FRANCHISE DISCLOSURE DOCUMENT

The Yard Milkshake Bar Franchising, LLC

234 Office Park Drive, Gulf Shores, Alabama 36542

251-979-3914

theyardmilkshakebar.com

We grant you the right to operate a The Yard Milkshake Bar™ Restaurant ("Restaurant"). Your Restaurant will offer premium ice cream, milkshakes, and desserts from a distinctive, high-end menu, as well as parties and event services.

The total investment necessary to begin operation of a The Yard Milkshake Bar Restaurant is from $252,000-835,000. This includes $51,000 that must be paid to us or our affiliates.

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, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Chelsea Green, 234 Office Park Drive, Gulf Shores, AL 36542, 251-979-3914 office@theyardmilkshakebar.com.

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 accountant. Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: June 6, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit J.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only The Yard Milkshake Bar business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Yard franchisee?	Item 20 or Exhibit J lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising
Generally

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 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 requires you to resolve disputes with the franchisor by mediation, arbitration, or litigation only in Alabama. 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 franchisor in Alabama than in your state.

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

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

4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

TABLE OF CONTENTS

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify this Franchise Disclosure Document, "We" or "Us" means The Yard Franchising, LLC d/b/a The Yard d/b/a The Yard Milkshake Bar, the franchisor. "You" means the person or entity that buys the franchise. If the franchisee is a corporation, partnership, or other entity, "you" may also mean its owners.

The Franchisor.

We are an Alabama limited liability company formed in July 2018. We began offering franchises in July of 2018. Our principal place of business is 234 Office Park Drive, Gulf Shores, Alabama 36542. Our phone number is 251-979-3914. Our website address is www.theyardmilkshakebar.com. We do business under the names "The Yard" and "The Yard Milkshake Bar." We acquired a key trademark from our predecessor, Island Ice Cream and Treats, LLC, an Alabama limited liability company. Island Ice Cream and Treats, LLC did not sell franchises or operate a The Yard Milkshake Bar. The principal business address of Island Ice Cream and Treats, LLC is 1154 W Beach Blvd, Gulf Shores, AL 36542.

Our parent is The Yard Milkshake Bar Holdings, Inc., an Alabama corporation that shares our address, phone numbers, and website address. We have several affiliates: (1) The Yard Milkshake Bar Properties, LLC, an Alabama limited liability company that shares our address, phone numbers, and website address; (2) The Yard Milkshake Bar, LLC, an Alabama limited liability company that shares our address, phone numbers, and website address; (3) The Yard Milkshake Bar of Panama City, LLC, a Florida limited liability company that shares our address, phone numbers, and website address; (4) The Yard Milkshake Bar of Austin, LLC, an Alabama limited liability company that shares our address, phone numbers, and website address; and (5) The Yard Milkshake Operations, LLC, an Alabama limited liability company that shares our address, phone numbers, and website address (collectively, our "Affiliates").

We and our Affiliates have common ownership. The Yard Milkshake Bar Properties, LLC does not operate a business similar to the type being franchised, has never offered franchises in any line of business, and is the owner of the trademarks described in Item 13. The Yard Milkshake Operations, LLC does not operate a business similar to the type being franchised, has never offered franchises in any line of business, and produces and sells certain items that you are required to purchase as part of our franchise relationship.

The Yard Milkshake Bar, LLC ("The Yard Gulf Shores"), The Yard Milkshake Bar of Panama City, LLC ("The Yard PCB"), and The Yard Milkshake Bar of Austin, LLC ("The Yard Austin") each operate businesses similar to the type being franchised, but have never offered franchises in any line of business. The Yard Gulf Shores opened a restaurant in May 2017 and remains open. The Yard PCB opened in June 2018 and remains open. The Yard Austin opened in June 2019 and remains open. Our affiliate The Yard Milkshake Bar Fairhope, LLC operated a restaurant in Fairhope, Alabama beginning in March 2018, but that restaurant closed in April of 2023.

Our agents for service of process are disclosed in Exhibit A to this Disclosure Document. We do not engage in any business other than offering franchises of The Yard Milkshake Bar.

Our Business Experience.

Our company was formed in May of 2018 for the purpose of selling franchises. Neither we nor our affiliates have ever offered a franchise prior to May of 2018. Our affiliates The Yard Gulf Shores, The Yard Austin, and The Yard PCB are all under common ownership with us and have conducted the type of business you will operate.

The Franchise.

We grant you the right to operate a The Yard Milkshake Bar (the "Restaurant"). Your Restaurant will serve freshly prepared milkshakes, ice cream, cookie dough, and other food and beverages from a distinctive menu in a unique setting. Each Restaurant operates under the name The Yard Milkshake Bar and other marks as we designate, such as The Yard (the "Trademarks").

You must operate your Restaurant under certain required practices and standards that we may change and update from time to time. We will also identify certain best practices that you may but are not required to follow.

The Market and Competition.

Your Restaurant will sell gourmet milkshakes, edible cookie dough, ice cream, and other food and beverages, as well as on-site party and event services. Your competitors include ice cream shops, gourmet food retailers, fast food restaurants that sell milkshakes, and other businesses that sell similar food and beverages. Many of your competitors, such as Cold Stone Creamery, Marble Slab Creamery, Baskin Robbins, Dairy Queen, Dippin Dots, Hershey's, and others are part of regional and national networks. Other competitors are independent businesses. The market for gourmet dessert and milkshake restaurants is small but developing, while the market for ice cream and similar treats is well-developed and saturated. Our primary target market is younger crowds aged 13-30 and families with children.

Licenses and Permits.

In addition to laws and regulations that apply to businesses generally, your Restaurant will be subject to various federal, state, and local government regulations, including those related to site location and building construction, such as the Americans with Disabilities Act, as amended. You are also subject to various regulations pertaining to food handling, storage, and service. It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities. You must comply with these laws and other laws that apply to businesses generally.

ITEM 2

BUSINESS EXPERIENCE

Logan J. Green – Chief Executive Officer

Mr. Green has served as the Chief Executive Officer of The Yard Gulf Shores since May 2017. He now serves as our Chief Executive Officer and Franchise Operations Officer. From 2014 to 2017, he served as the co-owner and manufacturing director of Monogram Monthly and The Green Gift Company, both e-commerce apparel and gift retailers. From 2013 to 2017, Mr. Green served as a superintendent of Green Electric, an electrical contractor.

Chelsea L. Green – Chief Operating Officer

Ms. Green has served as the Chief Operating Officer of The Yard Gulf Shores since May 2017. From 2011 to 2017, she was the owner operator of Island Ice Cream and Treats, LLC, which operated an ice cream shop in Gulf Shores, Alabama. From 2014 to 2017, she was the owner and CEO of Monogram Monthly and The Green Gift Company, both e-commerce apparel and gift retailers. She now serves as our Chief Operating Officer, Treasurer, and Franchise Marketing Officer.

Ali R. Green – Chief of Operations

Ms. Ali Green has served as our Franchise Training Officer since May of 2018. From 2013 to 2014, she was a leasing agent for Hilburn Apartments in Pensacola, Florida. From 2014 to 2017, she was a pre-school teacher at The Joy Center of Foley, Alabama and Grace Fellowship Mothers Day Out in Gulf Shores, Alabama. In 2017, she became General Manager of The Yard Gulf Shores. In 2018, she became Franchise Training Officer for us. She served in that role until mid 2019, when she became Chief of Operations for us. In that role, she manages operations for company owned stores and assists with franchisee training and ongoing support.

Kevin Walker – Franchise Sales Director

Kevin has served as our Franchise Sales Director since August of 2022. Kevin graduated from the University of Alabama in 2014. From 2015 through 2019, he worked as Financial Sales Representative for Tyndall Fedweral Credit Union. Kevin then worked as a Mortgage Loan Originator for Supreme Lending from July 2018 through October 2019. He then transitioned to a Producing Branch Manager role at Cardinal Financial from July 2019 until August 2022, when he joined our team.

Patrick Plash – Corporate Trainer

Mr. Patrick Plash has over 20 years of hospitality and management experience. In Dallas, Texas, Patrick spent seven years with Macaroni Grill as service and development manager, BOH manager, bar manager, and executive chef from 2010 to 2017. Patrick worked as supervisor and trainer at LuLu’s Restaurant in Gulf Shores, Alabama from March 2017 through March 2020. He served as Grocery Director at Rouse’s in Gulf Shores from April 2020 to January 2021. Patrick joined The Yard as Corporate Trainer and Operations Manager in February 2021.

Adam Sterling – Corporate Trainer

Adam Sterling served 10 years in the military from 2007 until 2017. After retiring from the military, Adam was security manager at Ocean Lakes resort from 2017 to 2019, and in 2019 became the General Manager of Tropical Smoothie Cafe. After a few months, Adam became the area trainer and helped the franchisee grow from 2 locations to 16. In 2020 and 2021 Adam was the practice manager at Clarkson Eyecare. In 2021, Adam joined our team as a Corporate Franchise Trainer/Inspector.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

The amount of your Initial Franchise Fee will depend on how many Restaurants you open. For your first Restaurant, the Initial Franchise Fee is $45,000.00. For your second, third, fourth, fifth, and sixth Restaurants, the Initial Franchise Fee for each Restaurant is $40,000.00. For all Restaurants you open above six, the Initial Franchise Fee is $35,000.00. The Initial Franchise Fee is a lump sum payment, fully earned upon receipt, and is not refundable. The Initial Franchise Fee grants a franchise term of ten years. In 2022, Initial Franchise Fees paid ranged from $35,000.00 to $45,000.00. In some instances, we have charged lower Initial Franchise Fees for multi-unit franchisees in certain strategic markets. For each Restaurant you open, you must purchase a "Grand Opening Package" from us, which includes certain advertising and promotion services, at the cost of $2,500, and also pay an Initial Training Fee at the cost of $3,500.

Each Restaurant will require its own Franchise Agreement, regardless of whether you have already signed a Franchise Agreement with us. We do not offer a Multi-Unit Franchise Agreement.

ITEM 6

OTHER FEES

Name of Fee	Amount	Due Date	Remarks

Royalty	6% of Net Cash Sales*	1st of each month	This payment will be auto-drafted and is net of sales tax.
Advertising Fund	2% of Net Cash Sales up to $15,000 per Restaurant per year	1st of each month	This payment will be auto-drafted and is net of sales tax.
Local Advertising	1% of Net Cash Sales	December 31 of each year	We require you to provide an annual report of expenditures showing that you spent at least 1% of your Net Cash Sales on local advertising.
Promotional Costs	Up to $3,500	Restaurant opening anniversary date	We require you to host an annual birthday party on the anniversary of your Restaurant opening. Promotional Costs are advertising costs that are paid to third parties.
Initial Training	$3,500.00	Within 30 days of opening	In addition to this fee, you must reimburse us for travel and lodging costs for our trainers.
Additional Training	$85/hour plus expenses	Within 30 days of date incurred	If you request or we require additional training, you must reimburse our staff their hourly fee, and pay for travel and lodging costs.
Transfer Fee	$6,000.00	At the time of transfer	See Item 22(b).
Renewal Fee	$10,000.00	At the time of renewal	See Item 4(c).

Lost Manual Fee	$500	Upon loss of operations manual	If your Operations Manual is lost, destroyed, or misplaced, you must pay a $500 fee to replace it. See Attachment G
Late Opening Fee	$2,500	Upon receipt of statement	If you open your Restaurant more than 270 days after signing the Franchise Agreement, you will owe a Late Opening Fee of $2,500
Advertising Cooperative Fees	Up to 2% of Net Cash Sales	1st of each month	If we establish an advertising cooperative for your region, you may be required to pay up to 2% of your Net Cash Sales each month towards the advertising cooperative. See Section 17 of the Franchise Agreement.
Securities Offering Fee	Greater of $10,000 or reasonable, actual costs and expenses	Upon receipt of statement	See Section 27 of Franchise Agreement.
Liquidated Damages (Termination)	Amount equal to average monthly Royalties for preceding twelve months multiplied by less of 24 or number of months remaining in term.	Upon termination due to Franchisee breach	See Section 32(b) of Franchise Agreement

Audit Fee	Cost of Audit	Upon completion of audit	If we must audit your books, you must reimburse us for the cost, and pay for travel and lodging costs.
Liquid Damages (Default)	$500 for first default, $2,500 for second default, $5,000 for third and subsequent defaults	Upon receipt of statement	See Section 48 of Franchise Agreement.
Interest on Late Payments	Lesser of: (a) Wall Street Journal Prime (currently 3.25%) plus 2% or (b) maximum rate allowed by law.	Upon receipt of statement	Interest begins accruing on day after due date.
Insurance	$3,600-6,500 annually	When premiums are due	We require that you maintain general auto and liability insurance with limits of $1,000,000 per occurrence, $2,000,000 aggregate, and $2,000,000 umbrella from a provider with an A/V III rating or better at all times.
Taxes	Amount assessed against Franchisor for any federal, state, or local sales, gross receipts, use, value added, excise or similar taxes assessed against us on the Royalty and Marketing Fees	Upon receipt of statement	See Section 5(e) of the Franchise Agreement.

Note: All fees paid to us are fully earned when paid and are non-refundable.

Net Cash Sales means the total revenue derived from the sale of goods or services, less sales tax, discounts, allowances, and returns.

All fees are uniformly imposed, with the exception of Liquidated Damages (Default), which we impose in our discretion.

ITEM 7

ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNTS	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee (Note 1)	$35,000-45,000.00	Lump sum	Upon signing of Franchise Agreement	Us
Lease (Note 2)	$4,500-14,500 per month; total of $13,500-43,500 for 3 months pre-opening and first month of operations	As arranged	As arranged	Landlord
Blueprints, Plans, and Permits (Note 3)	$10,000-25,000	As arranged	As arranged	Third Party Vendors and Municipalities/ Counties
Leasehold Improvements (Note 4)	$98,000-525,000	As arranged	As arranged	Contractors
Furniture and Fixtures, and Equipment (Note 5)	$35,000-65,000	As arranged	As arranged	Third Party Suppliers
Signage	$12,000-20,000	As incurred	As incurred	Third Party Suppliers
Point of Sale System	$2,200-3,000	Lump sum	30 days prior to opening	Third Party Supplier
Initial Inventory and Operating Supplies (Note 6)	$15,000-30,000	As arranged	As arranged	Third Party Suppliers
Security Deposits (Note 7)	$4,500-14,500	As arranged	As arranged	Landlord and Utility Providers
Insurance (Note 8)	$4,500-11,000	As arranged	As arranged	Insuranc e

Initial Advertising and Promotion (Note 9)	$2,500-10,000	As incurred	As incurred	Us, Media, Printers, and other Suppliers
Professional Fees, Business Licenses (Note 10)	$2,500-5,000	As arranged	As arranged	Attorneys, Accountants, other professionals, Local and State agencies
Training (Note 11)	$5,000-8,000	As incurred	As incurred	Us; See Item 11 For more Information on additional training
Additional Funds (Note 12)	$2,500-30,000	As incurred	As incurred in First three Months of Operations	Employees, Vendors
TOTAL:	**$242,200-$835,000**			

Notes:

1. Initial Franchise Fee. The standard fee is $45,000. See Item 1. The Initial Franchise Fee is for a ten year term. For your second, third, fourth, fifth, and sixth Restaurants, the Initial Franchise Fee for each Restaurant is $40,000.00. For all Restaurants you open above six, the Initial Franchise Fee is $35,000.00.

2. Lease. We estimate that your Lease obligations will vary between $25 and $90 per square foot in base rent per annum depending on the type and location of the space you lease. Our estimates of annual rent are based on a 1,500 square foot space, and you may wish to build a smaller or larger Restaurant. Accordingly, the actual cost of a Lease could vary from the estimates we have provided. The basis for the low-end estimate is a lease of $25 PSF where rent commences upon opening for business, and you are provided with a rent concession by your landlord for the period before opening. It is not reasonable to expect a rent concession for any period of time. The high-end estimate is based upon a lease rate of $90 PSF where rent commences immediately and includes three months of rent. Fifteen hundred square feet is a typical size for franchised restaurants. The typical location for a franchised restaurant is an inline location in a strip mall or downtown setting. We do not have a specific minimum space requirement.

3. Blueprints, Plans, and Permits. Blueprints, plans, and permits include those necessary for constructing leasehold improvements, and could vary beyond the range indicated based on market factors. We estimate that blueprints, plans, and permits to open a 1,500 sq. ft. store will cost approximately $10,000-$25,000 based upon our experience.

4. Leasehold Improvements. The cost of leasehold improvements can vary based on the location and size of your Restaurant, as well as the finishes and extra features you select. We require certain standards, but you may add additional features with our approval. Our estimated cost of leasehold improvements includes the cost of an architect and structural engineer. We note that construction costs have increased significantly since 2020 and may continue to rise. Increased construction costs through May of 2023 have been incorporated into our estimates.

5. Furniture, Fixtures, and Equipment. You will purchase specific FF&E from third-party suppliers that we approve. The types of FF&E you must purchase include tables, chairs, refrigerators, cold drink dispensers, hot drink dispensers, signage, drinkware, silverware, plates, menu boards, food mixing equipment, and freezers. You may also purchase additional FF&E with our approval.

6. Initial Inventory and Operating Supplies. Our estimate is based upon 3 months of operating supplies and inventory from Sysco, Blue Bell, and Coke. The operating supplies and inventory you will be required to purchase include ice cream, cookie dough, confectionary items such as candy bars, cookies and waffles, ice cream toppings, straws, napkins, cleaning supplies, plastic silverware, receipt paper, hot chocolate, soda concentrate, and co2. Depending on the size, location, and volume of your Restaurant, these estimates could varysignificantly.

7. Security Deposits. Our estimate is based upon security deposits paid by franchisees and company-owned stores. Generally, security deposits equivalent to one month of base rent are required.

8. Insurance. Our estimate is based upon 12 months of insurance premiums for the insurance described in Item 6.

9. Initial Advertising and Promotion. You must purchase a “Grand Opening Package” from us, which includes certain advertising and promotion services, at the cost of $2,500. You may wish to spend in excess of this amount to promote your new Restaurant.

10. Professional Fees, Business Licenses. Our estimate is based upon average fees for an attorney to form your business entity and set up basic licenses and permits, an accountant to set up bookkeeping, and the cost of licenses from local and state jurisdictions. These amounts could vary based upon your Restaurant’s specific needs.

11. Training. We require that you pay us a fee of $3,500 for initial training. This fee includes ten days of opening assistance. You are also required to pay travel and living expenses in connection with this opening assistance and initial training. Based on our experience, this cost will range from $1,500-4,500. We have included $1,500 at the low end of this estimate. You may wish to receive additional training, or we may require that you receive additional training, at the cost set forth in Item 6, in addition to travel and living expenses for our trainers.

12. Additional Funds. Our estimate is based upon additional expenses that may be necessary to open, including travel and living expenses while training, organizational

expenses, extra supplies, and other miscellaneous expenses of starting a new Restaurant over three months of operations.

13. Refunds. All fees paid to us are fully earned when paid and are non-refundable.

14. Basis for Additional Funds Required. We considered our own experience in opening the Gulf Shores, Fairhope, Panama City Beach, and Austin corporate-owned stores in estimating the amount of additional funds required to open a Restaurant. Certain markets may be significantly more expensive to open a Restaurant in, so you should thoroughly research such costs before signing a Franchise Agreement.

15. No Financing. We do not provide any financing to franchisees, either directly or indirectly.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We do not require you to purchase any products or services from us or our affiliates.

We have also provided a Supplier Sheet, attached hereto as Exhibit M. As disclosed on the Supplier Sheet, you must purchase ice cream from the Blue Bell Creameries, soda syrup concentrate from the Coca-Cola Company, and various baked goods, confections, hot chocolate mix, candies, and ice cream toppings from the Sysco Corporation. We have issued our specifications and standards to our approved suppliers, and also make our criteria for supplier approval available to our franchisees. If you would like to utilize an alternative supplier, you may request approval by submitting pricing, terms, and samples to use for our review, and approval, which we will grant or deny within 10 days from receiving your request. Absent prior approval for an alternative supplier, you must purchase all items described on the Supplier Sheet from the suppliers designated on the Supplier Sheet. In the event that a supplier designated on the Supplier Sheet cannot serve your Restaurant or fails to perform based on the requirements of your Restaurant, you may contract with a new supplier after submitting pricing, terms, and samples to us for our review and approval, which we will grant or deny within 10 days from receiving your request. We reserve the right to revoke approvals for any suppliers without notice in the event that we learn of any issues with food or customer safety, or if we receive any complaints about the supplier.

You must use the Clover commercial point of system that you will purchase from a third party vendor all transactions in your Restaurant. The initial and estimated replacement cost of the POS system is approximately $1,590, and you will pay approximately $40-100 per month ($480-1,200 per year) for a subscription depending on how many applications you add to your POS system. You must also use Merchants Bancard Network for processing all credit card transactions in your Restaurant. You must also use Quickbooks online for bookkeeping. You will be responsible for approximately $80 per month ($960 per year) in subscription fees for Quickbooks.

We estimate that your obligatory purchases from Sysco, Coca-Cola, and Blue Bell will make up approximately 99% of all purchases from required vendors. We provide a material benefit to franchisees based on your use of designated or approved sources, including bulk cost-savings that we have negotiated on a system-wide basis as well as uniformity and consistency. Our company-owned stores receive the same negotiated pricing as franchised stores. Our affiliate The Yard Milkshake Operations, LLC receives rebates from Merchants Bancard Network of credit card processing fees equivalent to approximately 4% of credit card fees. In 2022 The Yard Milkshake Operations, LLC received $21,346.50 in rebates from Merchants Bancard Network. Our affiliate The Yard Milkshake Operations, LLC also receives rebates from Blue Bell Ice Cream equivalent to $4.00 per tub of ice cream purchased by any of our locations, including both franchise and company-owned stores. In 2022 The Yard Milkshake Operations, LLC received $8,500.00 in rebates from Blue Bell Ice Cream. No officer of the franchisor has any interest in any supplier.

Franchisor’s total revenue in 2022 was $1,371,712.00. Franchisor’s revenues from all required purchases and leases was $0.00 (or 0% of Franchisor’s total revenues). Franchisor’s affiliate The Yard Milkshake Operations, LLC received a total of $29,846.50 in revenue from rebates as describe above.

Franchisor provides material benefits, including renewal and consideration in granting additional franchises, based on Franchisee’s compliance with the Franchise Agreement, including the use of designated or approved suppliers. The use of unapproved suppliers without Franchisor consent is a default, the continuation of which can harm uniformity and consistency and serve as the grounds for termination.

There are no purchasing or distribution cooperatives at this time.

ITEM 9

FRANCHISEE’S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Item in Disclosure Document
a.	Site selection and acquisition/lease	Section 6(b)(c)	Items 7 and 11
b.	Pre-opening purchases/leases	Section 6(c)	Items 5, 6, 7, and 8
c.	Site development and other pre-opening requirements	Section 6	Items 7, 8, and 11
d.	Initial and ongoing training	Section 7(a) Section 8(a)	Items 5, 6, and 11
e.	Opening	Section 6(h)	Items 5 and 11
f.	Fees	Section 5	Items 5, 6, and 7

g.	Compliance with standards and policies/ Operations Manual	Section 8(b)	Items 6, 7, 8, 11, 14, and 16
h.	Trademarks and proprietary information	Section 3(c)	Items 13 and 14
i.	Restrictions on products/services offered	Section 7(c) Section 8(b)(c)	Items 6, 7, 8, 11, and 16
j.	Warranty and customer services requirements	Section 8(b)(c)	Items 6 and 11
k.	Territory	Section 3 & Attachment A	Item 12
l.	Ongoing product/service purchases	Section 8(c)	Items 6, 7, and 8
m.	Maintenance, appearance, and remodeling requirements	Section 8(e)(f)	Items 8 and 11
n.	Insurance	Section 21	Items 6, 7, and 8
o.	Advertising	Section 6(h) Section 17	Items 6, 7, and 11
p.	Indemnification	Section 34	N/A
q.	Owner's participation/ management/ staffing	Section 8	Items 11 and 15
r.	Records/reports	Section 14	Item 6 and 11
s.	Inspections/audits	Section 15	Items 6 and 11
t.	Transfer	Section 22(b)	Items 6 and 17
u.	Renewal	Section 4(b) (c)	Items 6 and 17
v.	Post-termination obligations	Section 32	Item 17
w.	Non-competition covenants	Section 11	Item 17
x.	Dispute Resolution	Section 46	Item 17
y.	Other	Not applicable	Not applicable

ITEM 10

FINANCING

We do not offer, either directly or indirectly, any financing to you. We are unable to estimate whether you will be able to obtain financing for any or all of your investment and, if so, the terms of such financing. We do not guarantee your notes, leases, or other obligations.

ITEM 11

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

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

Pre-Opening Assistance: Before you open your Restaurant, we will:

1. Provide you with the Supplier Sheet describing all required sources of supplies and inventory (Section 7(c) of Franchise Agreement).
2. Provide you with a written copy of the Manual (Section 7(b).)
3. Provide the training programs described below (Section 7(a)).
4. Approve a site for the location of your Restaurant, and if requested, provide you with advice and consultation in the selection of sites for your Restaurant (Section 6(b)). We will approve or deny the site and give you any conditions to acceptance within 30 days of your submission of a site location.
5. Approve or deny a proposed Lease for your Restaurant location within 30 days of your submission of information we request (Section 6(c)).
6. Provide you with standard plans, specifications, and layouts for interior build-out, mechanical and electrical systems, equipment, décor, and signs. (Section 6(d)). We do not provide suppliers or approve suppliers. We only provide specifications and do not deliver or install any items, with the exception of ice cream freezers, which we deliver and install at our expense and which remain the property of Franchisor.

Ongoing Assistance: During the operation of your Restaurant, we will:

1. Provide updates to the Supplier Sheet.
2. Provide pricing for all Menu items and services, and authorize discounts at our sole discretion.
3. Assist with the hiring and training of staff for a period of 7-15 days after opening
4. Visit your Restaurant as we reasonably determine to be necessary to provide consultation and guidance, although we are not required to do so under the Franchise Agreement.
5. Provide additional training courses, instruction, and seminars from time to time. We may require you to pay a fee to attend any additional training.
6. Maintain, through third parties, the display freezers provided by fountain drink and ice cream suppliers (currently Coca-Cola and Blue Bell, respectively).

Marketing

We provide regional and local marketing and advertising support with the funds supplied by each Restaurant's contribution to the Advertising Fund. All franchisees contribute the same percentage of Net Cash Sales to the Advertising Fund. The Advertising Fund will purchase media in radio, billboards, flyers, posters, signs, marquees, social media platforms, free standing displays, TV ads, all at our discretion. The source of this advertising will be in-house as well as local and regional advertising agencies, also at our discretion. Corporate-owned stores will not be required to contribute to the Advertising Fund. The Advertising Fund will not be audited, but an accounting of its records will be available to franchisees on an annual basis upon written request. Up to 25% of the Advertising Fund may be spent on advertising that is principally a solicitation for the sale of franchises.

We are not required to spend any amount on advertising in any franchisee's territory. There is no advertising council composed of franchisees. At some point in the future, we may establish one or more advertising cooperatives. If we establish a cooperative, we will define membership based on regions, and require each franchisee in the region to contribute the same amount, up to 2% of their Net Cash Sales to the advertising cooperative. Company-owned outlets will not contribute to any advertising cooperative. As of the date of this FDD, no advertising cooperative has been established. In order to preserve the strength of our marks and brand integrity, we do not allow you to use your own marketing or advertising materials.

In the most recently concluded fiscal year, the Advertising Fund collected $226,184.87. Of the total amount collected, $38,758.67 was expended on paid advertisements with third party vendors, and $105,104.95 was expended on salaries and expenses for Franchisor's staff, which expended a total of 4,500 hours on graphic design, photography, video production, social media production, blog posts, and website maintenance for the benefit of all franchisees. A total of $150,728.12 remains in reserves, which will be expended in 2023 for substantially similar purposes.

Point of Sale System

You must purchase a commercial Clover Point-of-Sale system from a third party vendor for your Restaurant (the "POS"). The POS includes all hardware and pre-programmed software necessary for you to receive payment for goods and services at your Restaurant, including the cash drawer, point of sale computer, and receipt printer. The POS is manufactured and supported by Clover Network, Inc., 415 North Mathilda, Sunnyvale, CA 94085, www.clover.com, 833-512-3015 You should expect to upgrade your POS at least once every 2-3 years, at your cost, depending on the supplier's upgrade schedules. The initial and estimated replacement cost of the POS system is approximately $1,590, and you will pay approximately $40-100 per month ($480-1,200 per year) for a subscription depending on how many applications you add to your POS system. You will typically only operate one POS per Restaurant, but this could vary. In addition to receiving payment, the POS calculates labor cost efficiency and produces instant sales reports. The POS can also manage employee shifts and break schedules when paired with our labor software application, which we provide along with the POS. We will have unlimited and independent access to all data produced by your POS. In addition to the POS software subscription, we require you to utilize Quickbooks online for accounting. You will be responsible for approximately $80 per month ($960 per year) in subscription fees for Quickbooks. We will have unlimited and independent access to the data in your Quickbooks books. You are required to regularly update your POS systems with regular software updates provided by the vendor as they are made available. There are no anticipated annual costs associated with any optional or required maintenance updates, upgrades, or support contract. We may require you to upgrade your POS hardware or software systems, but will not do so more often than every three (3) years.

Site Selection

Prior to opening your Restaurant, you will propose a general location, which we will approve or deny. Once an approved area is selected, we will act as a consultant in assisting you to select an appropriate site. We reserve the right to approve or reject any site in our sole discretion. One of our executive officers must give final approval to any site prior to the effective date of the Franchise Agreement. Factors that we consider for site selection include, but are not limited to, territory rights, population, market analysis relative to product demand, seasonal weather patterns, and current competition levels. We do not have a time limit on approving or rejecting any site. We will not be responsible for any improper site selection, and we will not conform the premises to local ordinances and building codes or obtain any permits for you.

Estimated Length of Time Before You Open Your Restaurant

The estimated length of time between the signing of the Franchise Agreement and the opening of your Restaurant is approximately 180-270 days from the execution of the Franchise Agreement.

Factors that may impact this length of time may include whether you have a site selected upon execution of the Franchise Agreement, your ability to obtain a site, prepare a site survey, arrange leasing and financing, make leasehold improvements, install fixtures, equipment, and signs, decorate the Restaurant, meet local requirements, obtain inventory and similar factors. If you do not open within 300 days, you will pay a fee of $2,500 as detailed in Section 6(h) of the Franchise Agreement.

Operations Manual

We will loan you a copy of our Manual. Our Manual contains proprietary information and you must keep such information confidential, as stated in Item 14 of this Disclosure Document. A table of contents for the Operations Manual is attached as Exhibit D.

Training

Prior to the opening of your Restaurant, you must attend our initial training program, which will last seven days at our Gulf Shores location or another Restaurant, in our discretion. We charge a fee of $3,500 for you and one additional person you designate to attend our initial training program. This initial payment includes the initial training program at a corporate restaurant and/or your Restaurant. Your training will be completed by Ali Green, Patrick Plash, Kevin Walker, or Adam Sterling. Ali Green has 5 years of experience in restaurant operations and has been with The Yard for 5 years. Patrick Plash has over 20 years of hospitality experience. He has been with The Yard since February 2021. Holly McDade has 10 years of hospitality experience and has been with The Yard since January of 2021. Adam Sterling has three years of hospitality experience and has been with the Yard since May of 2021. In addition to the initial training program, we provide 10 days of opening assistance, for which you will pay the actual costs for travel and living expenses for our trainers while they are training you at your Restaurant.

Our initial training program must be completed to our satisfaction at least 1 day before

Restaurant opening. Currently, our initial training program covers the following topics:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Software Training	0	10	Corporate Store and Your Restaurant
Menu Item Preparation	0	30	Corporate Store and Your Restaurant
Advertising/Marketing	0	20	Corporate Store and Your Restaurant
Best Practices	0	30	Corporate Store and Your Restaurant
Events	0	10	Corporate Store and Your Restaurant

ITEM 12

TERRITORY

Each Restaurant will be granted a territory (the "Territory") within which to operate without direct competition from another Restaurant. Each Territory will have a radius from the Restaurant of one mile or more. The size of the Territory may be adjusted prior to signing the Franchise Agreement based upon our evaluation of the market and the proposed site of the Restaurant in an effort to maintain reasonable distances between Restaurants and to preserve a semi-destinational brand. For example, a Restaurant in densely- populated Manhattan may be granted a Territory of one mile, while a Restaurant in a Florida suburb may be granted a Territory with a three mile radius. Corporate-owned Restaurants are bound by the same territorial restrictions as franchised Restaurants. You will not receive any option to acquire additional franchises beyond one Restaurant by virtue of signing a Franchise Agreement. Territorial protection is dependent on compliance with your Franchise Agreement, but is not dependent on achievement of certain sales volumes or any other contingency.

We maintain the right for ourselves and our affiliates to use other channels of distribution within your Territory, including online sales, grocery sales, and non-traditional formats such as mall or stadium vending. We are not obligated to pay you any compensation for soliciting or accepting such orders with your Territory. You are permitted to accept orders from outside of your Territory and solicit past customers from outside of your Territory. We do not permit you to maintain your own website, conduct catalog sales, telemarketing, or conduct other direct marketing or sales outside of your Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We and our affiliates do not operate or plan to operate or franchise businesses under a different trademark that will sell goods or services that are the same to those offered by The Yard Milkshake Bar or your Restaurant. We will consider relocation of the franchised Restaurant provided that the new location is in a territory we have not granted to another Franchisee and you are in good standing under your Franchise Agreement and all other agreements with us.

ITEM 13

TRADEMARKS

The Franchise Agreement licenses you to use the service marks The Yard and The Yard Milkshake Bar, as well as other trade marks, service marks, trade names and commercial symbols (collectively, the "Trademarks"). We claim common law trademark rights for all of the Trademarks. Our affiliate The Yard Milkshake Bar Properties, LLC owns the registrations to each of the Trademarks, and has filed or intends to file all required affidavits and renewals for the Trademarks listed below. Our affiliate The Yard Milkshake Bar Properties, LLC has licensed us the right to sub-license the Trademarks to our franchisees. The agreement between us and The Yard Milkshake Bar Properties, LLC that permits us to sublicense the Trademarks may only be terminated in the event we become insolvent, declare bankruptcy, or are subjected to a charging order by a creditor. In the event that agreement is terminated, our franchisees remain able to use the Trademarks so long as they are not in breach of their franchise agreement. The primary Trademarks you may use under the terms of the Franchise Agreement are listed below and registered with the U.S. Patent and Trademark Office.

Trademark	Registration Number	Registration Date	Register
THE YARD MILKSHAKE BAR	6150328 (Registration)	September 15, 2020	Principal
THE YARD	5646658 (Registration)	January 7, 2019	Principal
THE YARD	5384631 (Registration)	January 23, 2018	Principal
THE MERMAID	Serial No. 97336649	Not yet registered	Not yet registered
COOKIE BUTTER ME UP	6859564 (Registration)	September 27, 2022	Principal
CHERRY KEY LIMEADE	6859563 (Registration)	September 27, 2022	Principal
THE UNICORN	Serial No. 97336649	Not yet registered	Not yet registered
DOUGHNUT TOUCH MY COFFEES AND CREAM	Serial No. 97336632	Not yet registered	Not yet registered

We are obligated to protect franchisee rights to use the trademarks, and we are obligated to protect franchisees against claims of infringement or unfair competition arising out of the franchisee's use of trademarks, provided that you use the trademarks in compliance with the Franchise Agreement and Manual. There are no pending infringement, opposition, or cancellation proceedings involving principal marks. There are no effective determinations of the U.S. Patent and Trademark office, the trademark administrator of any state, or any court, or any pending material litigation involving principal marks that are material to this franchise. We are not aware of any prior rights or infringing uses that could materially affect a franchisee's use of the principal trademarks. There are no agreements in effect that significantly limit our rights to use or license the use of the principal trademarks that are material to this franchise. You will be afforded the right to terminate the Franchise Agreement if we require you to discontinue using our principal "The Yard Milkshake Bar" trademark (Reg. No. 6150328) but no other rights will be granted if the if we require you to modify or discontinue using our other trademarks.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents currently registered that are material to the franchise. We have a registered copyright that encompasses our website and menu. We also claim copyright ownership and protection for our Franchise Agreement, Manual (including all subparts), website and for various sales, promotional and other materials published from time to time.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware.

Except as noted below, all ideas, concepts, techniques, or materials concerning the franchised concept, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the Manual and all subparts and related writings. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the Manual and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We recommend, but do not require, that you participate in the operation of your Restaurant. You may participate personally in the direct operation of your Restaurant as you deem appropriate. All of your management staff must complete a nationally recognized food safety management course within thirty days of hiring or promotion to a management position. You are responsible for training your managers and staff in compliance with the Franchise Agreement, the Manual, and our other policies and procedures as they may be amended or supplemented from time to time. There are no limitations on who you can hire as an on-premises manager, and no requirement that such manager must have an equity interest in your business entity. Any manager you hire must successfully complete our training program.

All shareholders, officers, directors, partners, members and all managers and other employees having access to our proprietary information must execute non-disclosure agreements. Your managers and supervisory personnel and other employees receiving training from us must execute non-disclosure agreements. It is your responsibility to make sure that all non-disclosure agreements you use comply with applicable state law.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

Item 8 of this Disclosure document describes our requirements for mandatory supplies and suppliers. You must purchase certain supplies and inventory from one of our affiliates or specified third parties, as the case may be. You may only offer those goods identified on our Menu, which we may modify in our sole discretion from time to time. We will not alter our Menu so substantially to change the character of the franchised Restaurant in terms of offering gourmet, specialty milkshakes. However, we strongly encourage innovation and creativity and will (after we review and grant written approval in our discretion) allow you to add additional "specialty" items to your local menu. You may only offer those services, such as birthday parties and special events, that we permit in the Manual. You may not offer, sell, or promote any goods or services that we do not expressly permit in the Menu, the Manual, or other written documents.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the term of the franchise	Section 4(a)	Initial term of 10 years
b.	Renewal or extension of the term	Section 4(b)	10 year renewal
c.	Requirements for you to renew or extend	Section 4(c)	You must pay a fee of $10,000 and are in compliance with all franchise standards and obligations. You may be asked to sign a contract with materially different terms and conditions than your original franchise agreement.
d.	Termination by you	Section 28	You may terminate if we are in default after a 60 day notice and cure period.
e.	Termination by us without cause	None	None
f.	Termination by us with cause	Section 29 and Section 30	We may immediately terminate the Franchise Agreement for a number of non-curable defaults specifically listed in the agreement. We may also terminate after a 5 day notice and cure period for monetary defaults, and a 30 day notice and cure period for curable non-monetary defaults.
g.	“Cause” defined – defaults which can be cured	Section 30	Monetary defaults and any default not specifically listed in Section 29.

h.	Cause" defined – defaults which cannot be cured	Section 29	Closing or abandonment for 3 days or more without approval, the appointment of a receiver, insolvency, bankruptcy, crimes involving moral turpitude, material application inaccuracies, false books or records, multiple breaches of the same provisions, or uncurable breaches.
i.	Your obligations on termination/nonrenewal	Section 32	You must return all materials, cease using all trademarks and other indicators of a relationship with us, and pay certain damages as applicable.
j.	Assignment of contract by us	Section 22(a)	We may freely assign our obligations and rights without notice or consent.
k.	"Transfer" by you -- defined	Section 22(b)	A transfer includes any transfer of control in your franchisee entity or control of the franchisee.
l.	Our approval of transfer by you	Section 22(b)	We may approve or deny a transfer in our sole discretion.
m.	Conditions for our approval of transfer	Section 22(b)	You must pay a fee and provide certain documentation for us to consider any transfer.
n.	Our right of first refusal to acquire your business	Section 23	We retain the right to purchase your franchise upon the same terms you offer to anyone else according to certain provisions in the agreement.
o.	Our right to purchase your business at any time	None	None
p.	Your death or disability	Section 22(b) and 26	The franchise agreement will terminate 90 days after death or permanent disability unless a transfer is approved within that period. We may require a different Owner- Operator to take over during a temporary disability.

q.	Non-competition covenants during the term of the franchise	Section 11	We prohibit you from having any interest in a competing business during the term of the agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Section 12	We prohibit you from having any interest in a competing business for a period of 2 years after the termination of the agreement.
s.	Modification of the Agreement	Section 51	No amendment can be made to the agreement unless in writing signed by all parties.
t.	Integration/merger clause	Section 39	The Franchise Agreement embodies the entire agreement between the parties. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable. Nothing in this or any related agreement, however, is intended to disclaim the representations made in the franchise disclosure document that we furnished to you. This provision is subject to state law.
u.	Dispute resolution by arbitration	Section 33	All disputes are to be resolved through arbitration.
v.	Choice of forum	Section 33	Baldwin County, Alabama. This provision is subject to state law.
w.	Choice of law	Section 33	Alabama law. This provision is subject to state law.

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 possible performance at a particular location or under particular circumstances.

The below results are representative of all outlets we had in operation in 2022.

With respect to our Gulf Shores outlet, this was our first store and the one that has received the most press attention.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

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

Store Location	**Franchise/Company-owned outlet**	**Date Opened (Note 1)**	**Net Cash Sales in 2022 (Note 2)**
Gulf Shores, AL	Company-owned	May 2017	$1,686,146.26
Austin, TX	Company-owned	June 2019	$923,368.91
Fairhope, AL	Company-owned	March 2018	$234,420.05
Panama City Beach, FL	Company-owned	June 2018	$1,052,387.77
D'Iberville, MS	Franchise	April 19, 2019	$420,078.71
Hattiesburg, MS	Franchise	November 5, 2019	$348,139.05
Virginia Beach, VA	Franchise	September 15, 2020	$913,772.65
Atlanta, GA (Downtown)	Franchise	July 1, 2020	$1,432,558.73
Georgetown, TX	Franchise	May 25, 2020	$668,648.11
Flowood, MS	Franchise	August 13, 2020	$424,632.77
Destin, FL	Franchise	March 19, 2021	$1,001,240.59
Madison, AL	Franchise	April 19,2021	$567,637.98
Phoenix, AZ	Franchise	May 10, 2021	$967,002.13
The Colony, TX	Franchise	September 24, 2021	$998,550.68
Carrollwood, FL	Franchise	October 6, 2021	$561,913.76
Vancouver, WA	Franchise	August 20, 2021	$1,542,477.38
Ashburn, VA	Franchise	June 7, 2021	$757,109.79
Baton Rouge, LA	Franchise	July 9, 2021	$552,221.44
Pigeon Forge, TN	Franchise	March 28, 2022	$727,773.28
Columbus, OH	Franchise	April 22, 2022	$528,067.03

Jacksonville, FL	Franchise	May 20, 2022	$730,708.78
Atlanta, GA (Buckhead)	Franchise	June 30, 2022	$246,047.88
Auburn, AL	Franchise	June 25, 2022	$305,441.02
St. Pete, FL	Franchise	October 2, 2022	$147,855.17

Note 1: The date opened is provided because several franchised stores opened during 2022, so the Net Cash Sales numbers provided are for a partial year.

Note 2: As used in this Item 19, Net Cash Sales means the total revenue derived from the sale of goods or services, less sales tax, discounts, allowances, and returns.

The representation made below is a historic financial performance representation related to costs of 22 of 24 The Yard locations that operated in 2022. Two of our stores did not timely submit their final and complete financial data as of the issuance of this disclosure document and are not included in this data set. This chart shows costs of goods sold, costs of labor, cost of lease expenses, and miscellaneous expenses, each expressed as a percentage of the location's total sales. For example, the Virginia Beach, VA location had a total of $913,772.65 in sales in 2022. Of that amount, it spend 33% on Costs of Goods Sold, 26% on labor, 6% on lease expenses, and 2% on miscellaneous expenses. Individual locations have varying revenues, which affect the percentage of costs as reflected in this representation. Costs of labor and lease expenses may vary significantly based upon location.

Location	**Cost of Goods Sold %**	**Cost of Labor %**	**Lease %**	**Misc. Expense %**
Phoenix, AZ	35%	32%	12%	2%
Atlanta, GA (Downtown)	31%	25%	5%	3%
Ashburn, VA	25%	30%	10%	7%
Atlanta, GA (Buckhead)	39%	26%	16%	6%
Georgetown, TX	36%	25%	13%	2%
Hattiesburg, MS	39%	27%	19%	5%
D'iberville, MS	40%	23%	12%	5%
Colony, TX	36%	26%	12%	3%
Virginia Beach, VA	33%	26%	6%	2%
Baton Rouge, LA	34%	24%	11%	7%
St. Pete, FL	34%	24%	11%	9%
Vancouver, WA	36%	27%	6%	4%

Carrollwood, FL	29%	32%	11%	6%
Columbus, OH	23%	35%	9%	4%
Destin, FL	39%	29%	7%	3%
Pigeon Forge, TN	35%	35%	7%	3%
Jacksonville, FL	37%	31%	8%	4%
Austin, TX	32%	28%	15%	3%
Panama City, FL	34%	31%	12%	4%
Gulf Shores, AL	28%	29%	5%	3%
Fairhope, AL	41%	41%	22%	7%
Average	34%	29%	11%	4%

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2020, 2021, and 2022

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2020	2	6	4
	2021	6	14	8
	2022	14	19	5
Company Owned	2020	4	4	0
	2021	4	4	0
	2022	4	4	0
Total Outlets	2020	6	10	4
	2021	10	18	8
	2022	18	23	5

Table No. 2

Transfer of Outlets from Franchisees to New Owners (Other Than Franchisor) for Years 2019, 2020, and 2021

STATE	YEAR	NUMBER OF TRANSFEREES
Alabama	2020	0
	2021	0
	2022	0
Arizona	2020	0
	2021	0
	2022	0
Florida	2020	0
	2021	0
	2022	0
Georgia	2020	0
	2021	0
	2022	0
Louisiana	2020	0
	2021	0
	2022	0
Michigan	2020	0
	2021	0
	2022	0
Mississippi	2020	0
	2021	0
	2022	0
Ohio	2020	0
	2021	0
	2022	0
Texas	2020	0
	2021	0
	2022	0
Virginia	2020	0
	2021	0
	2022	0
Washington	2020	0
	2021	0
	2022	0
TOTAL		0

Table No. 3

Status of Franchise Outlets For Years 2020, 2021, and 2022

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF YEAR
Alabama	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	0
	2022	1	1	0	0	0	0	2
Arizona	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	2	0	0	0	0	4
Georgia	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Mississippi	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Ohio	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Virginia	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Washington	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TOTAL	2020	2	4	0	0	0	0	6
	2021	6	8	0	0	0	0	14
	2022	14	5	0	0	0	0	19

Table No. 4

Status Company-Owned Outlets For Years 2020, 2021, and 2022

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS RE-ACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF YEAR

Alabama	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Florida	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Texas	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
TOTAL	2020	4	0	0	0	0	4
	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4

Table No. 5

Projected Openings as of December 31, 2022

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Alabama	**1**	**1**	**0**
California	**2**	**2**	**0**
Colorado	**1**	**1**	**0**
Florida	**7**	**7**	**0**
Missouri	**1**	**1**	**0**
North Carolina	**1**	**1**	**0**
Ohio	**1**	**1**	**0**
South Carolina	**1**	**1**	**0**
Texas	**2**	**2**	**0**
Total	**16**	**16**	**0**

No franchisees have ceased to do business within the last fiscal year or have not communicated with franchisor within 10 weeks of the application date.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with The Yard Milkshake Bar.

There is no trademark-specific franchisee organization associated with The Yard Milkshake Bar.

A list of franchisee contact information is attached at Exhibit J.

ITEM 21

FINANCIAL STATEMENTS

As noted in Item 1, we were formed in May 2018. Our fiscal year ends on December 31. We have prepared audited financial statements for 2020, 2021, and 2022 which we have attached hereto as Exhibit B.

We have also included unaudited financial statements for January 1-June 6, 2023. 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.

ITEM 22

CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document in the pages immediately following:

Exhibit A	List of State Agencies and Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	The Yard Franchise Agreement
Exhibit D	The Yard Manual Table of Contents
Exhibit E	The Yard Confidentiality and Non-Compete Agreement for Managers
Exhibit F	The Yard Non-Compete Agreement for Franchise Shareholders
Exhibit G	Sample Release
Exhibit H	Addendum to Lease
Exhibit I	Electronic Transfer of Funds Authorization
Exhibit J	List of Franchisees
Exhibit K	State Addenda
Exhibit L	Supplier Sheet

EXHIBIT A

List of State Agencies and Agents for Service of Process

CALIFORNIA
Department of Financial Protection and Innovation
320 West 4th Street, Suite750
Los Angeles, California 90013-1105
Telephone: 1-866-275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street
Room 203
Honolulu, HI 96813

ILLINOIS
Attorney General State of
Illinois 500 South Second Street
Springfield, Illinois 62706

INDIANA
Agent for Service of Process
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

State Administrator
Securities Commissioner
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204

MARYLAND
Agent to Receive Process
Securities Commissioner
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

State Authority
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

MICHIGAN
Consumer Protection Division
Attn.: Franchise
670 Williams Building
Lansing, Michigan 48913

MINNESOTA
Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East
Suite 500
St. Paul, Minnesota 55101

NEW YORK
Agent to Receive Process
Secretary of State
State of New York
162 Washington Avenue
Albany, New York 12231

State Administrator
New York State Department of Law
Bureau of Investor Protection and
Securities 120 Broadway, 23rd Floor
New York, New York 10271

NORTH DAKOTA
North Dakota Securities Department
600 East Boulevard Avenue
State Capital Fifth Floor
Department 414
Bismarck, North Dakota 58505
Telephone: (701) 328-4712

RHODE ISLAND
Rhode Island Department of Business Regulation
Securities Section
1511 Pontiac Avenue
John O. Pastore Center
Building 69-1
Cranston, RI 02920

SOUTH DAKOTA
Division of Securities
State of South Dakota
445 E. Capitol Avenue
Pierre, SD 57501

VIRGINIA
Agent to Receive Process
Clerk of the State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

State Administrator
State Corporation Commission
Division of Securities and Retail Franchise
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

WASHINGTON
Director
Department of Financial Institutions Securities Division
150 Israel Road SW
Tumwater, Washington 98501
360-902-8760

WISCONSIN
Division of Securities
Department of Financial Institutions
345 W. Washington Avenue, 4th Floor
Madison, Wisconsin 53703

EXHIBIT B

Financial Statements

These Financial Statements have been prepared without an audit. Prospective Franchisees or sellers of franchises should be advised that no independent certified public accountant has audited these figures or expressed an opinion with regard to their content or form.

James H. Robertson, CPA
Michael R. Andreoli, CPA
A. Neal Covington, CPA
Tara J. Harville, CPA
Christopher Andreoli, CPA

RAC

ROBERTSON, ANDREOLI & COVINGTON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Members American Institute of Certified Public Accountants

Members Alabama Society of Certified Public Accountants

INDEPENDENT AUDITORS' ACKNOWLEDGEMENT

Robertson, Andreoli & Covington, P.C. consents to the use in the Franchise Disclosure Document issued by The Yard Milkshake Bar Franchising, LLC ("Franchisor") on June 6, 2023, as it may be amended, of our report dated May 18, 2023, relating to the financial statements of the Franchisor for the periods ending December 31, 2022 and 2021.

Respectfully submitted,

Robertson, Andreoli & Covington, P.C.

Robertson, Andreoli & Covington, P.C.
Certified Public Accountants

September 20, 2023

100 Hand Avenue • Bay Minette, Alabama 36507 • Telephone: 251-937-5561 • Fax: 251-937-5564

THE YARD MILKSHAKE BAR FRANCHISING, LLC

FINANCIAL STATEMENTS

December 31, 2022 and 2021

TABLE OF CONTENTS

RAC
ROBERTSON, ANDREOLI & COVINGTON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

James H. Robertson, CPA
Michael R. Andreoli, CPA
A. Neal Covington, CPA
Tara J. Harville, CPA

Christopher M. Andreoli, CPA

Members American Institute of Certified Public Accountants

Members Alabama Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of The Yard Milkshake Bar Franchising, LLC

Opinion

We have audited the accompanying financial statements of The Yard Milkshake Bar Franchising, LLC (an Alabama LLC and wholly owned subsidiary of The Yard Milkshake Bar Holdings, Inc.), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, member's equity, 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 The Yard Milkshake Bar Franchising, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 The Yard Milkshake Bar Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Yard Milkshake Bar Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Yard Milkshake Bar Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Yard Milkshake Bar Franchising, LLC s ability to continue as a going concern for a reasonable period of time.

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

Respectfully submitted,

Robertson, Andreoli + Covington, P.C

Robertson, Andreoli & Covington, P.C.

Certified Public Accountants

May 18, 2023

THE YARD MILKSHAKE BAR FRANCHISING, LLC
BALANCE SHEETS
As of December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 268,969	$ 436,958
Accounts receivable	55,847	108,945
Other receivables	7,397	7,933
Prepaid expenses	2,946	2,870
Due from Yard Milkshake Bar Operations, LLC	50,000	0
Total current assets	385,159	556,706
PROPERTY AND EQUIPMENT		
Leasehold improvements	5,773	5,773
Office furniture and equipment	16,959	16,959
Vehicles	75,181	16,278
	97,913	39,010
Less: accumulated depreciation	(14,800)	(8,176)
Property, plant and equipment, net	83,113	30,834
OTHER ASSETS		
Operating lease right of use asset	833,063	0
Security deposit	10,525	750
Total other assets	843,588	750
TOTAL ASSETS	$ 1,311,860	$ 588,290
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 5,688	$ 2,966
Accrued payroll liabilities	11,139	8,433
Deferred revenue	375,000	435,000
Current portion of notes payable	11,771	0
Current portion of lease liability	83,695	0
Total current liabilities	487,293	446,399
LONG-TERM LIABILITIES		
Notes payable, net of current portion	44,941	0
Total long-term liabilities	44,941	0
OTHER NON-CURRENT LIABILITIES		
Lease liability, net of current portion	759,957	0
Total other non-current liabilities	759,957	0
MEMBER'S EQUITY	19,669	141,891
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 1,311,860	$ 588,290

See accompanying notes and independent auditors' report.

THE YARD MILKSHAKE BAR FRANCHISING, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
For the Years Ended December 31, 2022 and 2021

	2022	2021
REVENUES		
Initial franchise fees	$ 250,000	$ 315,000
Royalty and marketing fees	1,060,296	800,479
Product sales	61,416	22,115
Total revenues	1,371,712	1,137,594
COST OF SALES	0	1,441
GROSS PROFIT	1,371,712	1,136,153
OPERATING EXPENSES	932,780	616,119
NET INCOME FROM OPERATIONS	438,932	520,034
OTHER INCOME		
Gain on sale of assets	2,480	0
Settlement income	40,000	0
Total Other Income	42,480	0
NET INCOME	481,412	520,034
MEMBER'S EQUITY, beginning of period	141,891	(12,038)
LESS: distributions to member	(603,634)	(366,105)
MEMBER'S EQUITY, end of period	$ 19,669	$ 141,891

See accompanying notes and independent auditors' report.

THE YARD MILKSHAKE BAR FRANCHISING, LLC 5
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 481,412	$ 520,034
Adjustments to reconcile net income to cash provided by operating activities		
Amortization of right of use asset	86,878	0
Depreciation	13,382	5,040
(Gain) loss from disposal of assets	(2,480)	0
(Increase) decrease in assets:		
Accounts receivable	53,098	(40,636)
Other receivable	536	(7,933)
Prepaid expenses	(76)	(966)
Due from related party	(50,000)	0
Operating lease right of use	0	0
Security deposit	(9,775)	0
Increase (decrease) in liabilities:		
Accounts payable	2,722	(11,595)
Accrued payroll liabilities	2,706	(3,778)
Deferred revenue	(60,000)	40,000
Lease liability	(76,289)	0
Net cash provided by operating activities	442,114	500,166
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of assets	12,000	0
Purchase of property, plant and equipment	(75,181)	(10,111)
Net cash (used) by investing activities	(63,181)	(10,111)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	63,181	0
Principal payments on long-term debt	(6,469)	0
Distributions to members	(603,634)	(366,105)
Net cash (used) by financing activities	(546,922)	(366,105)
NET INCREASE IN CASH	(167,989)	123,950
CASH, beginning of period	436,958	313,008
CASH, end of period	$ 268,969	$ 436,958
Supplemental Disclosures:		
Cash paid during the year for interest	$ 1,892	$ 0
Cash paid during the year for income taxes	$ 0	$ 0
Right of use asset aquired in exchange for operating lease	$ 919,941	$ 0

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See accompanying notes and independent auditors' report.

THE YARD MILKSHAKE BAR FRANCHISING, LLC 6
NOTES TO FINANCIAL STATEMENTS –
For the Years Ended December 31, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

The Yard Milkshake Bar Franchising, LLC is a wholly owned subsidiary of The Yard Milkshake Bar Holdings, Inc. (the Parent). The Yard Milkshake Bar Franchising, LLC (the Company) was established July 19, 2018, under the laws of the State of Alabama to engage primarily in the business of offering and selling franchising services, specifically the ownership and operation of The Yard Milkshake Bar locations.

Basis of Accounting

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the financial statement to the reader.

Recently Issued and Adopted Accounting Principles

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard, effective for periods beginning after December 15, 2020.

On January 28, 2021, the FASB issued ASU 2021-02, which allows a franchisor that is not a public business entity to use a practical expedient when identifying performance obligations in its contracts with customers. Given the new FASB ASC 606 guidance, under paragraph 952-606-25-3, the adoption did not result in a cumulative adjustment, and thus did not have an effect on beginning members' equity as of January 1, 2021. FASB ASU paragraph 952-606-25-3, Franchisors-Revenue from Contracts with Customers (Subtopic 952-606). This accounting standard update allows for a private-company franchisor that enters into a franchise agreement to account for pre-opening services as a single performance obligation distinct from the franchise license. The Company, under ASC 952-606, has elected to apply the practical expedient. Additionally, the Company has elected to account for preopening services as a single performance obligation.

Adoption of FASB ASC 842

Effective January 1, 2022, the Company adopted FASB ASC 842, Leases. The Company determines if an arrangement contains a lease at inception based on whether the Company has the right to control the asset during the contract period and other facts and circumstances. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use-assets, net of prepaid lease payments and lease incentives, of $916,827 and operating lease liabilities of $919,941 as of January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Company's results of operations, cash flows or debt covenants.

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

The Company elected to adopt FASB ASC 842, Leases, using the optional transition method that allows the Company to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. As a result, the Company reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

Adoption of FASB ASC 842, continued
The Company elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Company also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

The adoption of FASB ASC 842, Leases, resulted in the following impact at January 1, 2022:

Noncurrent operating right of use (ROU) asset	$	919,941
Current lease liability		83,764
Noncurrent lease liability		836,177
Lease liabilities	$	919,941

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

Cash and Cash Equivalents
Cash and cash equivalents include investments in highly liquid money market funds with a maturity of three months or less. As of December 31, 2022, and 2021, the Company had no cash equivalents.

Accounts Receivable
The Company's accounts receivables consist primarily of December royalty fees. All receivables are current and were received by January 31, 2023. Concentrations of credit risk related to accounts receivable is moderate, given that twenty franchisees make up the current accounts receivable balance. The amounts in accounts receivable as of December 31, 2022 and 2021 was $55,847 and $108,945, respectively.

Property and Equipment
Property and equipment are recorded at cost. Maintenance and repairs are charged to operating expense as incurred; significant renewals and betterments are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which are generally from three to fifteen years. For the year ended December 31, 2022, and 2021, depreciation for financial reporting purposes was $13,382 and $5,040, respectively.

Revenue Recognition
Franchise revenue is generated from two basic forms: initial franchise fees, and royalties.

The Company charges an initial franchise fee for providing operational materials, new store opening planning and functional training courses. Initial franchise fees are paid for every store the franchisee opens and are due at the time the franchise agreement for a particular store is executed. Revenue from sales of individual franchises is recognized when substantially all significant services provided by the Company have been performed, including assistance in site selection and design, training personnel and providing operating manuals. Generally, these services are substantially complete and the initial fee revenue is recognized beginning on the date that the location is open for business to the general public.

Revenue Recognition, continued

Royalties are determined as a percentage of sales and are recognized in the same period as the related franchise store revenue. If collection of the franchise royalty fee is doubtful, a receivable and an allowance are recorded by the Company without any revenue recognition and revenue is recognized at the time such receivables are collected.

NOTE B – INCOME TAXES

The Company has elected treatment as a qualified subchapter S subsidiary (QSub) of its parent for federal and state income taxation purposes. As a QSub, the Company's operating results are combined with its Parent's (an S corporation) income tax returns. This election relieves the Company of most federal and state income tax liability, with its income being taxable directly to its Parent's stockholders.

GAAP prescribes rules for the recognition, measurement, classification and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Company's tax return. Management has determined that the Company does not have any uncertain tax positions and associated unrecognized tax benefits that materially impact the financial statements or disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties and interest as a result of such challenge. Generally, the Company's federal and state tax returns remain open for income tax examination for three years from the date of filing.

NOTE C – DEFERRED REVENUE

Deferred revenue represents initial franchise fee sales for which substantially all services to be provided by the Company have not yet been performed, as described in Note A. The Company charges an initial franchise fee that ranges from $10,000 to $50,000 per contract. These franchises have yet to open, therefore the revenue related to these transactions has been deferred. The amount deferred as of December 31, 2022 and 2021 was $375,000 and $435,000, respectively.

NOTE D – NOTES PAYABLE, LONG-TERM

Details of long-term debt are as follows:

	2022	2021
Independent Bank		
Original date of loan: May, 4, 2022		
Original amount of loan: $63,181		
Interest rate: 4.99% per annum		
Monthly payment: $1,194.49		
Due date: May 18, 2027		
Collateral: 2019 Ford F-250	$ 56,712	$ 0
Total long-term debt	56,712	0
Less: current portion	11,771	0
	$ 44,941	$ 0

THE YARD MILKSHAKE BAR FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS –
For the Years Ended December 31, 2022 and 2021

NOTE D – NOTES PAYABLE, LONG-TERM, CONTINUED

Principal payments on the note payable due in future periods are as follows:

Year Ending December 31:		
2023	$	11,771
2024		12,372
2025		13,004
2026		13,667
2027		5,894
	$	56,708

NOTE E – OPERATING EXPENSES

		2022		2021
Advertising and marketing	$	38,267	$	15,794
Bank charges		795		560
Depreciation		13,382		5,040
Employee health insurance		10,338		0
Insurance		10,293		11,550
Interest expense		1,892		0
Job supplies		1,230		1,515
Lease expense		115,115		0
Legal and professional		71,397		37,278
Meals and entertainment		4,954		13,219
Office supplies and software		3,233		6,363
Other business expenses		3,343		0
Payroll taxes		40,936		31,299
Penalties		0		1,739
Rents		1,853		52,097
Repairs and maintenance		1,591		1,224
Salaries and wages		497,941		370,998
Shipping		318		1,674
Taxes and licenses		226		476
Travel		103,933		52,446
Vehicle expense		1,927		688
Utilities		9,816		12,159
Total operating expenses	$	932,780	$	616,119

THE YARD MILKSHAKE BAR FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS –
For the Years Ended December 31, 2022 and 2021

NOTE F – LEASES

The Company leases its office space under an operating lease. The lease contains no significant restrictions. The lease provides for escalating payments over the lease term from August 1, 2021 through July 31, 2031. The lease provides for a renewal option to extend the lease term for an additional 5 years. In the year ended December 31, 2022, the Company adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, Leases, which requires the recognition of a right-of -use asset and a lease liability based on the present value of the remaining lease payments. The Company's incremental borrowing rate of 3.884% was used as the discount rate in order to determine present value. The following is a schedule by years of minimum future rentals on the operating lease and the amortization of the net present value (NPV) of the lease liability as of December 31, 2022.

Year Ending December 31:	Minimum annual lease payments	Amortization of NPV of lease liability
2023	$ 107,640	$ 31,420
2024	107,640	28,406
2025	107,640	25,274
2026	113,869	21,977
2027	122,590	18,114
Thereafter	439,281	29,816
	$ 998,660	$ 155,007

The carrying value of the related right-of-use asset as of December 31, 2022 was:

Accumulated basis	$ 919,941
Less: accumulated amortization	(86,878)
	$ 833,063

NOTE G –LAWSUIT SETTLEMENT

The Company was a plaintiff in a trademark infringement lawsuit. The lawsuit was settled in 2022 and the Company received a settlement of $40,000. The settlement is being recognized as other income in 2022.

NOTE H – RELATED PARTY TRANSACTIONS

The Company entered into an operating lease on August 1, 2021 with LCG Investments, LLC, a related party. For the year ended December 31, 2022, and 2021, lease payments paid to LCG Investments, LLC for financial reporting purposes was $107,640 and $43,700, respectively.

The Company loaned The Yard Milkshake Bar Operations, LLC, a related party, $50,000 on December 6, 2022. The amount due from The Yard Milkshake Bar Operations, LLC is reported as a current asset on the balance sheet as of December 31, 2022.

NOTE I – SUBSEQUENT EVENTS

The Company evaluated all events for transactions that occurred after the balance sheet date of December 31, 2022 through May 18, 2023, the date these financial statements were available to be issued.

James H. Robertson, CPA
Michael R. Andreoli, CPA
A. Neal Covington, CPA
Tara J. Harville, CPA
Christopher Andreoli, CPA

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INDEPENDENT AUDITORS' ACKNOWLEDGEMENT

Robertson, Andreoli & Covington, P.C. consents to the use in the Franchise Disclosure Document issued by The Yard Milkshake Bar Franchising, LLC ("Franchisor") on April 1, 2022, as it may be amended, of our report dated April 26, 2022, relating to the financial statements of the Franchisor for the periods ending December 31, 2021 and 2020.

Respectfully submitted,

Robertson, Andreoli & Covington, P.C.

Robertson, Andreoli & Covington, P.C.
Certified Public Accountants

April 26, 2022

100 Hand Avenue • Bay Minette, Alabama 36507 • Telephone: 251-937-5561 • Fax: 251-937-5564

THE YARD MILKSHAKE BAR FRANCHISING, LLC

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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James H. Robertson, CPA
Michael R. Andreoli, CPA
A. Neal Covington, CPA
Tara J. Harville, CPA
Christopher Andreoli, CPA

RAC
ROBERTSON, ANDREOLI & COVINGTON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Members American Institute of Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of The Yard Milkshake Bar Franchising, LLC

Opinion

We have audited the accompanying financial statements of The Yard Milkshake Bar Franchising, LLC (an Alabama LLC and wholly owned subsidiary of The Yard Milkshake Bar Holdings, Inc.), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, member's equity, 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 The Yard Milkshake Bar Franchising, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Yard Milkshake Bar Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Yard Milkshake Bar Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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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 The Yard Milkshake Bar Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Yard Milkshake Bar Franchising, LLC s ability to continue as a going concern for a reasonable period of time.

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

Respectfully submitted,

Robertson, Andreoli & Covington, P.C.

Robertson, Andreoli & Covington, P.C.
Certified Public Accountants

April 26, 2022

THE YARD MILKSHAKE BAR FRANCHISING, LLC
BALANCE SHEETS
As of December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 436,958	$ 313,008
Accounts receivable	108,945	68,309
Other receivables	7,933	0
Prepaid expenses	2,870	1,904
Total current assets	556,706	383,221
PROPERTY AND EQUIPMENT		
Leasehold improvements	5,773	5,773
Office furniture and equipment	16,959	6,848
Vehicles	16,278	16,278
	39,010	28,899
Less: accumulated depreciation	(8,176)	(3,136)
Property, plant and equipment, net	30,834	25,763
OTHER ASSETS		
Security deposit	750	750
Total other assets	750	750
TOTAL ASSETS	$ 588,290	$ 409,734
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	2,966	$ 14,561
Accrued payroll liabilities	8,433	12,211
Deferred revenue	435,000	395,000
Total current liabilities	446,399	421,772
MEMBER'S EQUITY	141,891	(12,038)
TOTAL LIABILITIES AND MEMBER'S EQUITY	588,290	$ 409,734

See accompanying notes and independent auditors' report.

THE YARD MILKSHAKE BAR FRANCHISING, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
For the Years Ended December 31, 2021 and 2020

	2021	2020
REVENUES		
Initial franchise fees	$ 315,000	$ 137,750
Royalty and marketing fees	800,479	241,220
Product sales	22,115	562
Total revenues	1,137,594	379,532
COST OF SALES	1,441	837
GROSS PROFIT	1,136,153	378,695
OPERATING EXPENSES	616,119	354,833
NET INCOME FROM OPERATIONS	520,034	23,862
OTHER INCOME		
Forgiven payroll protection loan	0	9,792
Miscellaneous income	0	1,657
Total Other Income	0	11,449
NET INCOME	520,034	35,311
MEMBER'S EQUITY, beginning of period	(12,038)	(4,979)
LESS: distributions to member	(366,105)	(42,370)
MEMBER'S EQUITY, end of period	$ 141,891	$ (12,038)

See accompanying notes and independent auditors' report.

THE YARD MILKSHAKE BAR FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 520,034	$ 35,311
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation	5,040	3,136
(Increase) decrease in assets:		
Accounts receivable	(40,636)	(53,129)
Other receivable	(7,933)	0
Prepaid expenses	(966)	(1,904)
Security deposit	0	(750)
Increase (decrease) in liabilities:		
Accounts payable	(11,595)	10,201
Accrued payroll liabilities	(3,778)	12,211
Deferred revenue	40,000	285,000
Net cash provided by operating activities	500,166	290,076
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,111)	(28,899)
Net cash (used) by investing activities	(10,111)	(28,899)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to members	(366,105)	(42,370)
Net cash (used) by financing activities	(366,105)	(42,370)
NET INCREASE IN CASH	123,950	218,807
CASH, beginning of period	313,008	94,201
CASH, end of period	$ 436,958	$ 313,008
Supplemental Disclosures:		
Cash paid during the year for interest	$ 0	$ 0
Cash paid during the year for income taxes	$ 0	$ 0

See accompanying notes and independent auditors' report.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity
The Yard Milkshake Bar Franchising, LLC is a wholly owned subsidiary of The Yard Milkshake Bar Holdings, Inc. (the Parent). The Yard Milkshake Bar Franchising, LLC (the Company) was established July 19, 2018, under the laws of the State of Alabama to engage primarily in the business of offering and selling franchising services, specifically the ownership and operation of The Yard Milkshake Bar locations.

Basis of Accounting
The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the financial statement to the reader.

Recently Issued and Adopted Accounting Principles
In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard, effective for periods beginning after December 15, 2020.

On January 28, 2021, the FASB issued ASU 2021-02, which allows a franchisor that is not a public business entity to use a practical expedient when identifying performance obligations in its contracts with customers. Given the new FASB ASC 606 guidance, under paragraph 952-606-25-3, the adoption did not result in a cumulative adjustment, and thus did not have an effect on beginning retained as of January 1, 2021. FASB ASU paragraph 952-606-25-3, Franchisors-Revenue from Contracts with Customers (Subtopic 952-606). This accounting standard update allows for a private-company franchisor that enters into a franchise agreement to account for pre-opening services as a single performance obligation distinct from the franchise license. The Company, under ASC 952-606, has elected to apply the practical expedient. Additionally, the Company has elected to account for preopening services as a single performance obligation.

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

Cash and Cash Equivalents
Cash and cash equivalents include investments in highly liquid money market funds with a maturity of three months or less. As of December 31, 2021, and 2020, the Company had no cash equivalents.

Accounts Receivable
The Company's accounts receivables consist primarily of November and December royalty fees. All receivables are current and were received by January 31, 2022. Concentrations of credit risk related to accounts receivable is moderate, given that fourteen franchisees make up the current accounts receivable balance. The amounts in accounts receivable as of December 31, 2021 and 2020 was $108,945 and $68,309, respectively.

Property and Equipment
Property and equipment are recorded at cost. Maintenance and repairs are charged to operating expense as incurred; significant renewals and betterments are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which are generally from three to fifteen years. For the year ended December 31, 2021, and 2020, depreciation for financial reporting purposes was $5,040 and $3,136, respectively.

Revenue Recognition
Franchise revenue is generated from two basic forms: initial franchise fees, and royalties.

The Company charges an initial franchise fee for providing operational materials, new store opening planning and functional training courses. Initial franchise fees are paid for every store the franchisee opens and are due at the time the franchise agreement for a particular store is executed. Revenue from sales of individual franchises is recognized when substantially all significant services provided by the Company have been performed, including assistance in site selection and design, training personnel and providing operating manuals. Generally, these services are substantially complete and the initial fee revenue is recognized beginning on the date that the location is open for business to the general public.

Royalties are determined as a percentage of sales and are recognized in the same period as the related franchise store revenue. If collection of the franchise royalty fee is doubtful, a receivable and an allowance are recorded by the Company without any revenue recognition and revenue is recognized at the time such receivables are collected.

NOTE B – INCOME TAXES
The Company has elected treatment as a qualified subchapter S subsidiary (QSub) of its parent for federal and state income taxation purposes. As a QSub, the Company's operating results are combined with its Parent's (an S corporation) income tax returns. This election relieves the Company of most federal and state income tax liability, with its income being taxable directly to its Parent's stockholders.

GAAP prescribes rules for the recognition, measurement, classification and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Company's tax return. Management has determined that the Company does not have any uncertain tax positions and associated unrecognized tax benefits that materially impact the financial statements or disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties and interest as a result of such challenge. Generally, the Company's federal and state tax returns remain open for income tax examination for three years from the date of filing.

NOTE C – DEFERRED REVENUE
Deferred revenue represents initial franchise fee sales for which substantially all services to be provided by the Company have not yet been performed, as described in Note A. The Company charges an initial franchise fee that ranges from $10,000 to $50,000 per contract. These franchises have yet to open, therefore the revenue related to these transactions has been deferred. The amount deferred as of December 31, 2021 and 2020 was $435,000 and $395,000, respectively.

THE YARD MILKSHAKE BAR FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS –
For the Years Ended December 31, 2021 and 2020

NOTE D – OPERATING EXPENSES

	2021	2020
Advertising and marketing	$ 15,794	$ 3,314
Bank charges	560	221
Contract labor	0	6,419
Depreciation	5,040	3,136
Insurance	11,550	3,721
Job supplies	1,515	6,672
Legal and professional	37,278	55,538
Meals and entertainment	13,219	3,404
Office supplies and software	6,363	9,226
Other business expenses	0	52
Payroll taxes	31,299	16,329
Penalties	1,739	107
Rents	52,097	6,821
Repairs and maintenance	1,224	4,041
Royalty expense	0	3,500
Salaries and wages	370,998	190,300
Reimbursable expenses	0	5,644
Shipping	1,674	2,994
Taxes and licenses	476	2,779
Travel	52,446	24,358
Vehicle expense	688	568
Utilities	12,159	5,689
Total operating expenses	$ 616,119	$ 354,833

NOTE E – RELATED PARTY TRANSACTIONS

The Company entered into an operating lease on August 1, 2021 with LCG Investments, LLC, a related party. The lease requires monthly payments of $7,092, with the lease to continue at the same rate on a year-to-year basis unless either party gives 90 days' written notice. The Company made lease payments of $43,700 to LCG Investments, LLC during the year ended December 31, 2021.

At December 31, 2021, the minimum lease payments under the terms of the lease agreement were as follows:

Years 1-5	$ 85,100
Years 5-10	$ 94,300

NOTE F – SUBSEQUENT EVENTS

The Company evaluated all events for transactions that occurred after the balance sheet date of December 31, 2021 through April 26, 2022, the date these financial statements were available to be issued.

NOTE G - UNCERTANTIES WITH REGARD TO COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a "Public Health Emergency of International Concern." On March 11, 2020, it was declared it to be a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain. The Company has taken action to mitigate this risk and does not expect a significant decline in revenue.

The Yard Milkshake Bar Franchising

Profit and Loss

January 1 - October 30, 2023

	TOTAL
Income	
Franchise Fees - Initial	55,000.00
Franchise Fees - Royalty & Marketing	1,458,133.52
Sales	-675.86
Sales of Product Income	13,199.47
Total Income	**$1,525,657.13**
GROSS PROFIT	**$1,525,657.13**
Expenses	
Advertising & Marketing	63,052.25
Ask My Accountant	1,603.18
Bank Charges & Fees	520.75
Car & Truck	19,222.64
Insurance	4,583.24
Legal & Professional Services	38,059.00
Meals & Entertainment	1,705.21
Office Supplies & Software	4,617.72
Other Business Expenses	1,809.64
Payroll Expenses	
Company Contributions	
Health Insurance	8,502.24
Total Company Contributions	**8,502.24**
Taxes	38,581.46
Wages	483,477.86
Total Payroll Expenses	**530,561.56**
Reimbursable Expenses	962.04
Reimbursements	14,966.00
Rent & Lease	91,398.00
Repairs & Maintenance	-5,871.71
Salaries & Wages	3,590.16
Shipping	683.36
Taxes & Licenses	349.67
Travel	61,019.50
Travel Meals	350.23
Utilities	9,836.92
Total Expenses	**$843,019.36**
NET OPERATING INCOME	**$682,637.77**
NET INCOME	**$682,637.77**

The Yard Milkshake Bar Franchising

Statement of Cash Flows

January 1 - October 30, 2023

	TOTAL
OPERATING ACTIVITIES	
Net Income	682,637.77
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Receivable (A/R)	43,809.66
Due from The Yard Milkshake Bar Operations	-120,000.00
Uncategorized Asset	-1,194.49
Blue Business Plus Card (2009) - 3	241.16
Wells Fargo Card	-3,141.18
Direct Deposit Payable	0.00
Initial License Fee	230,000.00
Payroll Liabilities:AL Income Tax	-3,999.51
Payroll Liabilities:AL Unemployment Tax	-134.60
Payroll Liabilities:Federal Taxes (941/944)	-4,549.67
Payroll Liabilities:Federal Unemployment (940)	-13.06
Payroll Liabilities:Medical, Vision, & Dental Insurance	-14,944.16
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	**126,074.15**
Net cash provided by operating activities	**$808,711.92**
FINANCING ACTIVITIES	
Owner's Pay & Personal Expenses	444,989.08
Retained Earnings	-616,360.28
Net cash provided by financing activities	**$ -171,371.20**
NET CASH INCREASE FOR PERIOD	**$637,340.72**
Cash at beginning of period	268,970.02
CASH AT END OF PERIOD	**$906,310.74**

The Yard Milkshake Bar Franchising

Balance Sheet

As of October 30, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
FREEBUS 0004 (0004)	906,310.74
Total Bank Accounts	**$906,310.74**
Accounts Receivable	
Accounts Receivable (A/R)	12,037.07
Total Accounts Receivable	**$12,037.07**
Other Current Assets	
Due from The Yard Milkshake Bar Operations	170,000.00
Other Receivables	7,396.82
Prepaid Expenses	2,945.96
Uncategorized Asset	1,194.49
Total Other Current Assets	**$181,537.27**
Total Current Assets	**$1,099,885.08**
Fixed Assets	
Accumulated Depreciation	-14,799.67
Leasehold Improvements	5,772.84
Office Furniture and Equipment	16,958.69
Vehicles	75,180.83
Total Fixed Assets	**$83,112.69**
Other Assets	
Security Deposit	750.00
Total Other Assets	**$750.00**
TOTAL ASSETS	**$1,183,747.77**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	0.00
Total Accounts Payable	**$0.00**
Credit Cards	
Blue Business Plus Card (2009) - 3	264.84
Wells Fargo Card	2,523.36

The Yard Milkshake Bar Franchising

Balance Sheet

As of October 30, 2023

	TOTAL
Total Credit Cards	**$2,788.20**
Other Current Liabilities	
Direct Deposit Payable	0.00
Initial License Fee	605,000.00
Payroll Liabilities	
AL Income Tax	2,030.60
AL Unemployment Tax	4.46
Federal Taxes (941/944)	0.00
Federal Unemployment (940)	406.94
Medical, Vision, & Dental Insurance	-14,944.16
Rent	0.00
Total Payroll Liabilities	**-12,502.16**
Total Other Current Liabilities	**$592,497.84**
Total Current Liabilities	**$595,286.04**
Long-Term Liabilities	
N/P Independent Bank (2019 F-250)	56,711.53
Total Long-Term Liabilities	**$56,711.53**
Total Liabilities	**$651,997.57**
Equity	
Opening Balance Equity	0.00
Owner’s Investment	0.00
Owner’s Pay & Personal Expenses	-171,371.20
Retained Earnings	20,483.63
Net Income	682,637.77
Total Equity	**$531,750.20**
TOTAL LIABILITIES AND EQUITY	**$1,183,747.77**

EXHIBIT C

Franchise Agreement

The Yard Milkshake Bar™

FRANCHISE AGREEMENT

between

The Yard Milkshake Bar Franchising, LLC

and

Restaurant Location:

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FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made and entered into as of the Effective Date, by and between The Yard Milkshake Bar Franchising, LLC, an Alabama limited liability company ("we," "us" or "our"), as franchisor, and __________________________, a _________________ ("you" or "your"), as franchisee. For good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, the parties mutually agree as follows:

1. Definitions. Words and phrases used in initially-capitalized form in this Agreement have the meanings assigned in Section 54 of this Agreement unless the context indicates otherwise.

2. Grant of Franchise.

(a) Grant. Subject to the terms and conditions in this Agreement, we grant to you the right, license and privilege to operate a The Yard Milkshake Bar Restaurant, only at the Location, and the right, license and privilege to use and employ the Franchised System, the Proprietary Marks, and the Intellectual Property at that address during the Term.

(b) Reservation of Rights. We and our affiliates reserve the rights to engage or authorize others to engage in any business activity at any location within or outside the Assigned Area under the Proprietary Marks or otherwise except as expressly limited under this Agreement. There are no implied covenants or obligations regarding territorial rights arising from this Agreement or any other agreement or arrangement between us and you. You have no right to participate in or benefit from any such other business activity. In addition, we reserve all rights of ownership, control, modification, revision, updating and termination with regard to the Franchised System. Your only rights with regard to the Franchised System are limited to the license as we expressly grant the license to you under this Agreement during the Term, and the parties intend that no implied covenants or rights attach or arise under the license you accept in this Agreement.

3. Assigned Area.

(a) We and our Affiliates will not operate a The Yard Milkshake Bar Restaurant and will not license any other Person to operate a The Yard Milkshake Bar Restaurant within the Assigned Area, provided that this restriction shall not apply to a Nontraditional Concept Restaurant. You acknowledge and agree that we and our Affiliates will have the right to operate, franchise and license other Persons to operate a The Yard Milkshake Bar Restaurant at any location outside of the Assigned Area, and to franchise, license or operate a Nontraditional Concept Restaurant inside or outside the Assigned Area.

(b) We may, at our discretion, by written notice to you restrict your solicitation, acceptance and fulfillment of orders for off-premises catering or delivery to your Assigned Area, or to an area that does not encompass the assigned area of another The Yard Milkshake Bar Restaurant.

(c) You also acknowledge and agree that we will have the right (a) to market and sell the same and similar services and products as those offered under the Franchised System under trademarks, service marks, and commercial symbols different from the Proprietary Marks through the same, similar or different distribution channels; (b) to market and sell the same services and products as those offered as part of the Franchised System through dissimilar channels of distribution, including (without limitation) the Internet and retail outlets other than restaurants; and (c) to advertise, market and sell those services and products on the Internet and otherwise. These rights include the offer and sale of food products under the Proprietary Marks in supermarkets, discount, warehouse, department and convenience stores, and other retail and wholesale channels, within and outside the Assigned Area. We may restrict certain food and specialty items to these retail channels.

(d) We grant to you a right of first offer to submit a franchise application to develop and operate a Nontraditional Concept Restaurant to be located at a venue in your Assigned Area if the primary operator of food service at the venue does not have exclusive rights to the venue. To exercise this right, you must be in good standing under this Agreement and all other Franchise Agreements with us, have an average standards assessment score of at least 90% for the last three assessments of all of your Franchised Restaurants, and either initiate the inquiry or respond with an application within 30 days after we contact you about the prospect of a Nontraditional Concept facility in venue. If you do not or you cannot exercise the right of first offer, then we may proceed with another party, or our Affiliates may proceed, to develop a Nontraditional Concept Restaurant at the venue.

4. Term. The "Term" consists of the Initial Term and the Renewal Terms described below.

(a) Initial Term. This Agreement shall be effective as of the Effective Date and shall continue for an "Initial Term" of ten (10) years from the Opening Date, unless terminated earlier under this Agreement.

(b) Renewal Terms. You may renew the franchise for the The Yard Milkshake Bar Restaurant for one additional "Renewal Term" of ten (10) years, subject in each renewal to satisfaction of the conditions for renewal in this Section. THERE ARE NO OTHER RENEWAL RIGHTS OR OBLIGATIONS UNDER THIS AGREEMENT.

(c) Renewal Notice & Eligibility. If you intend to renew, you must give us written notice of your intent at least 180 days and not more than one year before the end of the Initial Term. Your renewal fee of $10,000.00 must accompany the renewal notice and is not refundable. You will be eligible to renew if at the time you must give notice of your intent to renew and at all times through the end of the Term then ending, (i) you and your Affiliates are not in default under this Agreement or any other franchise agreement with us; (ii) you and your Affiliates have satisfied all monetary obligations then due and owing to us and our Affiliates; and (iii) the Franchised Restaurant is not in the bottom quartile of franchised The Yard Milkshake Bar Restaurants for Net Cash Sales for the preceding fiscal year, and (iv) the average standards assessment score for all of your Franchised Restaurants on the three assessments preceding the date your renewal notice must be given is at least 85%. We will notify you within 30 days after we receive your renewal notice if you are not eligible to renew. We may waive, in our sole discretion, any disqualifications for any Franchised Restaurant or franchisee to renew its franchise. No such waiver will provide or confer any right or benefit on any Person except the affected franchisee.

(d) Additional Conditions. Our consent will be further conditioned on maintaining eligibility to renew through the end of each Term, and on your satisfaction of the following conditions: You and your Owners must, at the times we specify, (i) at our request and after any disclosure required by law, execute our then current form of franchise agreement and personal guaranty; (ii) perform the remodeling, repairs and renovations described below that we may require; (iii) complete, at your expense, any retraining program we may require; and (iv) execute a general release of any and all claims you, your Owners and any guarantor may have against us and our Affiliates as of that time, except for such claims as may not be released in advance under applicable law. At the end of the initial term (10 years from the Effective Date) you must also upgrade your Franchised Restaurant to our current equipment and design standards and install our current point-of-sale system and other equipment. At the end of fifth year of the initial term (5 years from the Effective Date) you must remodel and redecorate the customer facing areas of the Franchised Restaurant according to the Manuals and replace or reupholster your seating.

5. Fees & Security Interest.

(a) Initial Franchise Fee. You will pay us a non-refundable franchise fee when you sign this Agreement in the amount specified on Attachment A.

(b) Royalty Fee. On the Tuesday after the end of each Reporting Period, you will pay us a royalty fee equal to 6.00% of the Net Cash Sales of the Franchised Restaurant during the preceding Reporting Period.

(c) Marketing Fee. You also will pay us, when you pay your royalty fee, a Marketing Fee equal to 2.00% of the Net Cash Sales of the Franchised Restaurant during the preceding Reporting Period. You will pay the Marketing Fee to us in addition to the amounts you must spend under Sections 16 and 17 of this Agreement.

(d) Interest. Any late payments that you make pursuant to this Agreement will bear interest from their due date until paid at a rate equal to the lower of (a) Wall Street Journal Prime plus two percent (2%) or (b) the maximum interest rate allowed by applicable law.

(e) Taxes. You will pay us an amount equal to any federal, state, provincial or local sales, gross receipts, use, value added, excise or similar taxes assessed against us on the Royalty and Marketing Fees by the jurisdictions where your The Yard Milkshake Bar Restaurant is located, but not including any income tax, franchise or other tax levied on us for our privilege of doing business in your State. You will pay Taxes to us when due.

(f) EFT Payment. You will pay all amounts due to us after your The Yard Milkshake Bar Restaurant opens by electronic means under the Automated Clearing House Payment Authorization attached as Attachment B, or under any substitute form of authorization that we may require during the Term so that your fees will be paid by means of electronic funds transfer without the necessity of your transmitting a paper check to us. You agree to complete Attachment B prior to opening your Restaurant. You hereby authorize and appoint Franchisor as your attorney-in-fact to take all actions necessary to initiate transfers of all Royalty Fees, Marketing Fees, Interest, Taxes, and other payments due under this Agreement from your bank account as and when due.

(g) Security Agreement and Interest. As security for the payment of the foregoing amounts and performance of your obligations under this Agreement, you grant to us, our successors and assigns a security interest in this Agreement, all signs, signage, décor items, goods, supplies, equipment, and inventory containing any of the Proprietary Marks located at the Franchised Restaurant. You grant us the authority and power to file a copy of the signature page of this Agreement as part of any financing statement necessary to perfect and maintain our security interest during the Term, in any and all appropriate offices and public records. We may notify your other creditors and lenders about the security interest and have no obligation to subordinate our interest to that of any other lender or secured creditor, except to the rights of any bank or other financial institution that provides first priority financing to you to be used directly in the operation of the Franchised Restaurant and secured by the assets of the Franchised Restaurant.

6. Franchised Restaurant Development.

(a) Development Oversight. Except as specified in this Agreement and the Operations Manual, we are not obligated to provide any assistance in locating a site, negotiating the lease, conforming the premises to local codes and ordinances, obtaining permits, constructing, remodeling or decorating, hiring and training employees (except for the training we provide described in training below), or providing for necessary equipment, signs, fixtures, opening inventory and supplies.

(b) Location Selection. If you have not selected a site for the Location that we accepted when we signed this Agreement and identified in Attachment A, we will provide you with advice and consultation in the selection of sites for Location(s) through the use of the forms, criteria and materials that we make available to franchisees. You must submit the site proposal within 15 days after the Effective Date. We will review the information you submit for each proposed site for the Location, conduct any investigation of the proposed site we deem appropriate to evaluate the site, and accept or reject the site within 30 days after your submission of all initial and supplemental information we request regarding a proposed site. If we accept the site, we will give you notice of any remaining conditions to that acceptance. If we reject the site, we will give you the reasons for the rejection. Effective upon our acceptance of your selected site, whether identified and accepted at the signing of this Agreement or afterwards, you acknowledge that you have selected and we have accepted the Location, and that our acceptance of your selection does not guarantee or warrant that the Location will be successful or that it represents the best site for the Franchised Restaurant from among those available to you. You acknowledge that we may have provided you with advice and consultation in the selection of sites for your Franchised Restaurant through the use of the forms, criteria and materials that we make available to franchisees and prospective franchisees. We may have delivered our written review and evaluation of any proposed sites you propose. You have had the opportunity to obtain independent advice on the site for your Franchised Restaurant and are not relying on our review and evaluation.

(c) Lease. You must own or lease the Location at all times during the Term and provide us with a copy of the deed or lease of the Location before commencing development of the Franchised Restaurant. We must approve the form and content of any Location lease and any modifications or amendments thereto before you sign the lease. We will review the lease and, if applicable, any modifications or amendments to the lease, and accept or reject your lease for the Location within 30 days after your submission of all initial and supplemental information we request regarding the proposed lease. You must obtain as part of the lease documentation a signed Lease Rider with the landlord in substantially the form attached as Attachment E when you provide us with a copy of the signed Location lease (the “Lease”). You must deliver a signed Lease or purchase contract for an approved site within 30 days after the Effective Date, or the date we approve your proposed site if not accepted on the Effective Date. You have the option to secure a single 30 day extension of the 30 day period by written notice to us that you are exercising your extension option. The grant of any further extension of time to complete this phase of pre-opening is at our sole discretion.

(d) Plans. We will provide you with our standard renovation and finish plans, specifications and layouts for the interior build-out, mechanical and electrical systems, equipment, décor and signs for a prototype The Yard Milkshake Bar Restaurant that we make available to franchisees. We will review your site plan and final plans and specifications for conformity to System Standards. We will not unreasonably withhold or delay our approval, which is intended only to test compliance with System Standards, and not to detect errors or omissions in the work of your architects, engineers, contractors or the like. Our review does not cover technical, architectural or engineering factors, or compliance with federal, state or local laws, regulations or code requirements. We will not be liable to your lenders, contractors, employees, customers, others or you on account of our review or approval of your plans, drawings or specifications, or our inspection of the Franchised Restaurant before, during or after renovation or construction.

(e) Construction of Franchised Restaurant. You will complete the construction or remodeling of the Franchised Restaurant within the time specified on Attachment A. You will construct or remodel the Franchised Restaurant in strict conformity with the site layout, plans and specifications we approve. If we determine (before the Opening Date) that you have not constructed or remodeled the Franchised Restaurant in strict conformity with the site layout, plans and specifications we approved, within the time set forth on Attachment A, we may terminate this Agreement for cause, or obtain an injunction from a court of competent jurisdiction against the opening of the Franchised Restaurant and to compel you to specifically perform your obligation to construct or remodel the Franchised Restaurant in strict conformity with the approved site layout, plans and specifications, in addition to any other remedies available to us at law or in equity, without any obligation to furnish any bond or security. You will bear the expense of all engineering and architectural services incurred for your final construction plans and for obtaining approvals by the appropriate governmental authorities required under applicable law to construct, remodel and occupy the Franchised Restaurant.

(f) Furnishings, Fixtures, Equipment, and Other Personalty. You will install in and about the Franchised Restaurant equipment, fixtures, furnishings and other personal property that strictly conform to System Standards, and specifications we specify in the Operations Manual or otherwise. You will not display any other sign or advertising at the Franchised Restaurant without our consent other than as permitted under the Operations Manual.

(g) Technical Services. You may engage any architect, construction manager or contractor to assist you in developing the Franchised Restaurant as long as the party you engage is duly licensed in the state of the Location. You shall secure for us and our agents the right to inspect the construction site and related materials stored off site at any reasonable time. You shall correct, upon our request and at your expense, any deviation from the approved site plans and specifications. You shall furnish to us a copy of the certificate of occupancy and a certificate from your architect (which may use AIA form G704-2000 or its equivalent) that the Franchised Restaurant was built in accordance with the approved final plans and specifications, and in compliance with all applicable building codes and in compliance with all applicable local, state and federal laws, ordinances and regulations, including but not limited to the Americans with Disabilities Act and related regulations.

(h) Opening. The Franchised Restaurant shall be opened to the public at the Location on the Opening Date only after you receive our authorization to do so, which you must request in writing on or after the date you receive the certificate of occupancy and at least 7 days in advance of the desired date for such opening. In addition to and not in lieu of your other advertising obligations, you will conduct local advertising and promotion for the Franchised Restaurant's grand opening (the "Grand Opening Advertising Program") that we specify in the Operations Manuals or otherwise in writing. You will not open the Franchised Restaurant without our prior written authorization. We will have the right to withhold that authorization until (i) you complete (to our satisfaction) the construction or remodeling of the Franchised Restaurant and furnish copies of all governmental approvals required before opening under applicable law, (ii) you complete preparation of the Franchised Restaurant for the commencement of operations per the Operations Manual, and (iii) your management personnel and store personnel to be employed on the Opening Date complete the YMT program as required this Agreement. You will notify us when you open for business. We will confirm the Opening Date in writing for the purpose of fixing the expiration date of the Initial Term. If the Opening Date does not occur within two hundred and seventy days (270) days after signing this Agreement, you will be required to pay the Late Opening Fee. If the Opening Date does not occur within one year after signing this Agreement, we will have the option to terminate.

7. Our Obligations. During the Term, we will provide you with the following services:

(a) Training.

1. We will provide your designated representative and your general manager with two weeks of our Yard Management Training ("YMT") program, covering the Franchised System and methods of operating a Franchised Restaurant. This training and information will include a standard chart of accounts for use in the daily and periodic accounting of the Franchised

Restaurant. The initial YMT two week program is mandatory for your designated representative and the proposed General Manager and is to be completed prior to the Franchised Restaurant Opening Date. If your designated representative is also the General Manager, then one Assistant General Manager must also complete the YMT program. Upon the final week of the YMT program, our Training Director or our designee will conduct a thorough evaluation of the trainees as outlined in the YMT manual. Each manager trainee must score 90% or better on the evaluation to be "certified." We may modify an Opening Date you propose based upon the projected date of successful completion of the YMT program by the General Manager and/or the Owner-Operator. We may provide or arrange for the YMT program and Intensive training at any Certified Training Store.

2. In addition to the certified General Manager for a new Restaurant opening, you must identify and hire two Assistant General Managers. There is no tuition charge for the two Assistant General Managers for their initial training. We require that at least one of your two Assistant General Managers complete the YMT program. This training will take place at a Certified Training Store.

3. We require that you must always have a certified manager in Franchised Restaurant and/or be in the process of hiring and having a manager certified by attending and passing the YMT program (See Section 8(a)). We will provide training at the times and places and for the duration we may designate for replacement managers. You must pay the tuition for training in advance, and we will not refund the tuition if the replacement manager does not attend the training session.

4. We may charge you reasonable tuition and reimbursement that reflects our costs for training for replacement managers and our expenses if we provide additional training. The Operations Manual specifies the tuition charges we may impose and the circumstances when you will incur a tuition charge. Tuition is currently payable for additional training performed at your request in your Franchised Restaurant, or for an Additional Training Fee plus expenses as described in Section 8(a). We reserve the right to charge for training material.

(b) Operations Manual. We will loan you one copy of the Operations Manual, or may grant access rights on our secure website for franchisees.

(c) Approved Products, Services and Suppliers. We will publish a list of approved suppliers and their respective approved products and services in the Supplier Sheet, the Operations Manual, and/or in other written or electronic communications to you. As new suppliers, products and services become available, we will amend that list. We may also publish in the Operations Manual the procedures and fees for obtaining approval of any supplier you wish to nominate to become an approved supplier. We may deny approval of any nominee in our sole discretion. We or our Affiliate may be the sole approved suppliers for proprietary goods or services, or for goods and services we deem to be integral parts of the Franchised System that must be supplied on a consistent, uniform basis to all franchisees. We or our Affiliates may earn a profit from providing purchasing and procurement services, including receipt of fees from third party suppliers.

(d) Opening Assistance. We will provide you with the services of one or more trainers to assist you with the opening of the Franchised Restaurant at no additional fee to you beyond the $3,500 fee you will pay for pre-opening training and the YMT program outlined in Section 8(a). For each Restaurant you open, we will provide ten days of opening assistance. You must reimburse us for reasonable travel and living expenses of the trainers while performing this service. Subject to availability, we will provide the trainer services for additional days to continue to assist you with the opening of the Franchised Restaurant charged at the Additional Training Fee described in Section 8(a) then in effect.

(e) Marketing Assistance. We will provide you with the merchandising, marketing and advertising research data and advice that we develop from time to time and deem helpful in the operation of a The Yard Milkshake Bar Restaurant using the Franchised System.

(f) Evaluation Program. We will conduct periodic field evaluations and standards assessment inspections and reviews of the Franchised Restaurant to test and promote its compliance with System Standards and quality control. We may implement customer evaluation and feedback programs, mystery shopper programs, and independent inspection programs. We may publish the results of our tests and evaluations.

(g) Advice & Communications. We will provide you with periodic individual or group advice, consultation and assistance by personal visit, by telephone, electronic communication, or by newsletters or bulletins that we may make available to our franchisees from time to time. We will provide you with any other materials in any medium that we may develop to communicate new developments, techniques, and improvements in the Franchised System and our plans, policies, research, developments and activities to franchisees.

(h) Other Assistance. We will provide you with the other resources and assistance that we may develop and make generally available to all of our other franchisees.

8. Your Obligations. During the Term, your obligations are as follows:

(a) Training. You will not open or operate the Franchised Restaurant without having at least one individual working full time at the Franchised Restaurant who has completed our YMT program. If a certified manager leaves your employment for any reason, you must hire a replacement manager within 30 days who must attend the next YMT program slot we make available. You will pay a fee of $3,500 for pre-opening training, including the YMT program. You must also pay the costs of travel, meals, and lodging for trainers providing pre and post-opening training. You may continue operating the Franchised Restaurant until a replacement manager has completed the YMT program without being in default of this agreement. You must pay any tuition and additional fees for materials we then charge for training of additional operators after pre-opening training. As of the Effective Date, we charge an Additional Training Fee of $85.00 per hour plus travel, lodging and meals for trainers we provide at your request for additional training at your Franchised Restaurant. We may also charge an Additional Training Fee of $85.00 per hour plus travel, lodging and meals for trainers we require if you violate System Standards or fail any inspection we conduct. We may change this rate at any time in the Manuals. You are responsible to pay all compensation, benefits, travel expenses, living expenses, and any other personal expenses for your designees enrolled in the YMT program. You must furnish proof of worker's compensation insurance coverage for such persons before their training begins. Your trainees will not be considered borrowed servants of ours or our Affiliates for any purpose, and they will at all times remain under your control and supervision. Any of your employees who attend our operators training must sign a Management Confidentiality and Non-Competition Agreement before such training starts in substantially the form attached as Attachment D. If your Franchised Restaurant is located in California, Franchisor will defer collection of all initial fees owed by you to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to you.

(b) Operation of Franchised Restaurant. You will maintain and operate the Franchised Restaurant under the Franchised System in strict conformity with System Standards and policies, all as amended. You will maintain the Location and the Franchised Restaurant in clean, safe and sanitary condition, consistent with sound health and sanitation practices. You also will maintain and operate the Franchised Restaurant in compliance with all applicable governmental laws, rules, regulations and ordinances. Any conflict between System Standards and any applicable governmental requirement will be resolved in favor of the more stringent standard. You will use the site of the Franchised Restaurant exclusively for the purpose of operating a The Yard Milkshake Bar Restaurant. You will not engage in any business or offer any products or services at the Franchised Restaurant not a part of the Franchised System without our consent. You will obtain as and when needed all governmental permits, licenses and consents required by law to construct, acquire, renovate, operate and maintain the Franchised Restaurant and to offer all products and services you advertise or promote. You will pay when due or properly contest all federal, state and local payroll, withholding, unemployment, beverage, permit, license, property, ad valorem and other taxes, assessments, fees, charges, penalties and interest, and will file when due all governmental returns, notices and other filings. You will comply with all applicable federal, state and local laws, regulations and orders applicable to you and/or the Franchised Restaurant, including those combating terrorism such as the USA Patriot Act and Executive Order 13224.

(c) Approved Products, Services and Suppliers. You will follow the System Standards and specifications we establish for goods, products and services procured for the operation of the Franchised Restaurant. We will have the right to require you to obtain any product or service used in the operation of the Franchised Restaurant from us, our Affiliates, or suppliers we approve. We will have the right to require you to participate in a national or regional approved purchasing cooperative for the area in which the Franchised Restaurant operates.

(d) Telephone Listings, Domain Names, and Web Pages. You will establish and maintain a published telephone listing for the Franchised Restaurant in all telephone books that we designate. You will not register, acquire or maintain control over any domain name or web page that describes or advertises the Franchised Restaurant or otherwise contains uses or displays our Proprietary Marks or Intellectual Property, or links to our websites, without our prior consent.

(e) Franchised Restaurant Condition. If the Franchised Restaurant suffers physical damage, you will restore the Franchised Restaurant to reflect the then current image, design and specifications of a The Yard Milkshake Bar Restaurant. If a casualty substantially destroys the Franchised Restaurant, you may elect to terminate this Agreement in lieu of restoring the Franchised Restaurant unless your financing obligates you to restore and operate the Franchised Restaurant.

(f) Upgrades of Franchised Restaurant. We may require you to upgrade your Franchised Restaurant to conform to changes in our System Standards, which may include new signage, image, décor, equipment, technology and image standards for new The Yard Milkshake Bar Restaurants. We will not require any such upgrade within 2 years before the expiration date of the initial term or any renewal term. At the end of the initial term (10 years from the Effective Date) you must also upgrade your restaurant to our current entry standards and design elements, complete any retraining we require, upgrade to our current kitchen equipment package and install our current point-of-sale system and other equipment. At the end of the fifth year of the initial term (5 years from the Effective Date), and the end of the fifth year of the renewal term (15 years from the Effective Date), you must remodel, redecorate and replace or reupholster your seating. We may encourage you at any time to make a voluntary upgrade because of economic circumstances, competition, technological advances, brand imaging opportunities, or other compelling events or circumstances. Your voluntary agreement to perform an upgrade in those cases will not constitute a required upgrade under this paragraph.

(g) Your Employees. You must recruit, hire, train, schedule, equip, dress, discipline, manage and supervise a competent, conscientious staff to meet our System Standards, compliant with such uniforms and/or dress code as we may prescribe in the Operations Manual, and take such steps as are necessary to ensure that your employees preserve good customer relations and the goodwill of the Franchised System.

(h) Life Safety. You must operate and maintain the Franchised Restaurant to meet the health and life safety standards and ratings applicable to the operation. You must furnish to us, within five days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Franchised Restaurant. The Franchised Restaurant's failure of any health, sanitation, food-related or life safety inspection is a material breach of this Agreement and must be remedied within the time frame specified in the applicable regulations or code.

(i) Material Contracts. You must timely comply with your obligations under the Lease and any note, indebtedness, mortgage, deed of trust, security deed, equipment lease, supply agreement, utility contract, service agreement and other material contracts ("Material Contracts") applicable to you or the Franchised Restaurant and necessary to operate the Franchised Restaurant in compliance with System Standards. You shall furnish to us, within 10 days after your receipt, a copy of all notices, letters, warnings, or any other communications from the counterparty of any Material Contract regarding any default under or termination of any Material Contract. You must furnish a copy of any amendment, modification, replacement or supplement to the Lease.

9. Technology, Communications And Internet.

(a) Computer Systems and Required Software. We have the right to specify in the Operations Manual or otherwise in writing that you acquire and use in the operation of the Franchised Restaurant electronic data collection, storage, reporting, exchange and interchange capability and services, including certain brands, types, makes and models of communications, hardware and software systems, peripherals and equipment, including without limitation: (i) back office accounting, inventory and management systems, (ii) storage, retrieval and transmission systems for data, audio, video and voice files, (iii) point of sale systems or such other types of cash registers as we may designate or approve ("Cash Register Systems"), (iv) physical, electronic and other security systems and procedures, (v) archival back-up systems, (vi) internet access capability and connectivity, and (vii) customer-facing marketing, ordering, entertainment, audio, video, internet access points and service systems (together, the "Technology"). We have the right, but not the obligation, to develop or have developed for us, or to designate computer software programs and accounting system software that you must use as part of the Technology ("Required Software"). You shall install, learn, use and integrate all updates, supplements, modifications or enhancements to the Required Software when we so require. We may specify in the Operations Manual or otherwise the tangible media upon which you shall record data, the database file structure of the Technology and the requirements to ensure your compliance with legal and payment card industry security standards. You shall implement and periodically make upgrades and other changes to the Technology as we request in writing (together, "Technology Upgrades") for all Franchised System Restaurants. We may be the sole supplier of proprietary Technology or Technology Upgrades that we develop or acquire for use at all Franchised Restaurants

(b) Data. We may specify in the Operations Manual or otherwise in writing the information that you shall collect and maintain on the Technology. You will maintain your Cash Register and management systems on-line so that we may access them remotely at our discretion, copy stored data, update software, and view all records, files and reports available on or from those systems. You shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data you provide to us, transfer to us from your Technology and download from us to your Technology will be owned exclusively by us or the data source we identify. We will have the right to use such data in any manner that we deem appropriate without compensation to you. All other data you capture, create or collect in the operation of the Franchised Restaurant or from your affiliation with us (including, without limitation, consumer and transaction data), is and will be owned exclusively by us during the Term of, and following termination or expiration of, this Agreement. You must provide to us in the format we require copies or original files of such data at our request. We license the use of such data back to you, at no additional cost, solely for the Term and solely for your lawful use in the business franchised under this Agreement or in any other business that you own. You may not lease, sell or rent such data to others.

(c) Customer Facing Technology. We may mandate that you offer free wireless internet access or other accepted means of communication for customers of the Franchised Restaurant. We may also mandate customer facing technology to accept and process food and beverage orders, payments, entertainment options and other means of providing service and an attractive environment to customers.

(d) Privacy & Security. You shall abide by all applicable laws and payment card industry standards pertaining to the privacy and security of consumer, employee and transactional information ("Privacy Laws"). You shall comply with our System Standards and policies pertaining to Privacy Laws. If there is a conflict between our Standards and policies pertaining to Privacy Laws and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel to determine the most effective way, if any, to meet our System Standards and policies pertaining to Privacy Laws within the bounds of applicable law. You shall not publish, disseminate, implement, revise or rescind a data privacy policy without our prior written consent. You shall encrypt personally identifiable information about customers and employees as required by Privacy Laws or the Operations Manual and follow all notification requirements, with a copy of all of your outbound notices to us, if any data breach, hack or unauthorized access event occurs.

(e) Extranet. We may, but are not required to, establish a dedicated website with secure access for communication with and among franchisees and to offer information content relevant to operation of the Franchised Restaurant (the "Extranet"). If we establish an Extranet, then you shall comply with our requirements set forth in the Manuals or otherwise in writing for connecting to the Extranet and utilizing the Extranet in the operation of the Franchised Restaurant. The Extranet may include, without limitation, and if so, will satisfy our obligations under this Agreement to provide to you, the Manuals, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct).

(f) Websites. Unless we otherwise approve in writing, you shall not establish a separate Website (the term "Website" is defined to mean a group of related documents that can be accessed through a common internet address), but shall only have one or more references or webpage(s), as we designate and approve in advance, within our Website. However, you may request to establish a separate Website and shall submit to us with your request, for our prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots) and non-visible content (including, without limitation, meta tags) in the form and manner we may reasonably require. You may activate the Website only if we so approve in advance in writing (which we are not obligated to approve and which approval we have the right to revoke at any time), in which case then the following conditions shall apply:

1. Any Website owned or maintained by or for your benefit shall be deemed "advertising" under this Agreement, and will be subject to (among other things) our approval of content and appearance under Section 16.

2. You may not add inbound or outbound hyperlinks to or from, or modify the Website without our prior written approval as to such proposed hyperlinks or modification.

3. You shall comply with System Standards for Websites that we may prescribe in the Operations Manual or otherwise in writing.

4. You will establish such hyperlinks to our Website and others as we may request in writing.

5. You will not permit the entry, acceptance or confirmation of delivery or catering orders on the Website that would violate Section 3.

(g) Online Use of Marks and E-mail Solicitations. You shall not use the Proprietary Marks or any abbreviation or other name associated with the Franchised System or us as part of any e-mail address, domain name and/or other identification of you or your Owners in any electronic medium. You will not transmit or cause any other party to transmit on your behalf advertisements or solicitations by e-mail or other electronic media without first obtaining our written consent as to: (a) the content of such e-mail advertisements or solicitations and (b) your plan for transmitting such advertisements. You shall be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"). Under no circumstances shall you send any e-mail to a person or address outside the United States.

(h) No Outsourcing without Prior Written Approval. You shall not hire third party or outside vendors other than our Affiliates to perform any services or obligations related to the Technology, Required Software, or any other of your obligations under this Section, without our prior written approval. We may condition our consideration of any proposed outsourcing vendor(s) upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form we provide.

(i) Changes to Technology. The parties acknowledge that technology used in the restaurant business is dynamic and not subject to predictable patterns of development and change. To keep pace with technological needs and opportunities and to support the competitiveness of the Franchised System, you acknowledge that we shall have the right to establish, in writing, new and revised System Standards for the implementation of technology as part of the System. You shall abide by those new or revised System Standards as implemented on a System-wide basis.

10. E-Mail Communication. You acknowledge that we are entitled to rely upon e-mail to communicate with you as part of the economic bargain underlying this Agreement. To facilitate the use of e-mail to exchange information between you and us, you will maintain e-mail capabilities as specified in the Operations Manual. You authorize the transmission of e-mail from and to us, vendors and our affiliates on matters pertaining to the business contemplated under this Agreement. You will provide us with the current e-mail address, and shall immediately notify us of any change of e-mail address and any technical problems with the e-mail account of you and your Owners that would make communications delayed or impossible. If any such e-mail account becomes disabled for any reason, you shall immediately provide us with an alternative e-mail address. You will cause your officers, directors, members and employees (as a condition of their association or position with you) to give their consent (in an e-mail, electronically, or in a pen-and-paper writing, as we may reasonably require) to transmission of our e-mails to them, and such persons shall not opt-out, or otherwise ask to no longer receive e-mails from us during the time that such person works for or is affiliated with you. You acknowledge that if you opt-out, or otherwise ask to no longer receive e-mails from us during the Term you will be in material breach of this Agreement.

11. Covenants Not to Compete. During the Term, you may not engage, either directly or indirectly through any financial or beneficial interest in any other Person, in any Competing Business, other than a The Yard Milkshake Bar Restaurant licensed by us. For a period of two years after the termination or expiration of this Agreement for any reason, you may not engage in any Competing Business, other than

a The Yard Milkshake Bar Restaurant licensed by us, within your Assigned Area and within the Applicable Radius from any existing The Yard Milkshake Bar Restaurant, as then listed on our website or any directory we provide to you. We may reduce the duration and/or geographic scope of this provision by written notice to you for applicable law. You will not employ or seek to employ any individual who, at the time, currently works or worked during the preceding three months for any of our other licensees or franchisees or for us, except with the consent of the affected licensee or franchisee or with our consent (as applicable). We will not employ or seek to employ any individual who, at the time, currently works or worked during the past three months for you, except with your consent.

12. Confidential Information. You acknowledge you have no interest whatsoever in the Franchised System except the license in this Agreement. You acknowledge that the Franchised System constitutes our proprietary information including some Confidential Information and that the use or duplication of the Franchised System other than as permitted under this Agreement will constitute an unfair method of competition. You will not use the Franchised System in any business or any capacity for the benefit of any Person except as permitted under this Agreement or another written agreement with us. You will take all appropriate actions to preserve the confidentiality of all Confidential Information. Access to Confidential Information should be limited to persons who need the Confidential Information to perform their jobs and are subject to your general policy on maintaining confidentiality as a condition of employment or who have first signed a confidentiality agreement. You will not permit copying of Confidential Information (including, as to computer software, any translation, decompiling, decoding, modification or other alteration of the source code of such software). You will use Confidential Information only for the Facility and to perform under this Agreement. Upon termination (or earlier, as we may request), you shall return to us all originals and copies of the System Standards Manual, policy statements and Confidential Information "fixed in any tangible medium of expression," within the meaning of the U.S. Copyright Act, as amended. Your obligations under this subsection commence when you sign this Agreement and continue for trade secrets (including computer software we license to you) as long as they remain secret and for other Confidential Information, for as long as we continue to use the information in confidence, even if edited or revised, plus three years. We will respond promptly and in good faith to your inquiry about continued protection of any Confidential Information.

13. Franchised System Management.

(a) Ownership. We represent with respect to the Proprietary Marks that we, or one of our affiliates, is the owner of all rights, title and interests in and to the Proprietary Marks. We and our affiliates have taken and will take all steps reasonably necessary to preserve and protect the ownership and validity in and of the Proprietary Marks.

(b) Display of Marks. Your use and display of the Proprietary Marks will be subject to the following: (i) You shall use only the Proprietary Marks we designate, and use such Proprietary Marks only in the manner we authorize and permit; (ii) you shall use the Proprietary Marks only for the operation of the Franchised Restaurant and only at the Location authorized under this Agreement, or in advertising for the Franchised Restaurant; (iii) unless we otherwise authorize or require, you shall operate and advertise the Restaurant only under the name "The Yard Milkshake Bar," without prefix or suffix; (iv) during the Term, you shall identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Restaurant when you make any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Restaurant as we may designate in writing; (v) your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement and the Operations Manual, and any unauthorized use thereof shall constitute an infringement of the rights of the owner of the Proprietary Marks; and (vi) you shall execute any documents deemed necessary by us or our counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

(c) Prohibitions. You are prohibited from using the Proprietary Marks, including "The Yard Milkshake Bar" to: (i) incur any obligation or indebtedness on behalf of yourself or us; and (ii) be all or part of your entity name or other legal name, or as part of any e-mail or other electronic media address, domain name, URL, social media identifier, user name or other identification of you or your Owners in any electronic medium, or as a metatag, paid search term, or in any search engine optimization program, except as we expressly authorize in writing, in the Operations Manual or in any policy regarding Internet activity.

(d) Internet Use. We reserve the right to establish, modify and terminate policies and procedures about Internet marketing, publicity, social media, blogging and other activity as part of System Standards included in the Operations Manual. You shall not register, purchase or obtain the right to control the content offered under any domain name or website that includes any Proprietary Mark except with the prior written consent of or as part of the marketing program controlled or approved by us.

(e) Infringements. You shall promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks we license to you. You acknowledge that we shall have the sole right to direct and control any civil, administrative or other proceeding involving the Proprietary Marks, including any settlement. We shall also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If we undertake the defense or prosecution of any litigation relating to the Proprietary Marks, you shall execute any and all documents and do such acts and things as may, in the opinion of our counsel, be necessary to carry out such defense or prosecution, including, without limitation, becoming a nominal party to any legal action.

(f) Our Defense of You. If you use the Proprietary Marks in compliance with this Agreement, we will defend you at our expense against any third party claim, suit or demand involving the Proprietary Marks arising out of your proper use thereof. We will reimburse you for your out-of-pocket costs in doing what we request under this Section, excluding the compensation costs of your employees, and we will pay the costs of any judgment or settlement. If such litigation is the result of your use of the Proprietary Marks in a manner not in compliance with this Agreement, you shall reimburse us for the costs of such litigation, including, without limitation, our attorney's fees and the cost of any judgment or settlement.

(g) Reservation of Rights. You expressly understand and acknowledge that: (i) we and our affiliates are the owners of all rights, title and interests in and to the Proprietary Marks and the goodwill associated with and symbolized by them; (ii) the Proprietary Marks are valid and serve to identify the Franchised System and those who are authorized to operate under the Franchised System; (iii) neither you nor any of your Owners shall directly or indirectly contest the validity or the ownership of the Proprietary Marks, nor shall you, directly or indirectly, seek to register the Proprietary Marks with any government agency, except with our express prior written consent; (iv) your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement; (v) any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted under this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System or the Proprietary Marks; and (vi) the right and license of the Proprietary Marks granted to you is not exclusive, and we have and retain the rights, among others:

1. To use the Proprietary Marks ourselves to offer and sell products and services;

2. To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and

3. To develop and establish, or to become affiliated with, other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to you.

(h) Substitute Marks. We reserve the right to substitute different Proprietary Marks for use in identifying the Franchised System and the restaurant businesses operating thereunder if our currently owned Proprietary Marks no longer can be used, or if we determine that substitution of different Proprietary Marks will be beneficial to the Franchised System.

(i) Control of Franchised System. We will control and establish requirements for all aspects of the System. We may, in our discretion, change, delete from or add to the Franchised System, including any of the Proprietary Marks or Standards, in response to changing market conditions. We may, in our discretion, permit deviations from System Standards, based on local conditions and our assessment of the circumstances.

(j) Improvements. All present and future distinguishing characteristics, improvements and additions to or associated with the Franchised System by us, you or others, including, without limitation, all new and improved recipes and preparation instructions for menu items, ingredients, new menu items and the like, and all present and future service marks, trademarks, copyrights, and service mark and trademark registrations used and to be used as part of the Franchised System, and the associated goodwill, shall be our property and will inure to our benefit. You acknowledge that Standards include non-functional trade dress that is an integral part of the System, and you covenant that you will not, directly or indirectly through an affiliate, use the trade dress in any structure that is not the Franchised Restaurant. You also acknowledge that such Intellectual Property includes any recipes, ideas, inventions, concepts, instructions, techniques of cooking, preparation, display or service, or other know-how developed, marketed, or licensed as part of the Franchised System, whether created by us, an Affiliate, a predecessor, licensor or by you with our approval as outlined in the Operations Manual. You grant to us a non-exclusive, perpetual, royalty-free worldwide license of all recipes, concepts, instructions, ideas, inventions, techniques of cooking, preparation, display or service, or other know-how, advertising materials and trade secrets created by or for you for use in, by or for the Franchised Restaurant, and you acknowledge that we and our Affiliates may incorporate, modify, supplement, sublicense or otherwise commercialize such information as part of the Franchised System or in any other manner. At our request and expense, we may require you to execute and deliver an assignment of the ownership rights to any such Intellectual Property or such other writing as we may request to transfer ownership to us, or pursue registration or other legal protection for such Intellectual Property.

(k) Operations Manual. During the Term, we will provide you with access to the Operations Manual, one copy of which you acknowledge having received on loan from us, in a format we choose (including, without limitation, paper, CD/DVD or online). We may from time to time revise the contents of the Operations Manual, and you will follow our instructions to make corresponding revisions to all of your copies of the Operations Manual and to comply with each change in any System Standard. If there is any dispute as to the contents of the Operations Manual, the master copy of the Operations Manual we maintain in our home office shall be controlling.

(l) Manual Controls. The Operations Manual shall at all times remain our sole property regardless of format and shall at all times be kept, and the access codes and procedures for electronic versions shall be kept, in a secure place on the Franchised Restaurant premises. You shall at all times treat the Operations Manual, any other written material created for or approved for use in the operation of the Franchised Restaurant and the information contained therein as confidential and shall use all reasonable efforts to maintain such information as proprietary and confidential. Except for those portions of the Operations Manual that we designate in writing as appropriate for copying and use at the Franchised Restaurant, you shall not at any time copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

14. Reports and Records. On the first day of each month, you will deliver to us a statement of the Net Cash Sales of the Franchised Restaurant for the preceding month of the Reporting Period. Within 20 days after the end of each Reporting Period, you will deliver to us a complete profit and loss statement for the Franchised Restaurant in a form prescribed by us (and any other statistical reports which we may require under the Operations Manual) for the Reporting Period upon written request. You also will send us a copy of all sales tax returns filed for the Franchised Restaurant as and when filed with each appropriate taxing authority. Within 90 days after the end of each fiscal year, you will deliver to us a complete profit and loss statement covering the operations of the Franchised Restaurant for the preceding fiscal year and a balance sheet dated as of the close of that fiscal year. You will keep all records of the Franchised Restaurant for at least seven years after the end of the fiscal year in which they are created in a manner and form satisfactory to us and will deliver any additional financial, operating and other information and reports which we may request on the forms and in the manner we prescribe in the Operations Manual. We will have the right to assemble and disseminate to third parties financial and other information regarding you and other franchisees to the extent required by law or to the extent necessary or appropriate to further the interests of the Franchised System as a whole. We will have the right to disclose your business name, address and telephone number as they appear in our records in our franchise disclosure documents and to any Person making inquiry as to the ownership of the Franchised Restaurant. We will not disclose specific financial information regarding you or the Franchised Restaurant to any Person without (a) your consent or (b) compulsion of law.

15. Inspection, Testing and Audit. We will have the right to inspect your Franchised Restaurant at any time during or immediately before or after regular business hours during the Term, with or without notice to you as part of our evaluation and quality assurance programs. You will also permit us or our agents, at any reasonable time, to remove samples of food or non-food items from your inventory, or from the Franchised Restaurant, without payment for such items, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether said samples meet our then current Standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform to our specifications. We may also require you to bear the cost of an Additional Training Fee of $85.00 per hour plus travel, lodging and meals for trainers required to travel to your Restaurant to re-inspect after you fail any inspection we conduct under Section 7(f) of this Agreement or otherwise. We also will have the right to audit your accounts, books of original entry, financial records and tax returns (including, without limitation, state and local sales tax reports and federal, state and local income tax returns) at all times during and after the Term. You will make copies of those items available for audit at our corporate offices at your cost. If the audit discloses that Net Cash Sales actually exceeded the amount you reported, you immediately must pay us any additional fees required by Section 5 plus interest at the rate specified in Section 5. If the audit discloses that Net Cash Sales actually exceeded the amount reported by an amount equal to 2% of the originally reported Net Cash Sales or more, you also must reimburse us for our out-of-pocket costs and allocable administrative costs and overhead incurred for the audit and its enforcement. You must, upon our request at any time, produce updated and accurate profit and loss statements within three (3) days from our written request. You must maintain your books in a Quickbooks online application. You must grant us access to your Quickbooks online application to afford us real-time access to your Restaurant's financial information.

16. Local Marketing. During each fiscal quarter, we require that you spend at least 1% of Net Cash Sales for local marketing and promotional expenses of the Franchised Restaurant. We recommend that you spend at least 2% of Net Cash Sales for local marketing and promotional expenses of the Franchised Restaurant. Local marketing and promotional expenses include the cost of direct mail solicitations, public relations activities, community events and sponsorships, newspaper advertisements, telephone book listings and advertisements, and other distributed promotional materials. Local marketing and promotional expenses do not include amounts spent on sign rental, paper products, or food items which may contain one or more of the Proprietary Marks. You will conduct all marketing and promotional activities that use the Proprietary Marks or refer to the Franchised Restaurant in a dignified manner and in compliance with the System Standards and requirements we specify. You will submit for our approval samples of all advertising and promotional materials that you wish to use at least 30 days before making any financial commitment to use the materials. We will give you notice of any objections to the proposed materials within 10 days after their receipt. If you fail to discontinue the use of any unapproved materials within five days after notice from us, we may enter the Franchised Restaurant, remove any unapproved materials and hold the materials for proper disposition according to your instructions.

17. Advertising Cooperative. We may establish one or more advertising cooperatives from time to time and, further, may modify, terminate and reform any existing advertising cooperative at any time in our sole discretion. If the Franchised Restaurant operates within a DMA for which an approved advertising cooperative exists, you will contribute to the advertising cooperative the amounts required by the cooperative up to 2% of the Net Cash Sales of the Franchised Restaurant during each Reporting Period. Any such payments made to any cooperative will count towards satisfaction of your minimum local advertising spending under Section 16. All The Yard Milkshake Bar Restaurants that we or our Affiliates operate will participate in any advertising cooperative that we establish for the DMA in which they are located on the same basis as the Franchised Restaurants in the DMA. We will administer the cooperative unless we designate another party to perform the administrative functions. The cooperative may have written governing documents that we must provide or approve, which will be available for all participants in the cooperative to review. Each cooperative will maintain accounting records and compile financial statements that will be available for review by all participants. We retain the power to require any cooperative to be formed, changed, dissolved or merged with another cooperative.

18. Gift Cards. You shall participate in promotional programs we develop for the Franchised System in the manner we direct in the Operations Manual or otherwise in writing. Additionally, we may sell or otherwise issue gift cards or certificates (together, "Gift Cards") that have been prepared utilizing the standard form of Gift Card we provide or designate. You shall fully honor all Gift Cards that are in the form we provide or approve, regardless of whether a Gift Card was issued by us or another sponsor. You will sell, issue and redeem Gift Cards in compliance with procedures and policies we specify in the Operations Manual or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Franchised System Restaurants and for making timely payment to us or other franchisees of Gift Cards issued from your Franchised Restaurant honored elsewhere.

19. Marketing Fund. We have established a marketing fund (the "Marketing Fund"). You will pay a Marketing Fee to us in an amount equal to 2.00% or more of the Net Cash Sales of the Franchised Restaurant. Attachment A lists the Marketing Fee in effect on the Effective Date. We will account for all Marketing Fees we collect in a separate account. We also may deposit the marketing, promotional and other payments we receive from suppliers into the Marketing Fund. We will disburse the Marketing Fund to pay for marketing, advertising, promotional, public relations, and other similar activities intended to benefit The Yard Milkshake Bar Restaurants, and their administration. Up to 25% of Marketing Fund disbursements may be used for promotions with the primary purpose of soliciting franchise sales. Those activities may include (without limitation) (a) market research, (b) marketing technology development and

implementation, (c) customer service, loyalty and reward programs, (d) media purchases, (e) advertising production, (f) advertising and public relations agency fees and expenses, and (g) product research and development. We also may use the Marketing Fund to pay or reimburse us for our administrative overhead incurred for activities supported by the Marketing Fund. Any moneys in the Marketing Fund not spent at the end of each fiscal year will remain in the Marketing Fund, provided that amounts contributed to the Marketing Fund may be used to pay taxes associated with unspent amounts on deposit in the Marketing Fund. We will have the sole and exclusive discretion to direct all activities and programs funded by the Marketing Fund. We generally will administer the Marketing Fund for the benefit of all The Yard Milkshake Bar Restaurants. You acknowledge that we have no obligation expend Marketing Fund amounts for your benefit equivalent or proportionate to your Marketing Fees, and we do not warrant or guaranty that you will receive or derive any benefit from Marketing Fund activities. We will make all studies and reports produced by the Marketing Fund available to you at no cost as Confidential Information. We will make copies of all materials produced by the Marketing Fund for franchisee use available to you at your expense. We may suspend, terminate and reinstate the Marketing Fund at any time. The Marketing Fund will not terminate, however, until we have spent all moneys in the Marketing Fund for the purposes set forth above.

20. Publicity and Promotional Materials. We will have the right to photograph the Franchised Restaurant and to use the photographs in any of our publicity or advertising programs. You consent to such photography and use, and covenant to cooperate in securing the photographs and the consents of any individuals pictured. You will place franchised recruitment advertising and promotional materials for The Yard Milkshake Bar franchises in the Franchised Restaurant if and when we so request.

21. Insurance.

(a) Before opening the Franchised Restaurant, you must obtain and thereafter maintain during the Term the following minimum amounts and policy forms of insurance from a responsible carrier or carriers authorized to write coverage in your state having an A.M. Best rating of at least A-VI and that we find acceptable. The type of coverage includes:

1. Commercial General Liability coverage ($1 million single limit per occurrence; $2 million general aggregate limit, for both general liability and products /completed operations liability) for personal injury and property damage, including premises, independent contractors, products and completed operations, contractual, personal and advertising liability, on an occurrence basis, with coverage on a 1986 or later ISO commercial general liability form policy;

2. "All Risk" property coverage including a property damage limit for the full cost of replacement of the Franchised Restaurant and business interruption coverage for up to twelve months of projected earnings;

3. Business Automobile Liability covering liability arising out of any auto (including owned, hired and non-owned autos), with a minimum of $1 million combined single limit each accident;

4. Workers' Compensation or legally appropriate alternative covering all employees and contractors working at the Franchised Restaurant for statutory limits and Employers Liability with minimum limits of $1 million bodily injury for each accident, $500,000 bodily injury by disease for each employee and $500,000 bodily injury disease aggregate;

5. A $2 million Umbrella Policy on an occurrence basis excess of covering excess of the underlying insurance described in (1), (3) and (4) above which is at least as broad as each and every underlying policy, provided that you may purchase more underlying coverage and less umbrella coverage under such policies as long as you maintain the total amount of the limits specified for each coverage area

6. Other insurance as may be required by the state or locality of the Franchised Restaurant;

7. Employment practices liability insurance with a limit of $500,000; and

8. Employee Dishonesty/Fidelity insurance with a limit of $100,000.

(b) Other Provisions. All of the liability insurance policies, other than Workers' Compensation, must name us, The Yard Milkshake Bar, Inc. and The Yard Milkshake Bar Franchising, LLC and our respective officers, directors, members, shareholders, partners and employees as additional insureds on a primary noncontributory basis for operations of the Franchised Restaurant. The form of additional insured endorsement will be ISO CG 2010 11 85 Form B or its equivalent. If the additional insured has other insurance applicable to a loss, it will be on an excess or contingent basis. The additional insured's insurance coverage will not be reduced by the existence of such other insurance. Your policies must constitute primary policies of insurance with regard to other insurance, must contain a waiver of subrogation provision in favor of us as it relates to the operation of the Franchised Restaurant, and must provide for at least 30 days' notice to us prior to cancellation, non-renewal or amendment. Your policies may provide the minimum limits set forth above through a single policy or through the combination of primary and umbrella policies. We may modify the policy limits, policy requirements and coverage types during the Term in the Operations Manual.

(c) Certificate of Insurance. Before you commence renovation or construction of the Franchised Restaurant, you must furnish us with certificates of insurance evidencing that you have obtained the required insurance in the forms and amounts as specified above. You must deliver evidence of the continuation of the required insurance policies at least 30 days prior to the expiration dates of each existing insurance policy. If you fail to acquire and maintain the required insurance coverage, we will have the right (but not the obligation), at your expense, to acquire and administer the required minimum insurance coverage on your behalf. We may end all of our duties with respect to the administration of any required insurance policies by giving you 10 days' notice.

(d) Remedial Insurance. If you, for any reason, shall fail to procure or maintain the insurance required by this Agreement and the Operations Manual, we shall have the right and authority (without any obligation to do so) immediately to procure such insurance and to charge the cost to you, together with a reasonable fee for acquiring each policy. You shall pay the same to us immediately upon notice.

22. Assignments & Transfers.

(a) Our Assignments. We may assign, delegate or subcontract all or any part of our rights and duties under this Agreement, including by operation of law, without notice and without your consent. You are not the third party beneficiary of any contract with a third party to provide services to you under this Agreement, but we are responsible for the performance of all of our obligations to you under this Agreement. We may dissolve, terminate and wind up our business under applicable law but we will transfer the System and this Agreement to a party that will perform the franchisor's obligations and that will assume this Agreement in writing. We will have no obligations to you after you are notified that our transferee has assumed our obligations under this Agreement except those that arose before we assign this Agreement.

(b) Your Assignments. This Agreement is personal to you (and your Owners if you are an entity). We are relying on your experience, skill and financial resources (and that of your Owners and the guarantors, if any) to sign this Agreement with you. You may not directly or indirectly engage in a Transfer, without our prior consent, which we may withhold or condition in our sole discretion, except as expressly permitted under this Agreement. We condition our consent on satisfaction of one or more of the following: (i) the proposed transferee must satisfy all of the requirements and conditions then being used to qualify as a new franchisee of ours; (ii) the proposed transferee must comply with Section 24; (iii) you must satisfy all of your monetary obligations then due and owing to us and our Affiliates; (iv) you must cure all existing defaults under this Agreement; (v) you and your guarantors must execute and deliver a general release of all claims and causes of action against us and our Affiliates; (vi) the transferee must execute and deliver our then current form of franchise agreement with the same Royalty Fee and the same expiration date and remaining renewal term (if any) as set forth in this Agreement; and (vii) you must pay us a transfer fee equal to $6,000.00 if you transfer this Agreement or the Franchised Restaurant, or in the event of an ownership change (a "Control Change") involving Control of 50% or more of your equity interests, or effective Control over the management of your business by modification of your Core Agreement (defined below). A proposed transferee is not eligible for our consideration if the transferee or any of its owners has had a Franchise Agreement with us or any affiliated franchise system terminated for cause, is affiliated with a competitor, or would be in breach of Section 11 immediately upon closing of the transaction. However, a Transfer that is (1) an initial transfer of the Franchised Restaurant and this Agreement from an individual to an entity owned by the individual, or (2) other than a Control Change, conveyance of the equity interests conveyed by any the Owners listed on Attachment A to any of the other Owners listed on Attachment A or any member of their immediate family does not require our consent or payment of a transfer fee. We will waive the transfer fee if the Control Change results from conveyance of the equity interests between the persons listed on Attachment A so long as you obtain our consent prior to executing the transaction. We may withhold or condition our consent to such a transaction among existing equity Owners in our sole discretion. If you are an individual, then in the event of your death, permanent disability or appointment of a guardian for you, this Agreement will terminate 90 days after your death, permanent disability or appointment of a guardian unless we give our consent within that 90-day period to the assignment of this Agreement to a successor in compliance with this paragraph. You will notify us in writing of any change in the information stated on Attachment A before or within 10 days after such events. If our consent and the transfer procedures stated above are not required, we will produce and send to you a revised Attachment A that will be a unilateral amendment to this Agreement not requiring your signature to be effective.

23. Right of First Refusal. Prior to the sale or transfer of any interest that constitutes Control (the “Offered Interest”) of the Franchised Restaurant or of you, you must notify us of the proposed sale or transfer and deliver to us the name and address of the proposed purchaser or transferee, the proposed purchase price, and all other terms and conditions of the proposed sale or transfer of the Offered Interest. In addition, you must deliver to us one photocopy of all proposed purchase agreement, if any and all other agreements and instruments signed and to be signed in the transaction, and copies or electronic access to all diligence, offering and other materials furnished to the proposed purchaser as part of the selling process. Within 30 days after we receive the foregoing notice and materials, we will have the right and option to send notice to you that we intend to acquire the Offered Interest on the same terms and conditions as contemplated by the third party. If we do not send notice of our intent to acquire the Offered Interest within the 30-day period, you may proceed with the sale or transfer as disclosed to us, subject to our rights as set forth in Section 22 of this Agreement, as long as the terms and conditions of the sale or transfer stay identical to those as originally disclosed to us. Our failure to exercise our right of first refusal will not constitute a waiver of any other provision of this Agreement, or our right of first refusal as to any subsequent proposed sale or transfer. Any material change in the terms of the proposed sale or transfer prior to closing will constitute a new sale or transfer, subject to the same right of first refusal by us as for the initial sale or transfer. Any sale or transfer attempted without first giving us the right of first refusal specified in this Section 23 will render the attempted sale or transfer null and void. We may utilize the remedy of specific performance to enforce this right.

24. Business Entity Franchisee. If you constitute a business entity, each of your Owners must execute the Guaranty and Restriction Agreement attached as Attachment C. Your certificate of incorporation, shareholders' agreement, partnership agreement, trust agreement, operating agreement, or other similar agreement (a "Core Agreement") must provide that your purpose will consist only in the development, ownership, operation and maintenance of The Yard Milkshake Bar Restaurants. The Core Agreement must prohibit the issuance of any additional equity ownership interests or the transfer, assignment or pledge of any issued equity ownership interests without our consent and must provide that each certificate or document issued to evidence any equity ownership interest will contain a legend disclosing the foregoing restriction. In giving our consent under Section 22 to any issuance or transfer of your equity interests, we may in our discretion impose one or more conditions, including (without limitation) the requirement that the individual beneficial owner of the equity ownership interest execute the form of Guaranty and Restriction Agreement attached as Attachment C or a supplement to the original such Agreement acceptable to us in form and substance adding such person as a guarantor. You must deliver to us of the documents demonstrating compliance with this Section when we so request.

25. Death or Appointment of Guardian or Conservator of a Principal. Upon the death of an Owner, or the appointment of a permanent guardian or conservator to manage the Owner's affairs, the Owner's trustee, conservator or other personal representative may hold the deceased's equity interest in the franchisee entity for up to one year and may only transfer the deceased's interest from the estate, a testamentary trust or inter vivos trust to a third party we approve under the procedures set forth in this Agreement. If the Owner was the Owner-Operator, then we may treat the personal representative, trustee or conservator as the Owner-Operator until you appoint someone else. Any failure to commence administration of the decedent's estate within 90 days after death or any distribution of the decedent's equity interest in the franchisee entity without our consent if such distribution operates as an assignment and our consent is required under this Agreement, is a material breach of this Agreement.

26. Temporary Disability of An Owner. If a physician, court or administrative agency determines that an Owner-Operator or an Owner owning a controlling interest in you has become temporarily disabled and incompetent to manage his or her own affairs, we have the right to require that a different Owner-Operator be appointed until the Owner's permanent status is determined. We may require that the Owner's equity interest be transferred to a third party acceptable to us following the assignment conditions and procedures in this Agreement if the temporary disability does not resolve within six months after the temporary disability is determined.

27. Securities Offerings. If you intend to engage in a public or private offering of your equity interests, then you must submit for our review your offering materials or prospectus before you file the document or commence its use. No offering by you or any affiliate shall imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance or offering of your securities or those of affiliates. Our review of any offering material shall be limited solely to the relationship between you and us (and any of our affiliates, if applicable), an accurate description of our System, and the absence of any disclosure of confidential information about us or the System. We may, at our option, require that the offering materials make a written statement we prescribe about the limitations stated in the preceding sentence. Your indemnification obligations in Section 34 include claims relating to your securities offering, disclosure materials and compliance with applicable laws and regulations. For each proposed offering, you shall pay us a non-refundable fee of $10,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering materials. You must submit your offering materials for our review at least 30 days in advance of the anticipated filing or release date. Any such offering shall be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

28. Termination by You. If we substantially fail to perform any of our material obligations to you under this Agreement, you must give us written notice of non-performance and at least 60 days to cure the failure. If the failure continues at the end of such 60 day cure period, you may terminate this Agreement on written notice to us delivered at any time before we cure the failure. You may not withhold the payment of any fees due under this Agreement during the pendency of cure period, and any payment by you of fees accruing after the expiration of the cure period will be deemed a waiver of our default by you.

29. Termination by Us for Incurable Defaults. We may terminate this Agreement effective immediately (or at the earliest time allowed under applicable law) upon written notice to you for any of the following events:

(a) You close or abandon the Franchised Restaurant for a period of three or more days in any seven day period except for any remodeling or vacation we approve in advance;

(b) You or any of your Owners request the appointment of a receiver or have a receiver appointed for the Franchised Restaurant, you or any of your or their assets;

(c) You or any of your Owners become insolvent or make a general assignment for the benefit of your or their creditors;

(d) You or any of your Owners commence a case for relief or have an order for relief entered for you or them under the United States Bankruptcy Code;

(e) You or any of your Owners suffer a conviction for, or plead guilty or *nolo contendere* to a crime involving moral turpitude or any other offense reasonably likely, in our opinion, to have an adverse effect on the goodwill of the Proprietary Marks or name and reputation with the consuming public of The Yard Milkshake Bar Restaurants;

(f) We discover a material inaccuracy in any of your representations in this Agreement or in any application you submitted to us to become a franchisee;

(g) You maintain false books or records, including tax records;

(h) You breach the same provision of this Agreement on three occasions within any 12-month period, with our having given you the required notice of the first two breaches (whether or not timely cured by you); or

(i) You commit a breach which, by its nature, you cannot cure or with regard to which you notify us that you do not intend to cure.

30. Termination by Us for Curable Defaults. We may terminate this Agreement if you fail to cure any monetary default after at least five business days' notice of the monetary default. We may terminate this Agreement if you fail to cure any non-monetary default after at least 30 days' notice of the non-monetary default. A monetary default means your failure to make any payments as and when due to us or to our Affiliates, or to maintain the insurance required under this Agreement. A non-monetary default means (a) any default in the performance of any of your other obligations under this Agreement or any other agreement with us or our Affiliates, other than the failure to make any payments as and when due to us or our Affiliates; or (b) any condition which makes the continued operation of the Franchised Restaurant more likely than not a danger to public health or safety.

31. Certain Waivers.

(a) You and we waive the right to pursue and receive any exemplary and punitive damages against the other party in any dispute arising under this Agreement or relating to the franchise relationship, whether asserted as a related or independent tort, as a breach of contract, or as any other claim or cause of action based on constitutional, statutory or common law.

(b) **THE PARTIES WAIVE THE RIGHT TO A JURY TRIAL IN ANY ACTION RELATED TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE FRANCHISOR, THE FRANCHISEE, ANY GUARANTOR, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS.**

32. Obligations Upon Termination or Expiration.

(a) Upon the termination or expiration of this Agreement for any reason, all of your rights under this Agreement will terminate and you will (a) abide by the non-competition and confidentiality provisions contained in Sections 11 and 12 of this Agreement; (b) promptly pay us and our Affiliates all amounts then due us and them; (c) not use or adopt the Franchised System or any of the Proprietary Marks or Intellectual Property; (d) remove from the Franchised Restaurant all signs, emblems and displays using any Proprietary Marks or identifying it as associated with the Franchised System; (e) cease to use and return to us the Operations Manual and other proprietary materials delivered to you under this Agreement; (f) change the exterior and interior design and decor of the Franchised Restaurant and make any and all changes in signs, buildings and structures which we direct to distinguish the building from its former appearance as a The Yard Milkshake Bar Restaurant; (g) cease to hold yourself out in any way as our franchisee or to do anything which would indicate any relationship between you and us, except pursuant to the terms of a separate agreement with us; and (h) transfer to us all telephone listings, domain names, and web pages for the Franchised Restaurant or which contain, use or display any of our Proprietary Marks or Intellectual Property. You will complete all modifications within 30 days after the termination or expiration of this Agreement. If you fail to complete such modifications or fail to transfer or return such property within 30 days as contemplated above in this Section, or should you indicate at such time earlier than 30 days that you do not intend or are unable to comply with this Section, you appoint us as your attorney-in-fact to perform such acts in your stead and for your account. You will reimburse us for all of our costs and expenses, including without limitation administrative overhead and employee salaries, that we may incur in acting as your attorney-in-fact to perform such acts.

(b) You acknowledge that the parties cannot determine the exact amount of damages resulting from termination prior to the expiration of a term. If this Agreement terminates for any reason other than our material breach and our failure to cure the breach within a reasonable time after you give us written notice of the breach but not less than 60 days, then in addition to any and all other remedies and causes of action available to us, you will pay us liquidated damages in addition to amounts due to us accruing under this Agreement prior to termination. The amount of liquidated damages shall equal the average monthly Royalties payable to us for the twelve months preceding the date of termination, multiplied by the lesser of 24 or the number of months remaining in the term at the time of termination. You and we agree that it is a reasonable estimate of the actual damages which we will sustain as a result of the breach and is not a penalty. The liquidated damages will constitute neither a waiver of your obligation to comply with the foregoing post-termination requirements nor a license to use the Franchised System.

33. Our Option to Purchase. Upon the termination or expiration of this Agreement for any reason, we will have the option to purchase the Franchised Restaurant, including the land or leasehold interest in the Location, improvements, fixtures and equipment comprising the Franchised Restaurant, at the fair market value of the Franchised Restaurant. We will have the right to set off all amounts you owe us against any payment for the assets purchased. We will exercise our option under this Section by giving you notice of the exercise of the option at least 30 days prior to the expiration of this Agreement or within

30 days after the early termination of this Agreement. We will close the transaction within 60 days after the exercise of our option. At the closing, you will transfer the assets comprising the Franchised Restaurant to us by special warranty deed (or assignment of leasehold estate) and bill of sale in form and substance acceptable to us. You and we will resolve any dispute regarding the fair market value of the Franchised Restaurant by arbitration, provided that the arbitrator shall be an accountant or investment banker experienced with the valuation of businesses similar to the Franchised Restaurant. Such proceeding will be final and binding arbitration under the Rules for Commercial Arbitration of the American Arbitration Association. The Federal Arbitration Act will apply. The arbitration will take place before one arbitrator selected by the American Arbitration Association. The arbitration will take place in the city in which we then have our principal place of business. Currently our principal place of business is located in Gulf Shores, Alabama in Baldwin County. The parties will conduct any arbitration proceeding and resolve any dispute on an individual basis only and not on a class-wide or multiple-party basis. The prevailing party will have the right to enter the award of the arbitrator in any court having jurisdiction. The award will not have any precedential or collateral estoppel effect on any other dispute. Our option under this Section will not affect or limit our rights under any security agreement or our subrogation rights under any guaranty or surety agreement.

34. <u>Indemnification by Franchisee</u>.

(a) You will, at all times, indemnify and hold harmless to the fullest extent permitted by law, us, our parent entity (member), our affiliates, the respective shareholders, members, directors, officers, employees, agents and representatives of each of them, and their respective successors and assigns, from all Losses and Expenses incurred in any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

1. Your infringement, alleged infringement or any other violation or alleged violation of any trademark, copyright or other proprietary right owned or controlled by third parties;

2. Your violation, breach or alleged violation or breach (i) of any contract, federal, state or local law, regulation, ruling, standard or directive or (ii) arising out of your business activities hereunder;

3. Libel, slander or any other form of personal injury by you or arising out of your business activities hereunder;

4. Your violation or breach of any warranty, representation, agreement or obligation in this Agreement; or

5. Acts, errors or omissions of you or any of your agents, servants, employees, contractors, Owners, partners, affiliates or representatives.

(b) <u>Notice of Claims.</u> You will give us notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At your expense and risk, we may elect to assume (but under no circumstance is obligated to undertake), the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish your obligations under this Section.

(c) <u>Risk of Loss.</u> All Losses and Expenses incurred under this Section shall be chargeable to and paid by you as your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity or defense.

(d) No Assumption of Liability. The persons or parties indemnified do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee may contract, regardless of the purpose. Franchisee's hold harmless and indemnity obligation shall include all losses and expenses that may arise out of any acts, errors or omissions of these third parties.

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

1. Any of the acts or circumstances enumerated in this Section have occurred; or

2. Any act, error or omission of yours may result directly or indirectly in damage, injury or harm to any person or any property.

Without limiting the foregoing, we are specifically entitled to take actions including closing your Restaurant, operating your Restaurant and charging you for the cost of doing so, making operational changes to your Restaurant, or otherwise taking such remedial actions as we deem appropriate to ensure compliance with System Standards and applicable law.

(f) Survival. This Section shall survive expiration or earlier termination of this Agreement without regard to the cause of termination.

35. Force Majeure. If an act of nature or any other cause beyond the reasonable control of the party whose performance is affected which cannot be overcome despite the party's exercise of reasonable diligence to overcome the cause prevents a party from performing any obligation under this Agreement despite the party's exercise of reasonable diligence, the act of nature or other cause will toll the due date for the performance of that obligation for the duration of the act of nature and for a reasonable time thereafter. However, no force majeure or other cause shall excuse the timely payment of amounts due under this Agreement. Should the Franchised Restaurant close for any reason relating to natural disaster, accident or other unforeseeable events, you will vigorously pursue reopening at the same or a new location in the Territory that we first approve. If you have not resumed operations within 180 days after closing, we may terminate this Agreement without penalty to you so long as you have paid us a royalty on your business interruption insurance proceeds and not breached the covenants in Section 11.

36. Relationship of Parties.

(a) Limitations. Neither this Agreement nor the performance of the obligations set forth in this Agreement will operate to make you our partner or agent. Neither party will have the authority to act or contract on behalf of the other. Neither party will have any responsibility for the obligations of the other party. The relationship created by this Agreement is that of an independent contractor, and no fiduciary relationship is created or intended. You must indicate clearly the independent ownership of your business in all public records and in all of your dealings with third parties.

(b) Reserved Rights. Whenever we reserved in this Agreement a right to take or withhold an action, or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our rights, on the basis of the information readily available to us and our judgment of what is in our best interests and/or in the best interests of the our franchise network, at the time the decision is made, without regard to whether: (i) other reasonable alternative decisions or actions could have been made by us; (ii) our decision or action will promote our financial or other individual interest; (iii) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations; or (iv) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties acknowledge that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

(c) Reasonable Business Judgment. You and we agree that we may use our Reasonable Business Judgment in the exercise of our rights, obligations and discretion under this Agreement except where otherwise indicated. "Reasonable Business Judgment" means that our determination shall prevail even in cases where other alternatives are also reasonable so long as we intend to benefit or its actions or omissions could benefit the Franchised System. Examples of benefits to the Franchised System would include, without limitation, protecting or enhancing the value of the Proprietary Marks, promoting economic efficiency or gain for the Franchised System Restaurants, increasing customer satisfaction, increasing brand identification, or minimizing possible customer brand or location confusion. We shall not be required to consider your particular economic or other circumstances when exercising our Reasonable Business Judgment. At no time are you or any third party (including, but not limited to other franchise owners or any trier of fact) entitled to substitute your or its judgment for a judgment, which has been made by or on behalf of us which meets the definition of Reasonable Business Judgment. You and we agree that the long-term goals of a franchise system, and the long-term interests of both us and all the franchisees, taken together, require that we have the latitude to exercise our Reasonable Business Judgment.

(d) Time. Time is of the essence of this Agreement.

37. Employment Decisions. You have and will continue to have sole responsibility for recruitment, selection, training, supervision, discipline and termination of your employees, all acts and omissions of your employees, and all employment related decisions involving compensation, benefits, hours of work, scheduling, record keeping, and all other terms and conditions of employment.

38. Holidays. If the due date for any payment of funds under this Agreement falls on a legal holiday, the due date for the payment will extend until the next business day.

39. Entire Agreement. This Agreement (including all attachments, exhibits and schedules) constitutes the entire agreement of the parties with regard to the subject matter of this Agreement and replaces and supersedes all other prior written, electronic and oral agreements and statements of the parties relating to the subject matter of this Agreement. Neither party is relying on any writing to enter into this Agreement other than as set forth in this Agreement and the Franchise Disclosure Document delivered to you. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document we furnished to you.

40. Disclaimer Limitation. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that we made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that we delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

41. Approvals and Waivers. You must request any prior approval or consent required under this Agreement from us by means of a timely written request. Any such approval or consent must be obtained in writing. No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you under this Agreement shall constitute a waiver by us to enforce any right, option, duty or power as against you, or shall apply as to subsequent breach or default by you. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed to be a waiver by us of any preceding breach by you of this Agreement. The failure of a party to insist in any one or more instances on the performance of any term or condition of this Agreement will not operate as a waiver of any future performance of that term or condition.

42. Notice. Except as otherwise provided in this Agreement, when this Agreement requires notice, the sending party must deliver or address the notice to the other party by certified mail, or delivery service with receipted delivery, or by electronic mail followed by transmittal of the original by first class United States Mail, to the following address:

Us: 3800 Gulf Shores Parkway, Unit 218
Gulf Shores, Alabama 36542
Attention: Franchising Department
Email: franchise@theyardmilkshakebar.com

You: ________________________
____
____
Email:___________________

All notices will be deemed delivered and received if transmitted to the proper address on the earlier of (a) the date that the other party receives or refuses delivery of the notice or (b) three business days after the party places the notice in the United States mail, first class postage prepaid. Each party may change the party's address by giving written notice to the other party.

43. Cumulative Rights. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The parties retain all rights and remedies available at law or in equity.

44. Survival. The provisions of this Agreement which, by their terms, survive the termination or expiration of this Agreement will survive the termination or expiration of this Agreement for any reason.

45. Governing Law. This Agreement shall be governed by the laws of Alabama (without regard to any conflicts of law principles).

46. Arbitration and Mediation. Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Store or Authorized Location, the parties' relationship, or the business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration must take place in the city where our headquarters are located at the time of the dispute, or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties. The arbitrators must follow the law and not disregard the terms of this Agreement. The decision of the arbitrators will be final and binding on all parties to the dispute; however, the arbitrators may not under any

circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any state or federal court where we maintain our headquarters or the state where your Store is located. Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions, provided that the party seeking mediation notifies the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days or if one party refuses to participate in mediation, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential.

47. Legal Fees. If either party succeeds in any arbitration or legal action to enforce this Agreement, the losing party will reimburse the prevailing party for its outside and inside attorneys' fees and costs related to the action, in addition to any other relief obtained by the prevailing party.

48. Liquidated Damages. In the event of any Franchisee default of its obligations under Section 8, or any other requirement pertaining to Franchisee's compliance with the Operations Manual, menus, ingredients, products, or health and safety, Franchisee shall pay to Franchisor an amount of liquidated damages, which it agrees is reasonable under the circumstances given Franchisor's need to maintain system conformity and safety and is not a penalty, of $500 for the first such default, $2,500 for the second such default, and $5,000 for all subsequent defaults throughout the Term of this Agreement. This remedy is in addition to, and not in lieu of, all of Franchisor's other rights under this Agreement, including termination.

49. Construction. The rule of construction requiring the resolution of any ambiguities in this Agreement against the drafting party will not apply to the construction of this Agreement.

50. Severability. If any provision of this Agreement (other than Section 5) is held to be invalid or ineffective with respect to any Person or circumstance, the holding will not affect the remainder of this Agreement or the application of this Agreement to any other Person or circumstance.

51. Counterparts. The parties may execute this Agreement in counterparts, each of which will constitute an original and all of which, when taken together, will constitute one and the same instrument.

52. Amendment. No amendment to this Agreement will become effective or binding on the parties, unless it is in writing and signed by all of the parties; provided, that we may modify or change the Franchised System or Operations Manual unilaterally at any time, effective 30 days after notice of the change or modification is sent to you, unless health and safety concerns compel us to provide a shorter notice period.

53. Third Party Beneficiaries. Except for the benefits reserved for our parent, The Yard Milkshake Bar, Inc. and our Affiliates, there are no third party beneficiaries for this Agreement.

54. Definitions. Unless the context of their use in this Agreement requires otherwise, the following words and phrases have the following meanings when used in initially-capitalized form in this Agreement.

(a) Affiliate means (1) any Person who Controls, is Controlled by, or is under common Control with a Person, and (2) any Owner of any Person.

(b) Certified Training Store means a The Yard Milkshake Bar Restaurant at which all managers and shift leaders in the Training Group have been trained by a Certified Trainer and we certify as meeting our System Standards for such designation. We specify procedures to obtain and maintain certification of a Restaurant as a Certified Training Store in the Operations Manual. A Certified Training Store must employ a Certified Trainer as a General Manager, have passed a "Certified Training Store Assessment" initially and have passed all of its subsequent The Yard Milkshake Bar Standards Assessments.

(c) Competing Business means any restaurant serving as a primary menu offering ice cream, milkshakes, gelato, frozen custard, frozen yogurt, premium or gourmet desserts, or edible cookie dough in any format.

(d) Confidential Information means any trade secrets we own or protect and other proprietary information not generally known to the restaurant industry including confidential portions of the Operations Manual and information we otherwise impart to you and your representatives in confidence. Confidential Information includes recipes, food preparation instructions, proprietary software and other valuable property.

(e) Control means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

(f) DMA means a Designated Market Area, as defined by Neilsen Media Research or its successors in interest from time to time. We may designate a substitute independent source for providing the boundaries of a single television advertising market in the Operations Manual.

(g) Effective Date means the date we enter immediately below our signature block on this Agreement as the date on which you and we are legally bound under this Agreement, provided that if no such date is entered, then the Effective Date shall be the date on which we execute and deliver this Agreement.

(h) Franchised Restaurant means the The Yard Milkshake Bar Restaurant you establish and operate at the Location.

(i) Franchised System means the distinctive, unique and proprietary marks and trade dress, products, presentation styles and services, know-how, methods of operation, identification, décor, furnishings, equipment, training, service, production, technology, marketing, advertising, promotion and development that we may designate in written or electronic form or through usage from time to time that define and distinguish a The Yard Milkshake Bar Restaurant, including (without limitation) (1) plans and specifications for interior and exterior signs, designs, layouts and color schemes; (2) methods, techniques, formats, systems, menus, ingredients, recipes, specifications, procedures, information, trade secrets, sales and marketing programs; (3) methods of business operations and management; (4) System Standards; (5) the Operations Manual; and (6) knowledge and experience regarding the operation and franchising of The Yard Milkshake Bar Restaurants.

(j) Losses and Expenses means, without limitation, all losses, compensatory, exemplary or punitive damages, penalties, fines, charges, costs and expenses of investigation, defense and resolution, lost profits, attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to our and our Affiliates' reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matter described.

(k) Intellectual Property means the Proprietary Marks, patents, copyrights, copyrightable material, ideas, concepts, inventions, know-how, trade secrets, Confidential Information, and other proprietary information that we designate in written or electronic form or through usage from time to time as part of or prescribed for use with the Franchised System.

(l) "Net Cash Sales" means all revenues accrued from all business conducted at or from your Franchised Business, whether paid by cash, check, credit card, charge account, barter exchange or otherwise, without deduction for bad debt, credit card fees or other costs of collection or processing. Net Cash Sales does not include: (i) any exchange of goods or services between your Restaurants where such exchange is made solely for the convenient operation of your Restaurant business and not for the purpose of consummating a sale made in, at or from an Approved Location, (ii) returns to shippers, suppliers or manufacturers, (iii) cash or credit refunds to customers on transactions otherwise included in Net Cash Sales, (iv) sales of fixtures, machinery or equipment which are not stock in trade, (v) receipts from vending machines; (vi) sales taxes, consumer's excise taxes, gross receipts taxes and other similar taxes now or hereafter imposed upon the sale of meals, food, beverages, merchandise or services at the Restaurant, but only if charged and collected separately from the sales prices of such items; (vii) any portion of a sale that is deemed a non-cash sale such as the discounted portion of a sale, or any sale that is complimentary; and (viii) gratuities and delivery fees included to the extent they are paid over to servers and delivery providers.

(m) Nontraditional Concept Restaurant means a The Yard Milkshake Bar Restaurant that uses all or some portion of the Franchised System and is located in a limited access host facility venue such as an airport, transportation center, sports and entertainment venue, educational institution dining hall, hospital cafeteria, mall food court, and in-plant cafeteria. A Nontraditional Concept Restaurant may offer a different menu from a standard The Yard Milkshake Bar Restaurant that we approve, share seating and beverage dispensing with other restaurant counters, offer service hours to match the traffic in the host facility, have server uniforms that match uniforms worn by other food servers at the host facility, and have limited use of Mark-bearing signage and other System elements.

(n) Location means the address identified in Attachment A as the site of your The Yard Milkshake Bar Restaurant.

(o) Late Opening Fee means a fee for the opening of the Restaurant more than one hundred and fifty days (150) after signing this Agreement of $2,500.

(p) Opening Date means the date on which you open your The Yard Milkshake Bar Restaurant for business, after receiving our consent to open. The Opening Date shall not occur more than one hundred and fifty days (150) after signing this Agreement, or you will be required to pay a Late Opening Fee.

(q) Operations Manual means the manual or collection of materials in written or electronic form which we designate from time to time as containing the System Standards, specifications, procedures, policies, methods of operating the Franchised Restaurant, other elements of the Franchised System and any information designated in this Agreement for inclusion or modification in the Operations Manual.

(r) Owner means any Person that holds a direct or indirect equity ownership interest (including beneficial and record interests) in you.

(s) Owner-Operator means the Owner who is primarily responsible for supervising the operation of the Franchised Restaurant, as you designate in writing to us in Attachment A or otherwise.

(t) Person means any individual or business entity, including (without limitation) corporation, joint venture, general partnership, limited partnership, limited liability company, or trust.

(u) Proprietary Marks means the registered and unregistered distinctive and characteristic trade names, domain names, trademarks, service marks, logotypes, and trade dress elements that we designate in written or electronic form or through usage from time to time as prescribed for use with the Franchised System.

(v) Assigned Area means the geographic area described on Attachment A.

(w) Reporting Period "Reporting Period" means each 28 day period beginning on the date specified in the Operations Manual. Our accounting system operates on 13 periods of 28 days each for each fiscal year, with an extra day attached to one or two periods at our discretion. Our fiscal year typically ends on the Sunday closest to December 31.

(x) System Standards means the standards for the Franchised Restaurant and using the Franchised System published in the Operations Manual and elsewhere, including but not limited to standards for design, furnishings, fixtures and equipment, use and display of the Proprietary Marks, operations, technology and any other standards, policies, rules and procedures we promulgate about Franchised System operation and usage.

(y) The Yard Milkshake Bar Restaurant means a restaurant operating under the Franchised System using The Yard Milkshake Bar name and mark, or such other name and mark as we may specify under the Operations Manual, as amended.

(z) Training Group means two or more Franchised Restaurants owned by Affiliates having Owners with at least 50% aggregate equity interests in common in all of the franchisees.

(aa) Transfer means, for the purposes of Section 22, any transaction that is or results in (i) an assignment of this Agreement or delegation of any of your rights and obligations under this Agreement, (ii) grant of a security interest, pledge, lien or encumbrance on this Agreement, (iii) a change in ownership of an equity interest, or any issuance of additional equity interests to new persons or entities not listed on Attachment A, (iv) any merger, consolidation or sale of substantially all assets, if you are an entity, (v) any sale or lease of the Franchised Restaurant, or a sale of the Location if you own it, or any eviction, detainer, foreclosure or deed in lieu of foreclosure that results in the loss of possession of and control over the Franchised Restaurant, (vi) any delegation of management rights or responsibilities of the Franchised Restaurant, or (vii) any distribution, gift or donation of any interest in the Franchised Restaurant. The creation of any profits interest, synthetic equity, phantom equity or similar interest that does not create ownership economic rights or voting rights is not a transfer.

55. Your Representations. You represent to us as follows:

(a) This Transaction. You and the persons signing this Agreement for you have full power and authority and have been duly authorized, to enter into and perform or cause performance of your obligations under this Agreement. You have obtained all necessary approvals of your Owners, Board of

Directors and lenders. No executory franchise, brand license or affiliation agreement for the Location exists other than this Agreement. Attachment A accurately states your Owners. Your execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree or security instrument to which you or any of your Owners is a party or is subject or to which the Location is subject. Neither you nor the Location is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date you execute this Agreement and was not within the three years preceding such date, except as disclosed in your franchise application. To the best of your knowledge, neither you, your Owners, your officers, directors, contractors, or employees or anyone else affiliated or associated with you, whether by common ownership, by contract, or otherwise, has been designated as, or are, a terrorist, a "Specially Designated National" or a "Blocked Person" under U.S. Executive Order 13224, in lists published by the U.S. Department of Treasury's Office of Foreign Assets Control, or otherwise.

(b) No Misrepresentations or Implied Covenants**.** All written information you submit to us about the Location, you, your Owners, any guarantor, or the finances of any such person or entity, was or will be at the time delivered and when you sign this Agreement, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit any material fact necessary to make the information disclosed not misleading under the circumstances.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement, intending to be legally bound, as of the Effective Date.

The Yard Milkshake Bar Franchising, LLC	______________________________
By: ____________________________	By: ______________________________
Its: ____________________________	Its: ______________________________
Effective Date:____________________	Date: _____________________________

Attachment A

Transaction Details

1. Location of Franchised Restaurant: ____

____

2. Time to complete and open Franchised Restaurant: nine (9) months after the Effective Date.

3. Assigned Area: The geographic area within a radius (the "Applicable Radius") from the Franchised Restaurant of (i) one mile in counties having a population over 750,000; (ii) two miles in counties having a population under 750,000 and at least 250,000, or (iii) three miles in counties with a population of less than 250,000. The population of the county where the Franchised Restaurant will be located is: ________________________

4. Address and Contact Information of Franchisee:

5. Initial Franchise Fee: $45,000.00. This fee will be deferred until Franchisor has completed its pre-opening obligations under Sections 6 and 7 of the Franchise Agreement.

6. Marketing Fee as of Effective Date: ___2% of Net Cash Sales

7. Your Owners:

Name	Address	Telephone	Email	Percentage Ownership

Attachment B

Automated Clearing House Payment Authorization

TheFirst A NATIONAL BANKING ASSOCIATION MEMBER FDIC

ACH Debit Authorization Form

The Yard Milkshake Bar Franchising, LLC
PO Box 6779
Gulf Shores, AL 36547

I (we) hereby authorize The Yard Milkshake Bar Franchising (herein referred to as "Company") to initiate debit entries to my (our) account indicated below at the depository financial institution named below, hereinafter called "Depository", for the purpose of accomplishing the following preauthorized payment for _________ services.

Bank Name____________________ Branch__________________________

City __________________________ State _______ Zip_________________

Routing# ______________________ Account# _______________________

Amount________________________ Day(s) of debit __________________

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Depositor Name(s) ______________________ _______________________

Address ____

City ____________________________ State __________ Zip______________

Signature____ Date ____________

Signature ____ Date____________

*****Account holder is required to verify bank account data and attach a voided check here*****

ATTACH VOIDED CHECK HERE

Attachment C

Guaranty and Restriction Agreement

GUARANTY AND RESTRICTION AGREEMENT

The undersigned owners (the "Guarantors") of _______ (the "Franchisee") enter into this Guaranty and Restriction Agreement (this "Agreement") as of the Effective Date.

1. Guaranty of Obligations. To induce The Yard Milkshake Bar Franchising, LLC, its successors and assigns ("you") to sign the Franchise Agreement (the "Agreement") with the party named as the "Franchisee," to which this Guaranty is attached, the undersigned, jointly and severally ("we, "our" or "us"), irrevocably and unconditionally (i) warrant to you that Franchisee's representations and warranties in the Agreement are true and correct as stated, and (ii) guaranty that Franchisee's obligations under the Agreement, including any amendments and note, will be punctually paid and performed. Upon default by Franchisee and notice from you we will immediately make each payment and perform or cause Franchisee to perform, each unpaid or unperformed obligation of Franchisee under the Agreement. Without affecting our obligations under this Guaranty, you may without notice to us extend, modify or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee. We waive notice of amendment of the Agreement. Upon the death of an individual guarantor, the estate of the guarantor will be bound by this Guaranty for obligations of Franchisee to you existing at the time of death, and the obligations of all other guarantors will continue in full force and effect. This Guaranty may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one in the same instrument.

2. Restrictions on Transfer of Equity Ownership of Franchisee. The Guarantors will not transfer, assign or pledge any of their direct or indirect equity interests in the Franchisee to any person without the prior consent of the Franchisor, except as authorized under the Franchise Agreement.

3. Other Provisions. The Guarantors, as owners of the Franchisee, acknowledge that this Agreement and the Franchise Agreement inure to the benefit of the Franchisee and to the undersigned. The Guarantors expressly adopt, ratify, incorporate into this Agreement, and agree to be bound individually by the following provisions of the Franchise Agreement as if they were parties to such Franchise Agreement: Sections 11 (Covenants Not to Compete); 12 (Confidential Information); 22 (Assignment); 23 (Right of First Refusal); 24 (Business Entity Franchisee); 31 (Certain Waivers); 33 (Resolution of Disputes); 33 (Our Option to Purchase); 45 (Governing Law); 46 (Venue); and 47 (Legal Fees).

Executed and delivered as of the Effective Date.

The Guarantors:

By:____

Printed Name: __________________________________

By:____

Printed Name: __________________________________

Attachment D

Management Confidentiality and Non-Competition Agreement

MANAGEMENT CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

The undersigned The Yard Milkshake Bar Restaurant on-premises manager ("Manager"), in consideration of the access to training and confidential information he or she has received or will receive from The Yard Milkshake Bar Franchising, LLC, an Alabama limited liability company, and/or its affiliates (collectively, the "Company") in connection with Manager's employment with the Company's franchisee named below (the "Franchisee"), hereby covenants and agrees as follows:

1. Confidentiality Agreement. Manager acknowledges that, while employed by the Franchisee, Manager has and will receive certain confidential information and knowledge concerning the The Yard Milkshake Bar Restaurant business of the Company which the Company wishes to protect, including (without limitation) information, knowledge, know-how, recipes, formulae, materials, equipment, techniques, systems, and other data relating to or comprising the The Yard Milkshake Bar Restaurant franchise system. Confidential information includes the Operations Manual and other materials and information supplied by Company to the Franchisee that is identified as confidential at the time of disclosure or before. Manager shall not reveal that confidential information to any other party, except the Company's or the Franchisee's independent public accountants, Manager's legal counsel (if that counsel also agrees to maintain the confidentiality of the confidential information), or as otherwise required by law. Manager shall not use or disclose the confidential information at any time for the purpose of competition with the Company, its successors and assigns, or Franchisee. When Manager's employment with Franchisee terminates for any reason, the Manager promptly shall surrender to Franchisee all papers, documents, writings and other property produced by Manager or coming into Manager's possession by or through Manager's employment with the Franchisee containing confidential information or related in any way to confidential information. All of the foregoing materials shall remain the property of the Company, its successors, or its assigns.

2. Covenant Not to Compete. During the term of Manager's employment with the Franchisee and for a period of 24 months after the termination of Manager's employment with the Franchisee for any reason, Manager shall not engage in, directly or indirectly as a principal, agent, trustee, employee, consultant, independent contractor or through any corporation, partnership, association, or other entity, any business or be employed in a restaurant or prepared food retailer that is the same or similar to a The Yard Milkshake Bar Restaurant at any location within a 10-mile radius of any The Yard Milkshake Bar Restaurant location at which Manager worked or within a 10-mile radius of any then-existing The Yard Milkshake Bar Restaurant location.

3. Indemnification and Injunctive Relief. Manager shall indemnify and hold the Company and the Franchisee harmless against any losses, damages, costs, expenses, claims or actions, including attorneys' fees and costs, proximately caused by any breach of this Agreement by Manager. Manager shall pay to the Company any compensation, profits or economic benefits realized by the Manager resulting from any breach of this Agreement. The Company shall have the right to injunctive and other equitable relief prohibiting the Manager from any violation or threatened violation of this Agreement, without posting any bond or security.

4. Governing Law. The laws of Alabama shall govern this Agreement.

5. Entire Agreement. This Agreement constitutes the entire agreement of the parties with regard to the subject matter of this Agreement and replaces and supersedes all other written and oral agreements and statements of the parties relating to the subject matter of this Agreement.

6. Limitations. This is not a contract of employment and this creates no employment relationship between Manager and the Company. Manager is not a third party beneficiary of any contract between the Company and the Franchisee. Franchisee remains the sole employer of Manager and is solely responsible for the recruitment, selection, training, supervision, compensation, benefits, insurance, worker's compensation, discipline and termination of Manager. During any period of on the job training of Manager by the Company, Franchisee shall remain the sole employer of Manager and shall be responsible for controlling all aspects of Manager's employment.

Executed and delivered this _____ day of ________________________, 20___.

Manager:

____
Signature

____
Printed Name

Franchisee: ____

Attachment E

Lease Rider

LEASE RIDER

This Lease Rider is made and entered into as of ____________, 20___ by and among The Yard Milkshake Bar Franchising, LLC, an Alabama limited liability corporation ("Franchisor"), ____________________, a ____________________ ("Tenant/Operator") and ______________________, a _____________________ ("Landlord").

Recitals. Tenant/Operator and Landlord desire to enter into a lease (the "Lease") pursuant to which Tenant/Operator will occupy and finish the premises located at ___________________________ (the "Premises") for use and operation of a The Yard Milkshake Bar restaurant (the "Restaurant") authorized under a Franchise Agreement to be executed between Franchisor and Tenant/Operator prior to the opening of the Restaurant (the "Franchise Agreement"). As a condition to Franchisor's approval of the Premises as the location for the Restaurant, the Tenant/Operator is required under the Franchise Agreement to execute this Lease Rider along with the Landlord and Franchisor;

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

(1) During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Restaurant.

(2) Landlord consents to Tenant/Operator's use and display of such proprietary marks (the "Proprietary Marks") and signs, decor items, color schemes, plans, specifications and related components of the The Yard Milkshake Bar Restaurant system (the "System") as Franchisor has prescribed, and may in the future prescribe, for the Restaurant. Landlord affirms that the Lease does not prohibit the service of any menu items of the current System, based on the menu provided to Landlord.

(3) Landlord agrees to send Franchisor conformed, legible copies of any and all letters and notices sent to Tenant/Operator pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant/Operator.

(4) Franchisor shall have the right, and Landlord consents to allow Franchisor, to enter the Premises during hours when the Premises is available for tenant entry to make any modification or alteration necessary to protect the The Yard Milkshake Bar Restaurant, the System and Proprietary Marks or to cure any default under the Franchise Agreement, or under the Lease, without being guilty of trespass or any other crime or tort.

(5) In the event of Tenant/Operator's default under the Lease, Franchisor may, but has no obligation, to cure the default. Franchisor shall make this determination within thirty (30) days after Franchisor receives notice of the Lease default from Landlord. If Franchisor elects to cure the default, Franchisor shall cure the default within thirty (30) days of such election or, if the default cannot be reasonably cured within such thirty (30) day period, then Franchisor shall commence and proceed to act diligently to cure the default within such time as is reasonably necessary to cure the default.

(6) Franchisor has an option to acquire the Restaurant from Tenant/Operator if the Franchise Agreement expires or terminates. If Franchisor exercises the option, it will notify Landlord when it notifies Tenant/Operator. If Franchisor so exercises its option, or makes a different arrangement with Tenant/Operator to acquire the Restaurant, then Landlord shall permit Tenant/Operator to assign the Lease to Franchisor or to Franchisor's affiliated assignee or designee as successor in interest ("Successor") to Tenant/Operator, which shall be obligated to assume Tenant/Operator's obligations under the Lease.

Successor shall attorn to Landlord under the Lease and Landlord shall attorn to and agree not to disturb the tenancy of Successor. In such event Successor shall assume Tenant/Operator's occupancy rights, rights under any renewal or purchase options, and the right to sublease the Premises, for the remainder of the term of the Lease including any applicable renewal periods.

(7) Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or increase or accelerate rent under the Lease in connection with such assignment, or require Successor to pay any rent or other financial obligation of Tenant/Operator to Landlord arising prior to the assignment. Landlord agrees to look solely to the Tenant/Operator and its guarantors for any rents or other financial obligations owed to Landlord arising prior to such assignment. Landlord and Tenant/Operator acknowledge that Franchisor is not a party to the Lease and shall have no liability under the Lease, unless and until the Lease is assigned to, and assumed by Franchisor as Successor.

(8) Notwithstanding anything contained in this Lease Rider and in the Lease, Successor is expressly authorized, without the consent of the Landlord, to sublet the Leased Premises to an authorized System franchisee, provided such subletting is specifically subject to the terms of the Lease and further provided the franchisee expressly assumes in writing all obligations of the Lease. Franchisor agrees to notify Landlord as to the name of the franchisee within then (10) days after such subletting.

(9) Tenant/Operator shall not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.

(10) Landlord and Tenant/Operator shall not amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing without the prior written consent of Franchisor.

(11) This Lease Rider will supersede any conflicting terms of the Lease.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Lease Rider as of the date first above written.

FRANCHISOR:

THE YARD MILKSHAKE BAR FRANCHISING, LLC

By: ____
Name: ____
Title: ____

TENANT/OPERATOR:

____

By:____
Name: ____
Title: ____

LANDLORD:

____

By:____
Name: ____
Title: ____

Attachment F

Nontraditional Concept

NONTRADITIONAL CONCEPT

ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to Franchise Agreement (this "Addendum") is made and entered into as of ________________, by and between The Yard Milkshake Bar Franchising, LLC, an Alabama limited liability company ("we," "us" or "our"), as franchisor, and ___________________________, a __________________ (you" or "your"), as franchisee. This Addendum relates to and modifies that certain Franchise Agreement ("the "Prime Agreement") between the parties. This Addendum shall be controlling in the event of any conflict between the Prime Agreement and this Addendum. All definitions in the Prime Agreement shall apply to this Addendum unless the context otherwise indicates. The parties mutually agree, for good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, as follows:

1. Nontraditional Concept Restaurant. You have requested, and we have approved, the development and operation of a Nontraditional Concept Restaurant to be located in ____________________________ (the "Host Facility") and within the Host Facility, in the following location (the "Location"):

2. Lease with Host Facility. You represent and warrant to us that the Lease of the Location (the "Host Lease") with the owner or landlord of the Host Facility ("Host Operator") (i) allows for the operation of the Restaurant under the Franchised System without material modification, supplier or menu limitations, (ii) provides for [a common seating area convenient to the Restaurant][no common seating area but contemplates carry out servings for all food concepts in the vicinity of the Location], (iii) allows for the installation and operation of all equipment necessary to prepare the menu items of the Franchised System as of the Effective Date, (iv) permits display of the Proprietary Marks in signage over the Location serving area, (v) [allows you to serve beer subject to licensure and compliance with applicable alcoholic beverage regulations][does not allow you to serve beer], and (v) [permits the Restaurant to open and operate during lunch and dinner hours 365 days per year][limits operation to certain event dates and times or periods when active food service at the Host Facility is permitted].

3. Confidential Information. No inspection right in the Lease shall allow or imply our consent to grant to Host Operator or its representatives access to any confidential or proprietary information we provide to you.

4. Rent Payments. You will provide us with copies of any rental reports and forms you submit to Host Operator that show the Net Cash Sales of the Restaurant or calculate any percentage rent payable under the Lease.

5. Indemnification. You acknowledge that the indemnification set forth in Section 28 of the Prime Agreement extends to any claim arising from the condition, premises or events occurring at the Host Facility, whether the Host Operator or you control the space or activity from which the claim arises.

6. Local Marketing. You will receive credit toward your local marketing expense requirement under Section 13 of the Prime Agreement for the documented amounts you contribute to the marketing or advertising cooperative of the Host Facility.

7. Upgrade of Restaurant. You represent to us that the Lease will permit you to upgrade the Restaurant as and when contemplated by the Prime Agreement, subject only to Host Operator approval, which it may not unreasonably withhold or delay.

8. Technology & Communications. You represent to us that the Host Facility will support and the Lease allows you to install and maintain the technology and communications we require for the Restaurant as of the Effective Date under the Franchised System.

9. New Menu Items. Notwithstanding the Prime Agreement, you will not be obligated to prepare and serve any new menu item that we mandate under the Franchised System after the Effective Date if such item is prohibited under the Lease.

In witness whereof, the parties have executed and delivered this Agreement, intending to be legally bound, as of the Effective Date.

The Yard Milkshake Bar Franchising, LLC

____

By: ________________________________	By: ______________________________
Its: ________________________________	Its: ________________________________
Effective Date:_______________________	Date: _____________________________

Attachment G

Receipt of Operations Manual and Confidentiality Agreement

RECEIPT FOR OPERATIONS MANUAL

The undersigned franchisee ("Franchisee"), acknowledges receipt of The Yard Milkshake Bar Operations Manual No. ______ and/or receipt of access codes and instructions to access the on-line version of the Operations Manual. The Manual is being loaned, and access is being granted, to Franchisee under the Franchise Agreement between Franchisee and The Yard Milkshake Bar Franchising, LLC ("Company"). Franchisee expressly agrees as follows:

1. Operations Manual. If the Operations Manual is misplaced, destroyed (in whole or in part), or otherwise lost, the Franchisee must pay for a replacement Operations Manual from the Company at a cost of $500.00 and must sign a new receipt. The Franchisee shall not copy or otherwise reproduce any portion of the Operations Manual. The Operations Manual shall not be removed from the premises of the Location identified in the Franchise Agreement. The Franchisee shall not loan or disclose the Operations Manual to any third party. The Franchisee shall not communicate, transmit, describe, summarize, or otherwise convey the information contained in the Operations Manual, in whole or in part, to any third party not employed by the Franchisee to operate the Franchised Restaurant. The Operations Manual shall at all times remain the property of the Company, its successors and assigns.

2. Confidentiality Agreement. The Franchisee acknowledges that the Franchisee will receive certain confidential information and knowledge contained in the Operations Manual that is the subject of confidentiality obligations in the Franchise Agreement. When the Franchise Agreement with the Company terminates for any reason, the Franchisee promptly shall surrender to the Company the Operations Manual identified above, along with all papers, documents, writings and other property produced to the Franchisee or coming into the Franchisee's possession by or through the relationship with the Company and related in any way to the confidential information. All of the foregoing materials shall remain the property of the Company, its successors, or its assigns.

3. Indemnification and Injunctive Relief. The Franchisee's obligations to indemnify the Company and accept injunctive relief described in the Franchise Agreement shall apply to breaches of Franchisee's undertakings regarding the Operations Manual

4. Supplement to Franchise Agreement. This Receipt is a supplement and subject to the Franchise Agreement in all respects.

Executed and delivered this _____ day of ________________________, 2________.

Franchisee:

____

____
Signature

____
Printed Name

____
Title

EXHIBIT D

Manual Table of Contents

Table of Contents

EXHIBIT E

The Yard Confidentiality and Non-Compete Agreement for Managers

MANAGEMENT CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

The undersigned The Yard Milkshake Bar Restaurant on-premises manager ("Manager"), in consideration of the access to training and confidential information he or she has received or will receive from The Yard Milkshake Bar Franchising, LLC, an Alabama limited liability company, and/or its affiliates (collectively, the "Company") in connection with Manager's employment with the Company's franchisee named below (the "Franchisee"), hereby covenants and agrees as follows:

Confidentiality Agreement. Manager acknowledges that, while employed by the Franchisee, Manager has and will receive certain confidential information and knowledge concerning The Yard Milkshake Bar Restaurant business of the Company which the Company wishes to protect, including (without limitation) information, knowledge, know-how, recipes, formulae, materials, equipment, techniques, systems, and other data relating to or comprising The Yard Milkshake Bar Restaurant franchise system. Confidential information includes the Operations Manual and other materials and information supplied by Company to the Franchisee that is identified as confidential at the time of disclosure or before. Manager shall not reveal that confidential information to any other party, except the Company's or the Franchisee's independent public accountants, Manager's legal counsel (if that counsel also agrees to maintain the confidentiality of the confidential information), or as otherwise required by law. Manager shall not use or disclose the confidential information at any time for the purpose of competition with the Company, its successors and assigns, or Franchisee. When Manager's employment with Franchisee terminates for any reason, the Manager promptly shall surrender to Franchisee all papers, documents, writings and other property produced by Manager or coming into Manager's possession by or through Manager's employment with the Franchisee containing confidential information or related in any way to confidential information. All of the foregoing materials shall remain the property of the Company, its successors, or its assigns.

Covenant Not to Compete. During the term of Manager's employment with the Franchisee and for a period of 24 months after the termination of Manager's employment with the Franchisee for any reason, Manager shall not engage in, directly or indirectly as a principal, agent, trustee, employee, consultant, independent contractor or through any corporation, partnership, association, or other entity, any business or be employed in a restaurant or prepared food retailer that is the same or similar to a The Yard Milkshake Bar Restaurant at any location within a 10-mile radius of any The Yard Milkshake Bar Restaurant location at which Manager worked or within a 10-mile radius of any then-existing The Yard Milkshake Bar Restaurant location.

Indemnification and Injunctive Relief. Manager shall indemnify and hold the Company and the Franchisee harmless against any losses, damages, costs, expenses, claims or actions, including attorneys' fees and costs, proximately caused by any breach of this Agreement by Manager. Manager shall pay to the Company any compensation, profits or economic benefits realized by the Manager resulting from any breach of this Agreement. The Company shall have the right to injunctive and other equitable relief prohibiting the Manager from any violation or threatened violation of this Agreement, without posting any bond or security.

Governing Law. The laws of Alabama shall govern this Agreement.

Entire Agreement. This Agreement constitutes the entire agreement of the parties with regard to the subject matter of this Agreement and replaces and supersedes all other written and oral agreements and statements of the parties relating to the subject matter of this Agreement.

Limitations. This is not a contract of employment and this creates no employment relationship between Manager and the Company. Manager is not a third party beneficiary of any contract between the Company and the Franchisee. Franchisee remains the sole employer of Manager and is solely responsible for the recruitment, selection, training, supervision, compensation, benefits, insurance, worker's compensation, discipline and termination of Manager. During any period of on the job training of Manager by the Company, Franchisee shall remain the sole employer of Manager and shall be responsible for controlling all aspects of Manager's employment.

Executed and delivered this______day of__________________________, 20___.

Manager:

____
Signature

____
Printed Name

Franchisee: ____

EXHIBIT F

The Yard Non-Compete Agreement for Franchise Shareholders

SHAREHOLDER CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

The undersigned The Yard Milkshake Bar Restaurant franchisee shareholder ("Shareholder"), in consideration of the access to training and confidential information he or she has received or will receive from The Yard Milkshake Bar Franchising, LLC, an Alabama limited liability company, and/or its affiliates (collectively, the "Company") in connection with Shareholder's ownership interest in the franchisee named below (the "Franchisee"), hereby covenants and agrees as follows:

Confidentiality Agreement. Shareholder acknowledges that, while it has an ownership interest in the Franchisee, Shareholder has and will receive certain confidential information and knowledge concerning The Yard Milkshake Bar Restaurant business of the Company which the Company wishes to protect, including (without limitation) information, knowledge, know-how, recipes, formulae, materials, equipment, techniques, systems, and other data relating to or comprising The Yard Milkshake Bar Restaurant franchise system. Confidential information includes the Operations Manual and other materials and information supplied by Company to the Franchisee that is identified as confidential at the time of disclosure or before. Shareholder shall not reveal that confidential information to any other party, except the Company's or the Franchisee's independent public accountants, Shareholder's legal counsel (if that counsel also agrees to maintain the confidentiality of the confidential information), or as otherwise required by law. Shareholder shall not use or disclose the confidential information at any time for the purpose of competition with the Company, its successors and assigns, or Franchisee. When Shareholder's employment with Franchisee terminates for any reason, the Shareholder promptly shall surrender to Franchisee all papers, documents, writings and other property produced by Shareholder or coming into Shareholder's possession by or through Shareholder's employment with the Franchisee containing confidential information or related in any way to confidential information. All of the foregoing materials shall remain the property of the Company, its successors, or itsassigns.

Covenant Not to Compete. During the term of Shareholder's ownership interest in the Franchisee and for a period of 24 months after the termination of Shareholder's ownership interest in the Franchisee for any reason, Shareholder shall not engage in, directly or indirectly as a principal, owner, shareholder, member agent, trustee, employee, consultant, independent contractor or through any corporation, partnership, association, or other entity, any business or be employed in a restaurant or prepared food retailer that is the same or similar to a The Yard Milkshake Bar Restaurant at any location.

Indemnification and Injunctive Relief. Shareholder shall indemnify and hold the Company and the Franchisee harmless against any losses, damages, costs, expenses, claims or actions, including attorneys' fees and costs, proximately caused by any breach of this Agreement by Shareholder. Shareholder shall pay to the Company any compensation, profits or economic benefits realized by the Shareholder resulting from any breach of this Agreement. The Company shall have the right to injunctive and other equitable relief prohibiting the Shareholder from any violation or threatened violation of this Agreement, without posting any bond or security.

Governing Law. The laws of Alabama shall govern this Agreement.

Entire Agreement. This Agreement constitutes the entire agreement of the parties with regard to the subject matter of this Agreement and replaces and supersedes all other written and oral agreements and statements of the parties relating to the subject matter of this Agreement.

Limitations. This is not a contract of employment and this creates no employment relationship between Shareholder and the Company. Shareholder is not a third party beneficiary of any contract between the Company and the Franchisee.

Executed and delivered this______day of__________________________, 20___.

Shareholder:

____
Signature

____
Printed Name

Franchisee: ____

By: ____________________________________

Its: ____________________________________

EXHIBIT G

Sample Release

RELEASE OF CLAIMS
THIS FORM IS SUBJECT TO CHANGE OVER TIME

For and in consideration of the agreements and covenants described below, The Yard Milkshake Bar Franchising, LLC ("Franchisor") and ("Franchisee") enter into this Release of Claims ("Agreement").

RECITALS

A. Franchisor and Franchisee entered into a The Yard Milkshake Bar Franchising, LLC Franchise Agreement dated__________,__________.

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release of Claims by Franchisor.** In consideration of, and only upon full payment of $_________to Franchisor, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisor, for itself and for each of its affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee from any obligations he may have under this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge Franchisor and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related

to the Franchise Agreement.

6. **Reservation of Claims Against Non-Settling Parties.** Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the laws of the state of ______________________. This release is inapplicable to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

10. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

Dated:_____________________, 2023

FRANCHISOR:
THE YARD MILKSHAKE BAR FRANCHISING, LLC

By___________________________________

Its___________________________________

Dated:_____________________, 2023

FRANCHISEE:________________________

By___________________________________

Its___________________________________

EXHIBIT H

Addendum to Lease

LEASE RIDER

This Lease Rider is made and entered into as of__, 20_ by and among The Yard Milkshake Bar Franchising, LLC, an Alabama limited liability corporation ("Franchisor"), _________________________, a _________("Tenant/Operator") and___, a___________("Landlord").

Recitals. Tenant/Operator and Landlord desire to enter into a lease (the "Lease") pursuant to which Tenant/Operator will occupy and finish the premises located at______________________________(the "Premises") for use and operation of a The Yard Milkshake Bar restaurant (the "Restaurant") authorized under a Franchise Agreement to be executed between Franchisor and Tenant/Operator prior to the opening of the Restaurant (the "Franchise Agreement"). As a condition to Franchisor's approval of the Premises as the location for the Restaurant, the Tenant/Operator is required under the Franchise Agreement to execute this Lease Rider along with the Landlord and Franchisor;

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

(1) During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Restaurant.

(2) Landlord consents to Tenant/Operator's use and display of such proprietary marks (the "Proprietary Marks") and signs, decor items, color schemes, plans, specifications and related components of The Yard Milkshake Bar Restaurant system (the "System") as Franchisor has prescribed, and may in the future prescribe, for the Restaurant. Landlord affirms that the Lease does not prohibit the service of any menu items of the current System, based on the menu provided to Landlord.

(3) Landlord agrees to send Franchisor conformed, legible copies of any and all letters and notices sent to Tenant/Operator pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant/Operator.

(4) Franchisor shall have the right, and Landlord consents to allow Franchisor, to enter the Premises during hours when the Premises is available for tenant entry to make any modification or alteration necessary to protect The Yard Milkshake Bar Restaurant, the System and Proprietary Marks or to cure any default under the Franchise Agreement, or under the Lease, without being guilty of trespass or any other crime or tort.

(5) In the event of Tenant/Operator's default under the Lease, Franchisor may, but has no obligation, to cure the default. Franchisor shall make this determination within thirty (30) days after Franchisor receives notice of the Lease default from Landlord. If Franchisor elects to cure the default, Franchisor shall cure the default within thirty (30) days of such election or, if the default cannot be reasonably cured within such thirty (30) day period, then Franchisor shall commence and proceed to act diligently to cure the default within such time as is reasonably necessary to cure the default.

(6) Franchisor has an option to acquire the Restaurant from Tenant/Operator if the Franchise Agreement expires or terminates. If Franchisor exercises the option, it will notify Landlord when it notifies Tenant/Operator. If Franchisor so exercises its option, or makes a different arrangement with

Tenant/Operator to acquire the Restaurant, then Landlord shall permit Tenant/Operator to assign the Lease to Franchisor or to Franchisor's affiliated assignee or designee as successor in interest ("Successor") to Tenant/Operator, which shall be obligated to assume Tenant/Operator's obligations under the Lease. Successor shall attorn to Landlord under the Lease and Landlord shall attorn to and agree not to disturb the tenancy of Successor. In such event Successor shall assume Tenant/Operator's occupancy rights, rights under any renewal or purchase options, and the right to sublease the Premises, for the remainder of the term of the Lease including any applicable renewal periods.

(7) Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or increase or accelerate rent under the Lease in connection with such assignment, or require Successor to pay any rent or other financial obligation of Tenant/Operator to Landlord arising prior to the assignment. Landlord agrees to look solely to the Tenant/Operator and its guarantors for any rents or other financial obligations owed to Landlord arising prior to such assignment. Landlord and Tenant/Operator acknowledge that Franchisor is not a party to the Lease and shall have no liability under the Lease, unless and until the Lease is assigned to, and assumed by Franchisor as Successor.

(8) Notwithstanding anything contained in this Lease Rider and in the Lease, Successor is expressly authorized, without the consent of the Landlord, to sublet the Leased Premises to an authorized System franchisee, provided such subletting is specifically subject to the terms of the Lease and further provided the franchisee expressly assumes in writing all obligations of the Lease. Franchisor agrees to notify Landlord as to the name of the franchisee within then (10) days after such subletting.

(9) Tenant/Operator shall not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.

(10) Landlord and Tenant/Operator shall not amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing without the prior written consent of Franchisor.

(11) This Lease Rider will supersede any conflicting terms of the Lease.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Lease Rider as of the date first above written.

FRANCHISOR:

THE YARD MILKSHAKE BAR FRANCHISING, LLC

By:____
Name:______________________________________
Title: ______________________________________

TENANT/OPERATOR:

____

By:____
Name:______________________________________
Title: ______________________________________

LANDLORD:

____

By:____
Name:______________________________________
Title: ______________________________________

EXHIBIT I

Electronic Transfer of Funds Authorization

ACH Debit Authorization Form

The Yard Milkshake Bar Franchising, LLC
PO Box 6779
Gulf Shores, AL 36547

I (we) hereby authorize The Yard Milkshake Bar Franchising (herein referred to as "Company") to initiate debit entries to my (our) account indicated below at the depository financial institution named below, hereinafter called "Depository", for the purpose of accomplishing the following preauthorized payment for _________ services.

Bank Name____________________ **Branch**__________________________

City __________________________ **State** _______ **Zip**_________________

Routing# ______________________ **Account#** _______________________

Amount________________________ **Day(s) of debit** __________________

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Depositor Name(s) ______________________ _______________________

Address ____

City ____________________________ **State** __________ **Zip**______________

Signature____ **Date** ____________

Signature ____ **Date**____________

*****Account holder is required to verify bank account data and attach a voided check here*****

ATTACH VOIDED CHECK HERE

EXHIBIT J

List of Franchisees

Madison, AL
Rodney & Shanen Cottingham
503 Town Madison Blvd #A
Madison, AL 35758
256-325-0314

Auburn, AL
Jamie Jones, Cole Baas, & Blake Rowell
147 N. College St
Auburn, AL 36830

Phoenix, AZ
Scott Mills and Kendra Mills
50 W Jefferson St., Suite 120
Phoenix, AZ 85003
602-296-4473

Denver, CO
Karthik Raguram and Meenali Khare
11582 Fountainhead Drive, Apt 103
Tampa, FL 33626
360-768-9076

Atlanta, GA (both Downtown and Buckhead)
Cheri Johnston
341 Marietta St. NW
Atlanta, GA 30313
404-565-2462

Baton Rouge, LA
Marc Couvillion and Tracy Couvillion
18303 Perkins Road East, Suite 408
Baton Rouge, LA 80710
225-427-0621

Jacksonville, FL
Beth and Charles Davall & James and Patricia Burchell
4906 Town Center Parkway #406
Jacksonville, FL 32246

Destin, FL
Lynn Hammons and Shelly Creel

3840 Promenade Pkwy Unit N02
D'Iberville, MS 39540
228-967-7537

Tampa, FL – Carrollwood
Carolina Bailes
13168 N. Dale Mabry Hwy, Unit 30
Tampa, FL 33618
813-269-4845

St Petersburg, FL
Bradley Johnston & Lauren Kuhn
111 2nd Ave NE
St Petersburg, FL 33701

D'Iberville, MS
Lynn Hammons and Shelly Creel
3840 Promenade Pkwy Unit N02
D'Iberville, MS 39540
228-967-7537

Hattiesburg, MS
Lynn Hammons and Shelly Creel
3840 Promenade Pkwy Unit N02
D'Iberville, MS 39540
228-967-7537

Flowood, MS
Christian Ulmer
culmer@theyardflowood.com
716-465-9366
11474 Pine Dr.
Gulf Port MS 39503

Columbus, OH
Justin & Kelsey Harrington
1055 N High St.
Columbus, OH 43201
614-549-7952

Pigeon Forge, TN
Stacy Babin
Lumberjack Square
2530 Parkway #5
Pigeon Forge, TN 37863

Georgetown, TX

Cheri Johnston
940 W University Ave, Suite 120
Georgetown, TX 78626
512-688-3634

The Colony, TX
Anthony Dipasquale, Kelly Dipisquale, and Mario Dipisquale
4940 TX-121 Ste. 100
The Colony, TX 75076
469-664-0027

Virginia Beach, VA
Anthony Dipasquale, Kelly Dipisquale, and Mario Dipisquale
4940 TX-121 Ste. 100
The Colony, TX 75076
469-664-0027

Ashburn, VA
Pasquale Scalise and Krista Scalise
20532 Exchange Street, Unit 103
Ashburn, VA 20147
703-852-2480

Vancouver, WA
Karthik Raguram and Meenali Khare
11582 Fountainhead Drive, Apt 103
Tampa, FL 33626
360-768-9076

EXHIBIT K

State Addenda

ADDENDA REQUIRED BY CALIFORNIA

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA

The following information applies to franchises and franchisees subject to the California Franchise Investment Act. Item numbers correspond to those in the main body.

Rule 310.114.1(c) requires disclosure of all the following where applicable in an addendum to the FDD:

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the franchise disclosure document.

The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

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

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

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

d. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

e. The franchise agreement requires binding arbitration. The arbitration will occur in Baldwin County, Alabama with the costs being borne by the prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

g. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

h. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR CALIFORNIA FRANCHISEES

Item 8.A, Additional Disclosure. The following statement is added to Item 8.A:

Item 8.A is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

ADDENDA REQUIRED BY HAWAII

DISCLOSURES REQUIRED BY HAWAII

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST FOURTEEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST FOURTEEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, P.O. Box 40, Honolulu, Hawaii 96813.

Item 5, Additional Disclosure. The following statement is added to Item 5:

Item 5 is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR HAWAII FRANCHISEES

Item 8.A Additional Disclosure. The following statement is added to Item 8.A:

Item 8.A is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

ADDENDA REQUIRED BY ILLINOIS

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF ILLINOIS

State Cover Page, Additional RiskFactors:

4. THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORTPERIOD OF TIME (SINCE MAY OF 2018). THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.

Item 5, Additional Disclosure. The following statement is added to Item 5:

Item 5 is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

Item 17, Additional Disclosures.

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision of the Agreement is inconsistent with Illinois law, Illinois law will control.

Except for those cases in which The Yard Milkshake Bar Franchising, LLC is entitled to the entry of temporary and permanent injunctions and orders of specific performance in accordance with the terms of the Franchise Agreement and claims of promissory fraud, all disputes must be arbitrated in the county in which The Yard Milkshake Bar Franchising, LLC's principal offices are located at the time the demand for arbitration is filed.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ______________________________ between The Yard Milkshake Bar Franchising, LLC ("Franchisor") and _______________________("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois; (b) Franchisee is a resident of the State of Illinois; and/or (c) The Yard Milkshake Bar Franchising, LLC will be located or operated in the State of Illinois.

2. The following sentence is added to the end of Section 8.A:

Item 8.A is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

3. The following sentence is added to the end of Section 14.H:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.

4. The last sentence of Section 14.G is deleted and replaced by the following:

Notwithstanding the foregoing, the Illinois Franchise Disclosure Act shall govern the Franchise Agreement.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:	**FRANCHISOR:** **THE YARD MILKSHAKE BAR FRANCHISING, LLC**
By:______________________________	By: ___________________________________

Printed Name:____________________ Printed Name: __________________________

Title:____________________________ Title: ________________________________

Date: ________________________________

ATTEST/WITNESS: **FRANCHISEE:**

_________________________________ _______________________________________

Printed Name:____________________ Printed Name: __________________________

Title:____________________________ Title: ________________________________

Date: ________________________________

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND

Item 1, Additional Disclosures. The following statements are added to Item 1:

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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 reiance 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.

Item 5, Additional Disclosure. The following statement is added to Item 5:

Item 5 is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

Based on 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.

Item 17, Additional Disclosures. The following statements are added to Item 17:

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to Franchise Agreement ("Franchise Agreement") dated ____________________________ between The Yard Milkshake Bar Franchising, LLC ("Franchisor") and______________________("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) The Yard Milkshake Bar Franchising, LLC will be located or operated in the State of Maryland.

2. Based on 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.

3. The following sentence is added to the end of Section 1:

Representations in the Franchise Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section 4.B:

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. The following sentence is added to the end of Section 8.A:

Item 8.A is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

6. The following sentence is added to the end of Section 13.B:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the date of the Franchise Agreement.

7. The following sentence is added to the end of Section 14.H:

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

10. 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 reiance 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.

ATTEST:	**FRANCHISOR:** **THE YARD MILKSHAKE BAR FRANCHISING, LLC**
By:____________________	By: ____________________
Print Name:________________	Print Name: ________________
Title:____________________	Title: ____________________
	Date: ____________________

ATTEST/WITNESS:	**FRANCHISEE:**
____________________	____________________
Print Name:________________	Print Name: ________________
Title:____________________	Title: ____________________
	Date: ____________________

ADDENDA REQUIRED BY MINNESOTA

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF MINNESOTA

Item 5, Additional Disclosure. The following statement is added to Item 5:

Item 5 is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

Item 13, Additional Disclosure: The following statement is added to Item 13:

We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name to the extent required by Minn. Stat. Sec. 80C.12, Subd.1(g).

Notice of Termination. The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, The Yard Milkshake Bar Franchising, LLC will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

Governing Law, Jurisdiction and Venue and Choice of Forum. The following statement is added to the cover page and Item 17:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidate damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

General Release. The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ______________________________ between The Yard Milkshake Bar Franchising, LLC ("Franchisor") and ______________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the State of Minnesota; and/or (c) The Yard Milkshake Bar Franchising, LLC will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Section 3.D:

We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name to the extent required by Minn. Stat. Sec. 80C.12, Subd.1(g).

3. The following sentence is added to the end of Sections 4.B and 12.B:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the Franchise Agreement.

4. The following sentence is added to the end of Section 4.B:

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

5. The following sentence is added to the end of Section 8.A:

Item 8.A is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

6. Section 11.C is deleted and replaced with the following:

Franchisor shall be entitled to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (1) Franchisee's use of the Trademarks; (2) the construction and equipping of The Yard Milkshake Bar Franchising, LLC; (3) the obligations of Franchisee upon termination or expiration of this Agreement; (4) a Transfer of this Agreement, any ownership interest within or in the lease for The Yard Milkshake Bar Franchising, LLC; (5) as necessary to prohibit any act or omission by Franchisee or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to Franchisor and/or Franchisor's other licensees; and (6) enforcement of the provisions of Section 16.E.

7. The following sentences are added to the end of Sections 11 and 14.H:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidate damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:	**FRANCHISOR:** **THE YARD MILKSHAKE BAR FRANCHISING, LLC**
By:______________________	By: ______________________
Print Name:______________	Print Name: ______________
Title:____________________	Title: ____________________
	Date: ____________________

ATTEST/WITNESS:	**FRANCHISEE:**
By:______________________	By: ______________________
Print Name:______________	Print Name: ______________
Title:____________________	Title: ____________________
	Date: ____________________

ADDENDA REQUIRED BY NEW YORK

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF NEW YORK

State Cover Page, Additional RiskFactors:

5. THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME (SINCE MAY 2018). THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Except as described above, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Except as described above, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Except as described above, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Accordingly, other than the three actions described above, no litigation is required to be disclosed in this Disclosure Document.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 17, Additional Disclosures. The following statements are added to Item 17:

The Yard Milkshake Bar Franchising, LLC will not assign its rights under the Franchise Agreement except to an assignee who in The Yard Milkshake Bar Franchising, LLC's good faith and judgment is willing and able to assume The Yard Milkshake Bar Franchising, LLC's obligations under the Franchise Agreement.

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement inconsistent with that law.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ______________________________ between The Yard Milkshake Bar Franchising, LLC ("Franchisor") and______________________("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of New York; (b) Franchisee is a resident of the State of New York; and/or (c) The Yard Milkshake Bar Franchising, LLC will be located or operated in the State of New York.

2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not been forceable.

3. The following sentence is added to the end of Section 4.B:

Any provision in the Franchise Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.

4. The following sentence is added at the end of Section 10.E:

Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith and judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement.

5. The following sentence is added to the end of Section 14.G:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:	**FRANCHISOR:** **THE YARD MILKSHAKE BAR FRANCHISING, LLC**
By:______________________________	By: ___________________________________
Print Name:______________________	Print Name: ____________________________
Title:____________________________	Title: __________________________________
	Date: __________________________________

ATTEST/WITNESS:	**FRANCHISEE:**
_________________________________	_______________________________________
Print Name:______________________	Print Name: ____________________________
Title:____________________________	Title: __________________________________
	Date: __________________________________

ADDENDA REQUIRED BY NORTH DAKOTA

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF NORTH DAKOTA

Item 17, Additional Disclosures. The following statements are added to Item 17:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void. Any mediation or arbitration will be held at a site agreeable to all parties. The laws of the State of North Dakota will govern any dispute.

Any general release the franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability The Yard Milkshake Bar Franchising, LLC may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete upon termination or expiration of the franchise agreements are generally not enforceable in the State of North Dakota, except in certain instances as provided by law.

The Franchise Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure document and Franchise Agreement.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by The Yard Milkshake Bar Franchising, LLC in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorney's fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This provision shall not in any way abrogate or reduce any rights of the franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ______________________________ between The Yard Milkshake Bar Franchising, LLC ("Franchisor") and ______________________("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of North Dakota; (b) Franchisee is a resident of the State of North Dakota; and/or (c) The Yard Milkshake Bar Franchising, LLC will be located or operated in the State of North Dakota.

2. The following sentence is added at the end of Section 4.B:

Notwithstanding the foregoing, any general release the Franchisee is required to assent to shall not apply to any liability Franchisor may have under the North Dakota Franchise Investment Law.

3. The following sentence is added at the end of Section 9.D.(3):

Covenants not to compete are generally considered unenforceable in the State of North Dakota.

4. The following sentence is added at the end of Section 20.B.(3): This provision shall be deleted and shall be of no force or effect.

5. The following sentence is added at the end of Sections 11.B and 14.H:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void. Any mediation or arbitration will be held at a site agreeable to all parties.

6. Section 14.G is modified to replace the word "Florida" with the words "North Dakota."

7. The following is deleted from Section 13.B:

"You and your Principals and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement" and replaced with:

"You and your Principals and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement after the applicable statute of limitations, as determined by North Dakota law, has expired."

8. The following is added at the end of Section 14.I:

In any legal action or arbitration involving a franchise purchased in the state of North Dakota, the prevailing party is entitled to recover all costs and expenses, including attorney's fees. This section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the North Dakota Franchise Investment Law, including the right to a trial by jury and the right to submit matters to the jurisdiction of the Courts of North Dakota.

9. The following is added at the end of Section 14.J:

The Franchise Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure document and Franchise Agreement.

10. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

11. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

ATTEST:	**FRANCHISOR:** **THE YARD MILKSHAKE BAR FRANCHISING, LLC**
By:____________________	By: ____________________
Print Name:____________________	Print Name: ____________________
Title:____________________	Title: ____________________
	Date: ____________________

ATTEST/WITNESS:	**FRANCHISEE:**
____________________	____________________
Print Name:____________________	Print Name: ____________________
Title:____________________	Title: ____________________
	Date: ____________________

ADDENDA REQUIRED BY RHODE ISLAND

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF RHODE ISLAND

Item 5, Additional Disclosure. The following statement is added to Item 5:

Item 5 is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ______________________________ between The Yard Milkshake Bar Franchising, LLC ("Franchisor") and ________________________("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Rhode Island; (b) Franchisee is a resident of the State of Rhode Island; and/or (c) The Yard Milkshake Bar Franchising, LLC will be located or operated in the State of Rhode Island.

2. The following sentence is added to the end of Section 8.A:

Item 8.A is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

3. The following sentence is added to the end of Sections 11 and 14.G:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[THE REST OF THIS PAGE IS
INTENTIONALLY LEFT BLANK]

ATTEST:	**FRANCHISOR:** **THE YARD MILKSHAKE BAR FRANCHISING, LLC**
By:________________________	By: ________________________
Print Name:__________________	Print Name: __________________
Title:_______________________	Title: _______________________
	Date: _______________________
ATTEST/WITNESS:	**FRANCHISEE:**
___________________________	___________________________
Print Name:__________________	Print Name: __________________
Title:_______________________	Title: _______________________
	Date: _______________________

ADDENDA REQUIRED BY SOUTH DAKOTA

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF SOUTH DAKOTA

Item 5. Additional Disclosure. The following statement is added to Item 5:

Item 5 is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR SOUTH DAKOTA FRANCHISEES

Item 8.A Additional Disclosure. The following statement is added to Item 8.A:

> Item 8.A is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

ADDENDA REQUIRED BY VIRGINIA

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF VIRGINIA

State Cover Page Additional Disclosures. The following language is added as RISK FACTOR #4 to the State Cover Page:

> 4. THIS IS A DEVELOPMENT STAGE COMPANY, WHICH MAY ENTAIL ADDITIONAL RISK OF FINANCIAL LOSS."

Item 5, Additional Disclosure. The following statement is added to Item 5:

> Item 5 is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

Item 17, Additional Disclosure. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for The Yard Milkshake Bar Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may be unenforceable.

ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED FOR VIRGINIA FRANCHISEES

Item 8.A Additional Disclosure. The following statement is added to Item 8.A:

Item 8.A is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

ADDENDA REQUIRED BY WASHINGTON

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF WASHINGTON

Item 5, Additional Disclosure. The following statement is added to Item 5:

Item 5 is amended to provide that Franchisor will defer collection of all initial fees owed by franchisees to Franchisor or its affiliates until Franchisor has fulfilled its initial obligations to the franchisee.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR WASHINGTON FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ________________________________ between The Yard Milkshake Bar Franchising, LLC ("Franchisor") and ______________________________("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington. The undersigned does hereby acknowledge receipt of this addendum.

Franchisor will defer collection of all initial fees under the Franchise Agreement until the Franchisor has fulfilled its pre-opening obligations to Franchisee and the Franchisee is open for business.

ATTEST:	**FRANCHISOR:** **THE YARD MILKSHAKE BAR FRANCHISING, LLC**
By:______________________	By: ______________________
Print Name:______________________	Print Name: ______________________
Title:______________________	Title: ______________________
	Date: ______________________

ATTEST/WITNESS:	**FRANCHISEE:**
______________________	______________________
Print Name:______________________	Print Name: ______________________
Title:______________________	Title: ______________________
	Date: ______________________

EXHIBIT L
Supplier Sheet

Blue Bell Creameries

The Coca-Cola Company

Sysco Corporation

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Pending
Virginia	Pending
North Carolina	Pending
Maryland	Pending
Michigan	Pending
Washington	Pending

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

ITEM 23

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If The Yard Milkshake Bar Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale.

Maryland, New York and Rhode Island require that The Yard Milkshake Bar Franchising, LLC gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that The Yard Milkshake Bar Franchising, LLC gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Washington requires a franchisor to deliver the disclosure document to the prospective franchisee 14 calendar days prior to payment or execution of any binding agreement.

If The Yard Milkshake Bar Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed on Exhibit A.

The franchisor is The Yard Milkshake Bar Franchising, LLC, located at 234 Office Park Drive, Gulf Shores, Alabama 36542. Its telephone number is 251-979-3914.

Issuance Date: June 6, 2023

The name, principal business address and telephone number of each franchise seller offering the franchise:

Logan Green
234 Office Park Drive
Gulf Shores, AL 36542
251-979-3914

Chelsea Green
234 Office Park Drive
Gulf Shores, AL 36542
251-979-3914

The Yard Milkshake Bar Franchising, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a 2023 Franchise Disclosure Document dated June 6, 2023 that included the following Exhibits: A) List of State Agencies and Agents for Service of Process; B) Financial Statements; C) Franchise Agreement; D) Manual Table of Contents; E) Confidentiality and Non-Compete Agreement for Managers, F) Non-Compete for Franchise Shareholders, (G) Sample Release, H) Addendum to Lease, I) Electronic Transfer of Funds Authorization, J) List of Franchisees; K) State Addenda; L) Supplier Sheet; and Receipts.

Date:______________________________ Signed: ________________________________

Print Name: ______________________________

Address:________________________________

City:______________________________State_________________

Phone (___)_______________________Zip__________________

Date:___________________________________ Signed: ____

Print Name: ____

Address:____

City:______________________________State_________________

Phone (___)_______________________Zip__________________

Prospective Franchisee'sCopy

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If The Yard Milkshake Bar Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale.

Maryland, New York and Rhode Island require that The Yard Milkshake Bar Franchising, LLC gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that The Yard Milkshake Bar Franchising, LLC gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Washington requires a franchisor to deliver the disclosure document to the prospective franchisee 14 calendar days prior to payment or execution of any binding agreement.

If The Yard Milkshake Bar Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed on Exhibit A.

The franchisor is The Yard Milkshake Bar Franchising, LLC, located at 234 Office Park Drive, Gulf Shores, Alabama 36542. Its telephone number is 251-979-3914.

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251-979-3914

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Date:________________________ Signed: ________________________

Print Name: ________________________

Address:________________________

City:________________ State________

Phone (___)________________ Zip________

Date:______________________________ Signed: ____

Print Name: _____________________________________

Address:____

City:__________________________State_______________

Phone (___)_______________________Zip________________

Franchisor's Copy