costs and other expenses to the Company for the years ended December 29, 2024 and December 31, 2023 totaling \$531,071 and \$361,256, respectively.

The Company had receivables from an affiliated company of Flying Biscuit Franchising, Inc. The receivables balances at December 29, 2024 and December 31, 2023 were \$3,456 and \$3,456 respectively.

The Company had payables from an affiliated company of Flying Biscuit Franchising, Inc. The payables balances at December 29, 2024 and December 31, 2023 were \$2,928 and \$428, respectively.

**4 Legal proceedings**

From time to time, the Company may have asserted or unasserted claims arising in the normal course of business. The Company does not expect losses, if any, arising from the asserted or unasserted claims to have a direct and material effect on the financial statements.

**FLYING BISCUIT FRANCHISING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 29, 2024 AND DECEMBER 31, 2023**

**5 Subsequent events**

Subsequent events have been evaluated through May 1, 2025, which is the date the financial statements were available to be issued.

The Company maintains a separate national gift card fund account, which is a restricted cash account. Prior to December 29, 2024, the Company released funds from this account in excess of the actual gift card liability balance report less the allowance for unredeemed gift cards. This created a deficiency with regards to the restricted nature of the national gift card account. This excess amount of \$44,816 was returned to the national gift card account on April 23, 2025 resulting in the correction of the deficiency. A receivable has been recorded on the Balance Sheet of \$44,816 at December 29, 2024.

**EXHIBIT I**  
**INTENTIONALLY DELETED**

Exhibit I-1

**EXHIBIT J**  
**COCA-COLA PARTICIPATION AGREEMENT**

**[SEE ATTACHED]**

Exhibit J-1



Date:\_\_\_\_\_

\_\_\_\_\_  
[Franchisee Name]

\_\_\_\_\_  
[Franchisee Title]

\_\_\_\_\_  
[Franchisee's legal business name]

\_\_\_\_\_  
[street address]

\_\_\_\_\_  
[City, State and Zip]

Re: Beverage Marketing Agreement by and between Flying Biscuit Franchising, Inc. ("FBF") and Coca-Cola North America ("CCNA"), a division of The Coca-Cola Company December 20, 2006 (the "Agreement")

Dear \_\_\_\_\_:

CCNA offers a marketing, service and equipment program to FBF and its franchisees to participate in CCNA's program as described in the above-referenced Agreement. This letter ("Participation Letter") will confirm that the FBF Franchisee set forth in the signature line below ("Franchisee" or "you"), will participate in CCNA's program.

**Beverage Availability.** Under the Agreement, FBF franchisees will be required to serve a core brand set of Fountain Beverages that consist of Coca-Cola classic, diet Coke and Sprite, and the remaining products will be jointly selected by FBF and CCNA. Additionally, while participating in CCNA's programs, all fountain beverages and frozen beverages served in Franchisee's franchised outlet(s) ("Franchised Outlet") must be CCNA's brands. In exchange for pouring the core brand set of Fountain Beverages, FBF franchisees will be eligible to receive certain fountain beverage equipment and services from CCNA at no charge, all as provided in the Agreement and more particularly in the "Equipment" and "Service" sections below. The purpose of this Participation Letter is to confirm that you received this letter and understand its contents including the obligation to pour only CCNA brand fountain beverages. Further, by signing this Participation Letter, you recognize that the sale of competitive beverages in bottles, cans or other packaging would diminish the product availability rights given to CCNA under the Agreement, and therefore also agree not to serve competitive beverages in bottles, cans or other packaging in your Franchised Outlet, except as provided for in the Agreement.

**Funding.** The parties acknowledge that CCNA will provide certain marketing funding for the Flying Biscuit franchise system and some of this funding is based upon purchases by Franchisee of CCNA's fountain syrups. All funding provided under the Agreement will be disbursed by CCNA to FBF and not to any individual franchisee. FBF agreed all the funding it receives under the Agreement will be used to develop and implement activities designed to benefit the entire Flying Biscuit system, including specifically, Franchised Outlets, and to help increase the sale of CCNA's Fountain Beverages throughout the entire Flying Biscuit Participating System (as defined in the Agreement).

**Equipment.** CCNA will lease to Franchisee the equipment owned by CCNA that is currently installed in the existing Franchised Outlets. CCNA will also lease to Franchisee for each newly opened or acquired Franchised Outlet necessary to dispense a quality Fountain Beverage as mutually agreed upon by CCNA and FBF. No ice makers or water filters will be provided.

All equipment leased to Franchisee will be leased at an annual lease rate calculated by multiplying the total installed cost of equipment by the then-current lease factor. The lease factor currently in effect for new

equipment is .24. Should the standard lease factor change during the Term, any equipment installed after the change goes into effect will be subject to the new lease factor.

Lease charges will be deducted from funding earned under the Agreement on a quarterly basis. The lease of equipment is subject to the terms and conditions of CCNA's standard lease agreement (the "Lease"), except as specifically changed by the Agreement. The Lease terms are attached as **Exhibit "A"** and are a part of the Agreement.

**Service.** Franchisee may use CCNA's Service Network for service to its Fountain Beverage dispensing equipment and will be charged at CCNA's then current rates (including labor, travel time, parts and administrative costs). CCNA is not responsible for any service to the ice machines or water filtration systems. You will be provided with information regarding CCNA's Phone Fix™, preventative maintenance systems and small parts program. Fountain Beverage service costs will be deducted from funding earned under the Agreement.

**Frozen Beverage Equipment and Service.** CCNA will not provide frozen beverage dispensing equipment. Franchisee is responsible for purchasing Frozen Beverage dispensing equipment and for all service needs related to Frozen Beverage dispensing equipment.

**Termination.** Once Franchisee signs this Participation Letter, it may be terminated before the scheduled expiration date of the Agreement only in the following circumstances:

- (i) Franchisee or CCNA may terminate the Participation Letter if the other party fails to comply with a material term or condition of the Agreement and does not remedy the failure within ninety (90) days after receiving written notice of non-compliance (the "Cure Period").
- (ii) Unless you transfer your Franchised Outlet and the transferee assumes your obligation under this Participation Letter as described in the "Transfers and Assignments" section below or unless CCNA does not consent to the assignment and assumption of this Participation Letter, CCNA may terminate the Participation Letter if there is a transfer or closing of twenty percent (20%) or more of the Franchised Outlets (other than transfers to FBF or transfers between and amongst existing and newly established franchisees, and/or FBF), or a transfer of a substantial portion of the assets of Franchisee that is not in the ordinary course of business. CCNA's unreasonable withholding of its consent to the assignment or assumption may not be a cause for termination under this subsection (ii) of this Participation Letter.
- (iii) CCNA may terminate if CCNA exercises its right of termination pursuant to the Agreement Termination Section (iii).
- (iv) CCNA may terminate if Franchisee ceases to operate as a Flying Biscuit franchisee unless you transfer your Franchisee Outlet and the transferee assumes your obligation under this Participation Letter.

Upon expiration or termination, Franchisee must return any dispensing equipment owned by CCNA. Unless CCNA exercises its right to terminate the Agreement as described above in item (iii), Franchisee will pay the following at the time of expiration or termination:

The unamortized portion of the cost of installation (including non-serialized parts (e.g., pumps, racks and regulators) and other ancillary equipment, and the entire cost of remanufacturing and removal of all equipment (including shipping and handling charges) owned by CCNA.

Interest on the amounts due to CCNA at the rate of 0.625% percent per month, accrued from the date the unearned funds were paid or costs were incurred. Notwithstanding anything to the contrary herein, the foregoing is not payable by you upon expiration of this Participation Letter.

This does not restrict the right of either party to pursue other remedies or damages if the other party breaches the terms of the Agreement. The prevailing party shall be entitled to attempt to recover all costs and expenses incurred to collect damages due including without limitation reasonable attorneys' fees. Nothing herein shall be construed as a waiver of any right of either party to prove consequential damages as a result of a breach by the other party, but not limited to lost profits, and other damages allowable.

**Transfers and Assignments.** If there is a transfer of twenty percent (20%) or more of the Franchised Outlets (other than transfers to FBF or transfers between and amongst existing and newly established franchisees, and/or FBF), or a transfer a substantial portion of the assets of Franchisees that is not in the ordinary course of business, and CCNA does not elect to terminate this Participation Letter under the "Termination" section above, Franchisee shall use its best efforts to cause the acquiring, surviving or newly created business to assume all of Franchisee's obligations under the Participation Letter with regard to the acquired business. This Participation Letter shall not be otherwise assignable by either party without the express written consent of the other party which shall not be unreasonably withheld.

If Franchisee transfers or closes any Franchised Outlets, Franchisee shall pay CCNA the unamortized portion of the cost of installation, and the entire cost of remanufacturing and removal of all equipment owned by CCNA, as detailed on **Exhibit "A,"** in such Franchised Outlet, if the equipment is installed for less than 100 months prior to the transfer or closure, unless Franchisee causes the new owner or operator at the location to assume the lease of the equipment on terms acceptable to CCNA in its reasonable discretion.

**a. Confidentiality.** Neither party shall disclose to any third party without the prior written consent of the other party, any information concerning this Agreement or the transactions contemplated hereby, except for disclosure to any employees, attorneys, accountants and consultants involved in assisting with the negotiation and closing of the contemplated transactions, or unless such disclosure is required by law. A party that makes a permitted disclosure must obtain assurances from the party to whom disclosure is made that such party will keep confidential the information disclosed.

If this Participation Letter is signed by Franchisee on or by February 28, 2007, then this Participation Letter is effective as of July 1, 2006. Otherwise, if this Participation Letter is signed on or after March 1, 2007, then this Participation Letter is effective as of the first day of the month in which the Agreement is signed by Franchisee. This Participation Letter will continue until the Agreement between FBF and CCNA has expired or is terminated.

Sincerely,

Ben J. Shanley  
East Region Vice President, Foodservice & Hospitality

\_\_\_\_\_  
(FRANCHISEE LEGAL NAME)

By: \_\_\_\_\_  
(signature)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

# **EXHIBIT "A" - COCA-COLA FOUNTAIN EQUIPMENT LEASE AGREEMENT**

**1. LEASE AGREEMENT AND TERM.** The Coca-Cola Company, through its Coca-Cola North America division, ("Company") hereby leases to the account identified on the attached Beverage Marketing Agreement ("Lessee") all fountain beverage dispensing equipment provided to Lessee (the "Equipment"), subject to the terms and conditions set forth in this Lease Agreement. Unless otherwise agreed in writing, the Equipment shall also include, where applicable, all permanent merchandising, menu boards, refrigeration units, ice makers and water filtration equipment installed by Company on Lessee's premises. Each piece of Equipment is leased commencing on its installation date (the "Commencement Date"). Lessee may request the removal of any Equipment upon thirty (30) days prior written notice to Company. Removal of Equipment will not affect the term of any other agreement between the parties, such as a Beverage Marketing Agreement. If this Lease is terminated with respect to any piece of Equipment for any reason prior to 100 months from the Commencement Date for that piece of Equipment, Lessee will pay Company the actual cost of removal of that Equipment, as well as the unamortized portion of the cost of (i) installation, (ii) non-serialized parts (e.g., pumps, racks and regulators) and other ancillary equipment, (iii) remanufacturing, and (iv) standard shipping and handling charges. The terms of this Lease will continue in effect with respect to each piece of Equipment until the Equipment has been removed from Lessee's premises and will survive the expiration or termination of the Beverage Marketing Agreement.

**2. RENT FOR THE EQUIPMENT.** All equipment leased to Lessee will be leased at an annual rate calculated by multiplying the total installed cost of equipment by the then-current lease factor, plus all applicable sales and use taxes, if any, as rent for the Equipment. Rent will be due monthly. At Company's discretion, Company may utilize funds due Lessee to offset amounts due Company under this Agreement. If Lessee fails to pay, within 10 days of its due date, rent or any other amount required by this Lease to be paid to Company, Lessee shall pay to Company a late charge equal to five percent (5%) per month of such overdue payment, or such lesser amount that Company is entitled to receive under any applicable law.

**3. TITLE TO THE EQUIPMENT.** Title to the Equipment is, and will at all times remain, vested in Company. Lessee will have no right, title, or interest in or to the Equipment, except the right to quiet use of the Equipment in the ordinary course of its business as provided in this Lease. Lessee shall execute such title documents, financing statements, fixture filings, certificates and such other instruments and documents as Company shall reasonably request to ensure to Company's satisfaction the protection of Company's title to the Equipment and Company's interests and benefits under this Lease. Lessee shall not transfer, pledge, lease, sell, hypothecate, mortgage, assign or in any other way encumber or dispose of any of the Equipment. THE PARTIES AGREE, AND LESSEE WARRANTS, THAT THE EQUIPMENT IS, AND WILL AT ALL TIMES REMAIN, PERSONAL PROPERTY OF COMPANY NOTWITHSTANDING THAT THE EQUIPMENT OR ANY PART THEREOF MAY NOW BE, OR HEREAFTER BECOME, IN ANY MANNER AFFIXED OR ATTACHED TO, OR EMBEDDED IN, OR PERMANENTLY RESTING UPON, REAL PROPERTY OR IMPROVEMENTS ON REAL PROPERTY. Lessee may perform ordinary maintenance and repairs to the Equipment as required by this Lease, but shall not make any alterations, additions, or improvements to the Equipment without the prior written consent of Company. All parts added to the Equipment through alterations, repairs, additions or improvements will constitute accessions to, and will be considered an item of the Equipment and title to such will immediately vest in Company. Lessee agrees that Company may transfer or assign all or any part of Company's right, title and interest in or to any Equipment (in whole or in part) and this Lease, and any amounts due or to become due, to any third party ("Assignee") for any reason. Upon receipt of written notice from Company of such assignment, Lessee shall perform all its obligations with respect to any such Equipment for the benefit of the applicable Assignee, and, if so directed, shall pay all amounts due or to become due hereunder directly to the applicable Assignee or to any other party designated by such Assignee.

**4. USE OF EQUIPMENT.** Lessee acknowledges that the rent does not fully compensate Company for its expenses concerning its research and development efforts designed to improve fountain equipment or in providing the Equipment to Lessee, and that Company provides the Equipment to Lessee for the purpose of dispensing Company products. Therefore, Lessee agrees that if the Equipment is a fountain beverage dispenser, then the Equipment will be used for the purpose of dispensing fountain beverage products of Company, such as Coca-Cola® classic (or Coke®), diet Coke® and Sprite®, with the understanding that, if the dispenser has four (4) or more valves, one (1) valve may be used at Lessee's option for dispensing one (1) non-Company, non-cola fountain beverage product; provided, that no product of PepsiCo, Inc. or of an affiliate thereof may be dispensed. Lessee further agrees not to dispense any product whose pendency could affect normal operation of the Equipment. In accordance with Company's Fair Share Policy, Company will have the right to additional rent if any valve is used for a non-Company beverage (including water), at a rate of not less than \$45 per dispenser per year. If the Equipment is a pump for bag-in-box or similar container, such pump may be used only to dispense Company products. If the Equipment is other than a fountain beverage dispenser or a pump, then it will be used only in a location where fountain beverage products of Company are served and where no fountain beverage products of PepsiCo, Inc. or an affiliate of PepsiCo, Inc. are served. This Section 4 shall not apply within the State of Wisconsin.

**5. INSPECTION AND NOTIFICATION.** Company shall have the right during Lessee's regular business hours to inspect the Equipment at Lessee's

premises or wherever the Equipment may be located and to review all records that relate to the Equipment. Lessee shall promptly notify Company of all details arising out of any change in location of the Equipment, any alleged encumbrances thereon or any accident allegedly resulting from the use or operation thereof.

**6. WARRANTY DISCLAIMER:** LESSEE ACKNOWLEDGES THAT COMPANY IS NOT A MANUFACTURER OF THE EQUIPMENT AND THAT COMPANY HAS MADE NO REPRESENTATIONS OF ANY NATURE WHATSOEVER PERTAINING TO THE EQUIPMENT OR ITS PERFORMANCE, WHETHER EXPRESS OR IMPLIED, INCLUDING (WITHOUT LIMITATION) ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER WARRANTIES RELATING TO THE DESIGN, CONDITION, QUALITY, CAPACITY, MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR ITS PERFORMANCE, OR ANY WARRANTY AGAINST INTERFERENCE OR INFRINGEMENT, OR ANY WARRANTY WITH RESPECT TO PATENT RIGHTS, IF ANY, PERTAINING TO THE EQUIPMENT. COMPANY SHALL NOT BE RESPONSIBLE FOR ANY LOSS OF PROFITS, ANY DIRECT, INCIDENTAL OR CONSEQUENTIAL LOSSES, OR DAMAGES OF ANY NATURE WHATSOEVER, RESULTING FROM THE DELIVERY, INSTALLATION, MAINTENANCE, OPERATIONS, SERVICE OR USE OF ANY EQUIPMENT OR OTHERWISE.

**7. TAXES.** Lessee shall pay all assessments, license fees, taxes (including sales, use, excise, personal property, ad valorem, stamp, documentary and other taxes) and all other governmental charges, fees, fines or penalties whatsoever, whether payable by Company or Lessee, on or relating to the Equipment or the use, registration, rental, shipment, transportation, delivery, or operation thereof, and on or relating to this Lease.

**8. MAINTENANCE AND REPAIRS.** If Lessee elects to use one valve to dispense

one (1) non-Company beverage pursuant to Section 4, Company may charge for its costs of servicing such valve in accordance with Company's Fair Share Policy at a rate of not less than \$25 per outlet per year. Lessee shall, at its expense, keep the Equipment in good condition, repair, and working order. Lessee shall pay all costs incurred in connection with the shipment, use, operation, ownership, or possession of the Equipment during the term of this Lease. Lessee's sole recourse against Company with respect to service provided by Company or its agents to the Equipment is that Company will correct any defective workmanship at no additional charge to Lessee, provided that Company is given prompt notification of any defective workmanship. Company shall not be otherwise liable for negligent acts or omissions committed in regard to maintenance or repair of the Equipment and assumes no responsibility for incidental, consequential or special damages occasioned by such negligent acts or omissions.

**9. RISK OF LOSS.** All risk of loss, including damage, theft or destruction, to each item of Equipment will be borne by Lessee. No such loss, damage, theft or destruction of Equipment, in whole or in part, will impair the obligations of Lessee under this Lease, all of which will continue in full force and effect.

**10. INDEMNITY.** Lessee shall indemnify Company and Company's officers, agents, employees, directors, shareholders, affiliates, successors, and assigns (hereinafter the "Indemnified Parties") against, and hold Indemnified Parties wholly harmless from, any and all claims, actions, suits, proceedings, demands, damages, and liabilities of whatever nature, and all costs and expenses, including without limitation Company's reasonable attorneys' fees and expenses, relating to or in any way arising out of (a) the ordering, delivery, rejection, installation, purchase, leasing, maintenance, possession, use, operation, control or disposition of the Equipment or any portion thereof; (b) any act or omission of Lessee, including but not limited to any loss or damage to or sustained by Company arising out of Lessee's failure to comply with all the terms and conditions of this Lease; (c) any claims for liability in tort with respect to the Equipment, excepting only to the degree such claims are the result of Company's negligent or willful acts. The provisions of this Section 10 will survive termination and expiration of this Lease.

**11. DEFAULT.** The occurrence of any of the following will constitute a "Default" by Lessee: (a) nonpayment by Lessee when due of any amount due and payable under this Lease; (b) failure of Lessee to comply with any provision of this Lease, and failure of Lessee to remedy, cure, or remove such failure within ten (10) days after receipt of written notice thereof from Company; (c) any statement, representation, or warrant of Lessee to Company, at any time, that is untrue as of the date made; (d) Lessee's becoming insolvent or unable to pay its debts as they mature, or Lessee making an assignment for the benefit of creditors, or any proceeding, whether voluntary or involuntary, being instituted by or against Lessee alleging that Lessee is insolvent or unable to pay its debts as they mature; (e) appointment of a receiver, liquidator, trustee, custodian or other similar official for any of the Equipment or for any property in which Lessee has an interest; (f) seizure of any of the Equipment; (g) default by Lessee under the terms of any note, document, agreement or instrument evidencing an obligation of Lessee to Company or to any affiliate of Company, whether now existing or hereafter arising; (h) Lessee taking any action with respect to the liquidation, dissolution, winding up or otherwise discontinuing the conduct of its business; (i) Lessee transferring all or substantially all of its assets to a third party; or (j) the transfer, conveyance, assignment or pledge of a controlling interest or ownership of Lessee to a third party without Company's prior written consent.

**12. OPTION TO ACCELERATE AT WILL.** If at any time Company in good faith believes that the prospect for Lessee's payment or other performance under this Lease is impaired, Company may demand immediate payment of all rents due and scheduled to come due during the remainder of the Lease term. All future rent accelerated under this or any other provision of this Agreement will be discounted to present value, which will be computed at a discount rate of five (5) percent. Failure of Lessee to make full payment within thirty (30) days of its receipt of the

Exhibit J-5

demand for accelerated rent will constitute a "Default" by Lessee as defined in Section 11.

**13. REMEDIES.** Upon the occurrence of any Default or at any time thereafter, Company may terminate this Lease as to any or all items of Equipment, may enter Lessee's premises and retake possession of the Equipment at Lessee's expense, and will have all other remedies at law or in equity for breach of the Lease. Lessee acknowledges that in the event of a breach of Sections 4 or 5 or a failure or refusal of Lessee to relinquish possession of the Equipment in breach of this section following termination or Default, Company's damages would be difficult or impossible to ascertain, and Lessee therefore agrees that Company will have the right to an injunction in any court of competent jurisdiction restraining said breach and granting Company the right to immediate possession of the Equipment.

**14. LIQUIDATED DAMAGES.** If Lessee acts in violation of the prohibitions described in Section 3 of this Agreement, or is unable or unwilling to return the Equipment to Company in good working order, normal usage wear and tear excepted, at the expiration or termination of the Lease, Lessee shall pay as liquidated damages the total of: (i) the amount of past-due lease payments, discounted accelerated future lease payments, and the value of Company's residual interest in the Equipment, plus (ii) all tax indemnities associated with the Equipment to which Company would have been entitled if Lessee had fully performed this Lease, plus (iii) costs, interest, and attorneys' fees incurred by Company due to Lessee's violation of Section 3 or its failure to return the Equipment to Company, minus (iv) any proceeds or offset from the release or sale of the Equipment by Company.

**15. OTHER TERMS.** FBF represents and warrants that it complies with all applicable laws and regulations and all appropriate practices with respect to food safety including the storing, preparation and serving of food. Furthermore, FBF acknowledges and agrees to comply with all equipment manufactures' specifications and product dispensing and preparation instructions and specifications. No failure by Company to exercise and no delay in exercising any of Company's rights hereunder will operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or of any other rights. This Lease constitutes the entire agreement of the parties and supersedes all prior oral and written agreements between the parties governing the subject matter of this Lease; provided, however, that if Company and Lessee have entered into a Marketing Agreement into which this Lease is incorporated, to the extent that any of the terms in this Lease conflict with the terms set forth in the Marketing Agreement, the terms of the Marketing Agreement will control. No agreement will be effective to amend this Lease unless such agreement is in writing and signed by the party to be charged thereby. Any notices permitted or required by this Lease will be in writing and mailed by certified mail or hand delivered, addressed to the respective addresses of the parties. All claims, actions or suits arising out of the Lease shall be litigated in courts in either the State of Georgia or in the state of Lessee's principal place of business. Each party hereby consents to the jurisdiction of any local, state or federal court located within the State of Georgia and/or the state of Lessee's principal place of business, and designates the Secretary of State of the State as its agent for service of process. THIS LEASE WILL BE GOVERNED BY THE LAWS OF THE STATE OF GEORGIA. Time is of the essence to each and all the provisions on this Lease.

**EXHIBIT K**  
**GENERAL RELEASE**  
**[SEE ATTACHED]**

Exhibit K-1

**GENERAL RELEASE**

This General Release is made effective this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_. In consideration for the grant by Flying Biscuit Franchising, Inc., a Georgia corporation ("Flying Biscuit"), to the undersigned of certain rights in connection with the operation of a Flying Biscuit facility and/or the transfer or renewal thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally release, discharge, and acquit Flying Biscuit, its past and present subsidiaries and affiliates, and its and their shareholders, owners, directors, officers, managers, members, partners, employees, agents, representatives, successors and assigns, from any and all liabilities, damages, claims, demands, costs, expenses, debts, indemnities, suits, disputes, controversies, actions and causes of action of any kind whatsoever, whether known or unknown, fixed or contingent, regarding or arising out of any prior or existing franchise relationship, development agreement, franchise agreement or any other agreement executed by any of the undersigned and Flying Biscuit (or any subsidiary or affiliate of Flying Biscuit), any Flying Biscuit facility (whether currently or previously owned or operated by the undersigned or any of them), or any other prior or existing business relationship between any of the undersigned and Flying Biscuit (or any subsidiary or affiliate of Flying Biscuit), which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against Flying Biscuit (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims arising from contract, written or oral communications, alleged misrepresentations, and acts of negligence, whether active or passive. This General Release shall survive the assignment or termination of any of the franchise agreements or other documents entered into by and between Flying Biscuit and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve Flying Biscuit or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law. This General Release shall be governed by and construed in accordance with the laws of the State of Georgia without regard to its conflicts of law provisions.

WITNESS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_, Individually

\_\_\_\_\_

\_\_\_\_\_, Individually

**EXHIBIT L**  
**STATE EFFECTIVE DATES**  
**[SEE ATTACHED]**



### **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:

| <b>State</b>         | <b>Effective Date</b> |
|----------------------|-----------------------|
| California           |                       |
| Florida (Exemption)  | November 7, 2025      |
| Hawaii               |                       |
| Illinois             |                       |
| Indiana              |                       |
| Kentucky (Exemption) | November 2, 2006      |
| Maryland             |                       |
| Michigan             |                       |
| Minnesota            |                       |
| Nebraska (Exemption) | November 2, 2006      |
| New York             |                       |
| North Dakota         |                       |
| Rhode Island         |                       |
| South Dakota         |                       |
| Texas (Exemption)    | November 2, 2006      |
| Virginia             | Pending               |
| Washington           |                       |
| Wisconsin            |                       |

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

**EXHIBIT M**  
**RECEIPTS**  
**[SEE ATTACHED]**

## RECEIPT

This Disclosure Document summarizes provisions of the development agreement, the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Flying Biscuit Franchising, Inc. 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. However, some state franchise laws, including New York, require Flying Biscuit Franchising, Inc. to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business 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.

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

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: \_\_\_\_\_,

6090 Roswell Road, Atlanta, Georgia 30328, (833) 322-2330.

The issuance date of this Franchise Disclosure Document is May 7, 2026 (except those states listed on Attachment 1 to this Disclosure Document that have a different effective date).

We authorize the respective agents identified on Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document from Flying Biscuit Franchising, Inc. dated as of May 7, 2026, that included the following Exhibits:

- A. State Agencies and Administrators and Franchisor's Agents for Service of Process
- B. Market Development Agreement
- C. Franchise Agreement
- D. Operations Manual Table of Contents
- E. State Specific Addenda
- F. Current Franchisees
- G. Franchisees Who Have Left the System
- H. Financial Statements
- I. Intentionally Deleted
- J. Coca-Cola Participation Agreement
- K. General Release
- L. State Effective Dates
- M. Receipts

Dated: \_\_\_\_\_

PROSPECTIVE FRANCHISEE:

If a corporation or LLC:

If an individual:

\_\_\_\_\_  
(Name of corporation or LLC)

\_\_\_\_\_  
(Signature)

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name)

Its \_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Address of corporation, LLC, or individual(s): \_\_\_\_\_

\_\_\_\_\_

**YOUR COPY- RETAIN FOR YOUR FILES**

Exhibit M-3

## RECEIPT

This Disclosure Document summarizes provisions of the development agreement, the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Flying Biscuit Franchising, Inc. 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. However, some state franchise laws, including New York, require Flying Biscuit Franchising, Inc. to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business 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.

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

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: \_\_\_\_\_,

6090 Roswell Road, Atlanta, Georgia 30328, (833) 322-2330.

The issuance date of this Franchise Disclosure Document is May 7, 2026 (except those states listed on Attachment 1 to this Disclosure Document that have a different effective date).

We authorize the respective agents identified on Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document from Flying Biscuit Franchising, Inc. dated as of May 7, 2026, that included the following Exhibits:

- A. State Agencies and Administrators and Franchisor's Agents for Service of Process
- B. Market Development Agreement
- C. Franchise Agreement
- D. Operations Manual Table of Contents
- E. State Specific Addenda
- F. Current Franchisees
- G. Franchisees Who Have Left the System
- H. Financial Statements
- I. Intentionally Deleted
- J. Coca-Cola Participation Agreement
- K. General Release
- L. State Effective Dates
- M. Receipts

Dated: \_\_\_\_\_

PROSPECTIVE FRANCHISEE:

If a corporation or LLC:

If an individual:

\_\_\_\_\_  
(Name of corporation or LLC)

\_\_\_\_\_  
(Signature)

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name)

Its \_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

Address of corporation, LLC, or individual(s): \_\_\_\_\_

\_\_\_\_\_

**OUR COPY- RETURN TO US**

Exhibit M-5